Deloitte.

On the board's agenda | US
The board's role in guiding the return to work in the future of work

Introduction

We began discussing this publication in January 2020, before global pandemic and social unrest became central topics of everyday conversation. The impact of COVID-19 is devastating at the individual, local, national, and global level. It has created huge immediate changes to how and where people interact, and how business is done. For many organizations, it has also thrust the future of work (FOW) to the forefront, as management and workers grapple with changes today and prepare for a different and uncertain tomorrow. In many ways, the current environment has illuminated possibilities and opportunities that many organizations previously shied away from, but that are now accelerating the pace of change as management meets the challenges of now in preparation for now and the future.

While organizations continue to work through the near- and long-term effects of the pandemic, one of our initial observations is that companies leaning in on their future of work agenda appear to be better positioned to weather the impacts of this global disruption. These companies have strategized and planned for the *what, who, where, and how* of a shifting work landscape, proactively expanding their future of work portfolio over time, providing options for ongoing "forever" virtual work options, addressing and bolstering immediate needs for technology and connectivity, and implementing new ways of looking at jobs and interactions with the organizational ecosystem.[1] The pandemic appears to be accelerating these companies into the "new normal"—navigating the disruptions while improving their market positioning and brand. We refer to this strategy as "returning to work in the future of work". ◗

1. *Insurance Journal,* "Nationwide's Left the Building. Insurer Makes Remote Work Permanent in 5 States," April 30, 2020, https://www.insurancejournal.com/news/national/2020/04/30/566954.htm; Dana Brownlee, "Twitter, Square Announce Work From Home Forever Option: What Are The Risks?", *Forbes,* May 18, 2020, https://www.forbes.com/sites/danabrownlee/2020/05/18/twitter-square-announce-work-from-home-forever-optionwhat-are-the-risks/#7653a0112565.

Center *for*
Board Effectiveness

As organizations look to contend with the changes precipitated by the COVID-19 crisis, boards have an integral role to play in understanding the immediate needs and responses of the organization while challenging and supporting management in actions to drive long-term security and sustainability. The focus changes from "what is the future of work?"[2] to "what actions are imperative for the board to support the FOW agenda?".

Helping drive the future of work agenda

The future of work is at the heart of the future of the organization. Reimagining work can open new opportunities for business and workforce strategies, pressure-testing the status quo and widening the lens of possibilities. The future of work is not only a management issue; it is interrelated and interconnected to the metrics and outcomes of the organization. The "why" of board engagement on this issue is multilayered:

- **Vision of the organization:** As part of their oversight role, boards *drive and support the vision of the organization,* challenging the organization to align the business strategy with an *evolving workforce strategy.*

- **Fiduciary oversight:** Given the increasing complexities of workforce issues, the board's fiduciary oversight role includes *integrating and strengthening workforce and culture issues.* As some regulating bodies, such as the Securities and Exchange Commission, propose to include human capital–related information in their business disclosure requirements, and there is increasing focus on and expectations around employee health and safety and other workforce issues in light of the pandemic, boards have a responsibility to understand the *alignment of the business strategy and the workforce strategy for external stakeholders*.[3]

- **Productivity paradox:** Although most companies have undergone a rapid expansion of technology and innovation, research shows that productivity had slowed at both organizational and economic levels—the so-called *productivity paradox*. Organizations may respond by considering how to best optimize workforce productivity. Boards can challenge management to reevaluate the business and workforce strategy with the understanding that the composition, configuration, and development of the broadest view of talent, including talent *with* technology, is critical and a rapidly changing component of an organization's competitive strategy that can either strengthen or depreciate based on innovation, investment, and management attention.

- **Workforce composition and culture:** As the workforce changes, directors can use technology to monitor the *pulse of the changing work environment, free of their personal paradigms and biases,* to help empower voices of their current and future talent. Many boards, which have been striving to achieve greater diversity, can also seek to improve diversity and inclusion within the workforce generally. This can mean interacting directly with the workforce—bringing in voices from across generations and talent models (including "alternative" workers such as gig, freelance, contractor)—and listening to diverse perspectives, helping drive innovation and engagement while fostering an inclusive environment.

