

Workforce 2021: Challenges and opportunities in the new world of work

The impacts of COVID-19 and the rise of the distributed workforce

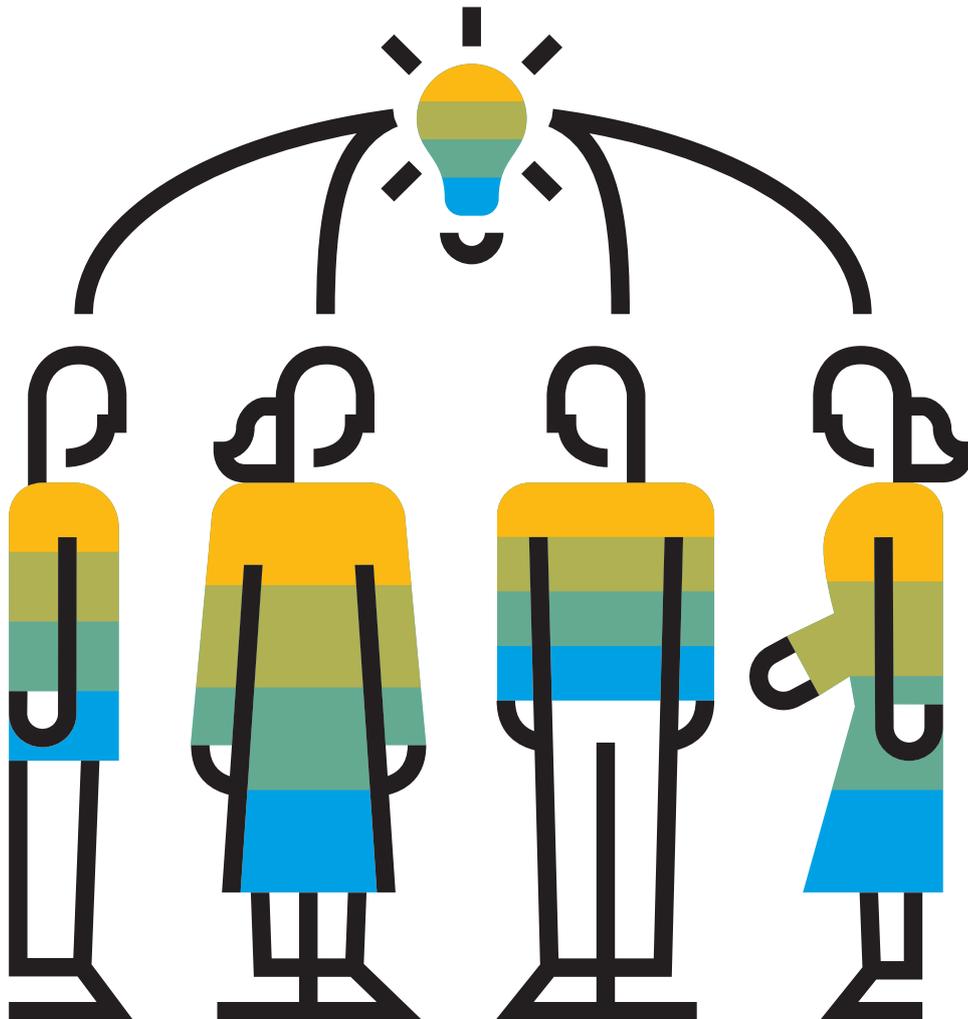


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In late-March 2020, businesses around Australia began shutting their doors in response to lockdown measures mandated by various state governments in response to COVID-19. While it was largely accepted that these measures would be temporary, Australians have since come to accept that the world will never be exactly the same as it was before the coronavirus pandemic.

Some organisations have thrived during the disruption; notably, online retailers and other contact-less services such as food delivery. Others have suffered, with many looking to change their business model in response to the crisis. Still others have had to stand down staff members, leading to the federal government's JobKeeper initiative, designed to keep the economy afloat while so many Australians were out of work due to coronavirus restrictions.

Like all disruptive events, the changes wrought by COVID-19 have the potential to permanently alter the working landscape. At a recent roundtable discussion with senior finance leaders from some of Australia's largest private and public-sector organisations, SAP Concur examined the responses to the COVID-19 lockdown and discussed the key challenges and opportunities for organisations in 2021 and beyond. This whitepaper recounts their experience and their strategy for the new world of work.

The unanticipated **working from home** experiment

Almost one-third of working Australians were found to be working from home during the lockdown.¹ Given that not all businesses can accommodate remote work, and many workers had to be stood down, this indicates that most people who could work from home were indeed doing so.

When the coronavirus threat recedes, Australians are split on whether they would prefer to go back to the office full-time, work from home full-time, or take a hybrid approach. A recent survey found that 86 per cent of staff members wanted to spend at least one day a week working remotely on a permanent basis. Twenty-eight per cent never wanted to return to the office while 20 per cent wanted to work from home three or four days per week.²

Prior to the pandemic, working from home was an occasional privilege rather than a universal right in most companies. In a 2019 survey, 65 per cent of Australian employees said their current workplace did not offer a work-from-home policy, despite 40 per cent of jobseekers counting a remote work policy as an important factor.³ The disruption caused by COVID-19 forced companies to offer a work-from-home option wherever possible. This unanticipated experiment delivered results that were no surprise to businesses and employees for whom remote work was a regular occurrence.