The active engagement of boards to challenge the way in which work is done has moved past the question of "why should boards engage in future of work discussions?". Instead, boards should have a clear answer to "what are the future of work and talent agenda issues on which we as the board should be engaging?".

Challenging the alignment of the business strategy and the workforce strategy

Boards play a critical role in questioning and challenging their organization to align the business strategy and the workforce strategy, starting with high-level questions to drive discussion and reimagination:

- What does our business strategy mean for our workforce strategy? Alternatively, what does our workforce strategy mean for our business strategy?

- What is our workforce strategy in the context of new ways of working, creating value, and evolving workforce expectations?

- Is the industry moving in a particular direction and, if so, does our workforce have the skills and capabilities to succeed in changing markets?

- In light of COVID-19, is there a shift in our business priorities or strategy and, if there is, what are the implications on our workforce strategy? Inversely, how does the COVID-19 crisis impact our workforce strategy, and how might these impacts affect or shift the business objectives? How are we measuring the sentiment of the workforce around the future of work (e.g., traditional engagement surveys, newer "human insight" surveys, insider diagnostics, external risk sensing on brand regarding workforce decisions, etc.)?

Drilling a level down, boards can encourage the organization to evaluate current business objectives in light of the talent strategy along three dimensions: work, workforce, and workplace. ❯

---

2. NACD, "2018 Governance Outlook: Projections on Emerging Board Matters."
3. David A. Katz and Laura A. McIntosh, "EESG and the COVID-19 crisis," Law.com, May 27, 2020, https://www.law.com/newyorklawjournal/2020/05/27/eesg-and-the-covid-19-crisis/?slreturn=20200501144824.

- Work: What work can be automated and done by teams of humans *and* machines?

  – How has and how can automation and digital technologies change the work that is done—through substitution, augmentation, or freeing up capabilities for new value?

  – Does our automation strategy have a clear balance between using automation to complement and augment our workforce capabilities, substitute for labor, and free up talent to focus on more value-add activities?

  – Do our investments and priorities reflect this balance across augmentation, substitution, and creating capabilities and skills for more value and growth?

  – Where and how are competitors investing in automation that may pose a risk to market position or brand?

  – What is the impact of investing in automation and smart machines on the organization's brand?

  – How has management reached out to the workforce to identify if the pre-COVID adoption of technology has been impacted by the pandemic?

- Workforce: Who can do the work?

  – Who can perform the work as it evolves? Are we leveraging on-balance-sheet employees and off-balance-sheet alternative talent (e.g., contractors, gig workers, crowdsourcing, etc.)?

  – Does the organization know which skills and capabilities are needed in the future to drive the business? Does the organization have actionable data on its workforce requirements and skills and capabilities? For example, do our HR systems know as much about our employees as the work-related information publicly available online?

  – How effectively is the organization tapping into alternative talent pools, where appropriate, and/or upskilling and reskilling the current workforce to achieve the business objectives? Is this information available in real time to management and in appropriate forms to the board?

  – How effective is the organization in rapidly moving and redeploying talent within the company to new work priorities, using talent marketplaces for full-time, part-time, and project work?

- Workplace: Where is the work done?

  – Does the organization have evolving plans for managing remote work, essential work, and hybrid work environments from various perspectives: health and safety, productivity and customer satisfaction, employee development and engagement, management readiness, and cyber and security risks?

  – Where can work get done geographically, and how can we maximize collaboration, productivity, and consistency with physical design and technologies?

  – Does the organization have the technology, infrastructure, and capabilities to support ongoing or expanded work-from-home and flexible work arrangements?

In the recently published *2020 Global Human Capital Trends report*, Deloitte outlines key metrics and guiding questions to help management anticipate future workforce needs and potential risks along these three dimensions. The "answers" to these questions can help management navigate and strategize through uncertainty. The board, in turn, faces related questions to help support, guide, and challenge management's actions and strategies. ❯

Work, workforce, and workplace	Issue	What organizations should be asking	What boards should be asking	Potential implications for the organization
Work	**Job evolution + the integration of technology**	How often are jobs changing, which ones, and to what degree?	Does the company want to be leading-edge or a fast follower in integrating and adapting to new technologies to be able to remain competitive in the market?	The investment, integration, and adoption of technology across the organization, and the degree of change to jobs to match the investment, can indicate the organization's pace of innovation, adaptability, and competitiveness, especially relative to market peers.
	Work outcomes + business priorities	Is the organization focused on the most important work outcomes in terms of efficiency and value (and not just optimizing current work processes)?	Are the work outcomes delivering both cost and value for the enterprise?	Boards' ability to articulate the *cost, value, and meaning* of the business and workforce strategy is critical to their ability to support management while communicating with shareholders and stakeholders.
Workforce	**Workforce footprint + talent ecosystem health**	How many workers provide direct or indirect services to our organization? How much capability can we access across our broader ecosystem?	Is management effectively leveraging the capabilities of vendors and other ecosystem partners? Is management effectively using talent marketplaces to maximize workforce mobility? Is the company effectively managing potential risks with regard to the workforce and ecosystem partners, which may include both on- and off-balance-sheet talent?	As workforce composition becomes more complex, boards can help management to understand available talent markets—both internal and ecosystem marketplaces—while flagging potential risks to the organization's brand, culture, security, and competitiveness.

Work, workforce, and workplace	Issue	What organizations should be asking	What boards should be asking	Potential implications for the organization
Workforce (cont'd)	Workforce social contract + retention drivers	How does our organization treat its employees, contractors, and service providers of every type? Which workers are at risk of leaving, and why?	Are the policies, structures, and culture fair and equitable across the workforce spectrum in a way that attracts talent and minimizes risk to the company brand? Are there enterprise-wide or underlying issues that impact retention, and which could pose a risk to the company brand? What can we do to preserve and enhance our culture in the world of remote and extended workforce and ecosystem partners?	As the workforce structure changes, boards can understand and challenge issues of fairness and equity to help minimize internal and external risk to culture and brand. In doing so, the board can encourage management to look at root causes impacting the workforce experience.
	Meaningful diversity	Are workers from diverse communities in a position to wield influence in the organization?	Is the organization structured—through process and/or culture—to include a diversity of perspectives? How are we measuring the success of our words and actions?	Developing top-down metrics and language to test and challenge the organization's perspective and actions around diversity can drive both internal and external signaling of the topic's importance.
	Future workforce + leader readiness	How ready is our workforce to perform the work of the future? What are our capability, experience, and skill gaps, and how are we going to close them?	Has the organization developed and invested in a workforce strategy robust enough to align with the redefined business strategy? Are our plans for leadership succession appropriate in the "new normal"?	Understanding current skills and capabilities, and potential opportunities to engage the alternative workforce, can help boards to both challenge the workforce strategy, as well as understand the nuances and implications of investing in skill-building (both internal and external to the organization) and help manage potential risk of utilizing off-balance- sheet talent.
		For what new trends, challenges, and scenarios are leaders being prepared? How many of our leaders have the attributes required to succeed?	Does the organization have a management team that understands and has the skills/capabilities to navigate the new environment of work?	Boards should understand the skills/capabilities needed to navigate the new work environment in order to evaluate and support a management team that is capable of leading change.
	Change ability and agility	Are workers and leaders able to quickly and effectively adapt to constant change?	Does the organization have the management team and structure to lead through constant change?	Challenging management to be change-forward means having the right talent to lead, as well as creating opportunities for risk-taking. Boards should understand and be able to articulate potential risks associated with change, as well as with stagnation.
	Culture risk sensing	What internal and external signals are we seeing that point to outliers in worker behaviors and norms?	Does management have the ability, the tools, and the incentives needed to diagnose and address the deeper root causes of bad worker behavior, and to develop strategies to reduce the risk of repeat challenges?	Given the increasing demand for fairness and transparency, the organization's culture, reputation, and ability to attract talent relies on management's ability to quickly and appropriately respond to issues.
Workplace	Safety	What safety measures are in place to protect the workforce from internal and external threats to health and well-being?	Does the organization have adequate protocols and safeguards to respond to safety issues, minimizing risk to the workforce and the brand overall?	Organizations' ability to balance work priorities with workforce safety and well-being are, in some cases, diametrically opposed; however, these decisions have long-term implications for brand reputation, talent attraction, and market competitiveness, and boards can be prepared and versed in the nuances of responses and actions.
	Remote working and virtualization of workplaces	Does the organization have the technological infrastructure and capacity and risk programs to support remote work?	Do the organization's remote work infrastructure, technologies, and capabilities impact current work outcomes or pose risks to the enterprise or its relationships/dealings with external members of its ecosystem?	The sudden virtualization of almost all work has tested organizations' ability to leverage remote ca-pabilities. Boards can use this opportunity to chal-lenge management to invest in the organization's current structures, tapping into the potential of remote work, but also understanding the need to concurrently align policies, reward management, skill-building, and leadership priorities.
Work, workforce, workplace	Human capital brand	How are our culture, workforce, and leadership being portrayed externally?	How is management tracking the organization's internal and external reputation and sentiment?	Taking an outside-in perspective allows boards to advise and signal key market trends that could impact the organization's strategy or brand.

In considering a proactive and holistic FOW agenda, especially in light of the current pandemic, boards can recognize the importance of supporting physical and psychological well-being, promoting a safe and respectful workplace, endorsing policies and procedures that are fair and foster diversity and inclusion, and instituting mechanisms for reporting and escalating issues.

Questioning and emphasizing the intersectionality and interdependence of the business and workforce strategy encourages boards to reinforce the critical role of the organization's talent to build, own, and achieve the business priorities. ❯

Challenging the future of work agenda

Deloitte's _2020 Global Human Capital Trends_ report, published in May, outlined three fundamental attributes to be embedded into an organization's DNA: purpose, potential, and perspective. This framework can help address several conflicts—technology and humanity, individuality and belonging, reinvention and security, and uncertainty and boldness—that exist in organizations. By addressing these conflicts directly, management and boards can be prepared to drive the future-forward approach of the organization by challenging _how_ management executes on questions of work, workforce, and workplace, understanding and being comfortable with both the opportunities and the risks these changes may present.

Purpose: Connect the work that teams and individuals perform in their day-to-day to the larger enterprise by focusing on meaningful work

Companies should consider moving beyond cost to encompass value and meaning for the workforce and the organization by expanding opportunities and creating new outcomes. Some organizations are doing this by designing hybrid human and digital teams, or "superteams," augmenting their current workforce with automation and smart machines. However, even if an organization is not ready to include superteams, boards can support management to expand beyond the cost paradigm to understand what meaningful work means to teams and organizations. Building purposeful, meaningful work for workers drives trust and growth.

Potential: Refocus on creating opportunities for talent to excel and develop capacity to contribute in new and expanded ways

In the first half of 2020, over 80 percent of the global workforce was affected by lockdowns and stay-at-home measures.[4] This puts the question of "workforce experience" front and center for many management teams. Questions arise, such as "how do you manage and influence the workforce's experience from afar, and how do you support an inclusive and holistic environment using virtual collaboration tools?" and "how do you support workforce development and growth while providing a sense of security with the integration of new technologies?". While the board can drive insights and inputs to those questions, it can also challenge management to consider the broader ecosystem of the workforce experience:

- **Rethink the social enterprise:** Challenge management to rethink the mission of the organization beyond revenue growth and profit-making to include respecting and supporting its environment and stakeholder network. Encourage management to create opportunities for talent to learn and grow, both at work and outside of work. Support management's cultivation of a working environment that is inclusive, and in which employees feel empowered to innovate and create change. Drive management to cultivate a "culture of courage" without fear of retribution or intolerance.

- **Encourage listening to the workforce:** With the democratization of voice through social media, and the virtualization of both personal and professional lives, workforce activism is growing. Encourage management to listen at all levels of the organization. While workforce activism has sometimes been viewed by management as a negative disruptor or a potential risk to the brand, it can be a powerful voice for change. It can highlight issues often overlooked or unheard by management, allowing management to listen and respond to the needs and concerns of employees. It can spur action and publicize the mission and values of the organization while signaling to current and future talent that "we hear you and value your input".

Perspective: Keep a view toward the future while addressing the urgent needs of today, increasing confidence to take bold actions while communicating the reasoning and process behind those actions

Future-proofing means having a strategy for today and tomorrow. This involves thinking through the _impact of today's changes on future outcomes and future needs_. Moreover, future-proofing means _considering how the organization can build, borrow, buy, bridge, or bolster the skills_ needed to execute the future business strategy. Boards can challenge management to move beyond current talent paradigms to identify new and emerging strategies to address their business priorities and objectives. This could mean an investment in training and skills building or realigning the hiring strategy to emphasize specific skills/capabilities. This could also mean leveraging the alternative workforce to augment or complement the current talent.

The importance of the board's role in future-proofing is heightened by the immediacy of management's need to respond to changing internal and external factors. In the midst of unprecedented uncertainty, management has a central role in planning, coordinating, and executing responses to shifting work and workforce needs. And while boards can provide input and oversight to developing those responses, they can also challenge management's thinking. This may seem to hinder management's ability to react in the short term, but can potentially accelerate the future of work agenda in the long-term.

Conclusion

Some organizations, management teams, or boards have not holistically addressed, or do not appear to be prepared to holistically address, their future of work agenda. Nonetheless, recent events have shown that organizations may need to make changes to the _who, what, where, and how of work_. The current environment has created an accelerator to test and retest future of work initiatives as strategies to support remote and essential operations during the pandemic and the return to work. The board has a role to play in guiding management on the return to work in the future of work—a role to encourage management to develop strategies to address recent developments—and to focus on the future of work, workforce, and workplace that will drive operations and growth moving forward. These are not just interim solutions; they are long-term strategies for the new normal. ⊙

---

4. International Labor Organization, "COVID-19 causes devastating losses in working hours and employment," April 7, 2020, https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_740893/lang--en/index.htm.

Authors

Erica Volini
**Principal, Deloitte LLP and
Global Human Capital Leader**
evolini@deloitte.com

Steve Hatfield
**Principal, Deloitte LLP and
Global Future of Work Leader**
sthatfield@deloitte.com

Jeff Schwartz
**Principal, Deloitte LLP and
US Future of Work Leader**
jeffschwartz@deloitte.com

Contact us

Carey Oven
National Managing Partner
Center for Board Effectiveness
Chief Talent Officer, Risk & Financial Advisory
Deloitte & Touche LLP
coven@deloitte.com

Maureen Bujno
**Managing Director and
Audit & Assurance Governance Leader**
Center for Board Effectiveness
Deloitte & Touche LLP
mbunjo@deloitte.com

Debbie McCormack
Managing Director
Center for Board Effectiveness
Deloitte LLP
dmccormack@deloitte.com

Krista Parsons
Managing Director
Center for Board Effectiveness
Deloitte & Touche LLP
kparsons@deloitte.com

Bob Lamm
Independent Senior Advisor
Center for Board Effectiveness
Deloitte LLP
rlamm@deloitte.com

**MAKING AN
IMPACT THAT
MATTERS**
since 1845