A study of knowledge workers found that 85 per cent of Australians reported being either equally or more productive when working from home compared to working in the office. One third of those surveyed said they were more productive than working in the office.⁴

The roundtable participants all agreed that workforce decisions were made with health and safety at top of mind. Businesses focused on getting staff members up and running in their home offices, and provided support to help employees acclimatise to the new working conditions.

Some employees did not respond to the separation from the office well, while others flourished. Now that organisations know working from home can be equally as productive as being in the office for most people, the working landscape of 2021 is likely to incorporate more flexibility, according to the participants.

Australia was relatively lucky compared to many countries in that it had advance notice of the virus and its effects, so it was known early that lockdowns would be required. With the vast majority (88 per cent) of the Australian population already online⁵, working from home was unlikely to pose a major technological challenge. This meant that many Australian companies were well-positioned to provide their users with a laptop (if they didn't have one already) and expect them to be able to work from home.

Staying in contact was a key challenge

While most workers were able to pivot to working from home productively without much issue, it was more difficult for managers, especially those with larger teams, to maintain contact with everyone. Keeping in touch with peers and workgroups was, therefore, a strong priority. In many cases, this led to more deliberate and proactive contact among team members than

in the past. Deeper connections were made with employees because online meetings gave teammates glimpses into each other's lives beyond work.

Daily and weekly check-ins became commonplace for most of the roundtable participants, which was more contact than teams had experienced in the past.

Changing business models due to the pandemic

Some organisations, due to the nature of the business, had to maintain face-to-face contact. Retail was a key example of this, with some workers required to stay on the road, especially in logistics and regional management roles. Where this was the case, organisations provided personal protective equipment (PPE), sanitiser, and other precautions so workers could do their jobs safely.

Global and national organisations gave their staff a significant amount of leeway to determine how best to operate and achieve goals depending on the stage of the pandemic and local government restrictions. Again, employee wellbeing was top of mind, as was maintaining safety for customers and other stakeholders.

There was also a financial impact for organisations that had to change the way they did business due to the COVID-19 restrictions. Many organisations suffered from a downturn in business. In this case, some senior managers took pay cuts, many workers were asked to take annual leave, and some allowed people to donate their leave and adjust their work schedules to accommodate the changed circumstances.

For most businesses, a three-stage strategy emerged. Stage one was to maintain people and teams, sustaining the organisation by focusing on clients and performance. Stage two was to adapt as necessary, redefining strategies to stay afloat in the challenging economic landscape. Stage three will be all about continuing to adjust operations to the new normal and chart a path to continued growth.

Key challenges and opportunities for organisations in 2021 and beyond

CREATING A NEW PIPELINE OF BUSINESS IN A CHANGED MARKET

Most businesses have focused on supporting their clients during the disruption caused by COVID-19. They will soon need to start considering how to build a new pipeline of business in the changed market. For some companies, this might mean targeting public-sector organisations for the first time. This is because government agencies and departments are more likely to have money to invest in new products and services while private businesses tighten their spending in the short term.

It will be important to maintain contact with private sector clients during this time while understanding that new investment may not be imminent. However, the panel participants agreed that staying in touch could position their business to fulfil these clients' needs when investment ramps up again.

Some businesses have identified opportunities to introduce new initiatives, products, and services. For example, introducing new, healthier or more environmentally sustainable products can help attract a new customer segment to the business. Now is a good time to trial these initiatives in a small way with the potential to accelerate if the market responds favourably. Businesses are moving into entirely new or parallel products or services to accommodate the changing needs of their clients.

LOOKING TO TECHNOLOGY AS AN ENABLER

While top-line revenue growth may be challenging, organisations can look inwards to find opportunities to cut costs and improve efficiencies. Technology can be a significant enabler in this endeavour, delivering visibility into business performance and spend, and letting finance teams control these aspects more effectively.

Some organisations are looking to a global shared services model and geographic integration to achieve economies of scale and efficiency. With the right technology solutions in place, businesses can do this seamlessly and effectively.

Given most teams believe they'll work remotely, at least in part, from now on, technology can also play a key role here. For example, while travel and related expenses have declined significantly in the face of the pandemic, employees can still spend money. Managing that discretionary spend is important to keeping finances under control in an unstable environment.

The right technology can also accelerate transformation initiatives that improve the customer experience and attract new customers. This includes working with local or global partners through cloud-based applications to drive new business solutions.

COPING WITH REDUCED TRAVEL

COVID-19 meant that travel bookings dropped through the floor. The corporate travel services industry was originally forecast to grow by more than two per cent in 2019-20 but, in light of the coronavirus restrictions, this forecast was revised. The industry is now expected to shrink by 17.6 per cent.⁶

However, this doesn't mean that corporate travel is necessarily dead or even dying. Business travel is traditionally cyclical and is one of the first expenses to be dropped in challenging economic conditions. Travel fell off a cliff in the wake of the 2008 global financial crisis, only to see a strong increase in 2011 due to the resources boom. Business travel expenditure fell again in 2013 even as leisure travel was growing.⁷ Given the volatile history of travel expenditure, it's fair to say that business travel will rebound when it's safe for employees to travel again.

The roundtable participants agreed that travel is less essential than in the past due to the quality, affordability, and usefulness of collaboration and meeting technologies. However, there will still be cases where travel is needed, albeit at a reduced scope. Already, where people can travel safely (usually by road), business travel is ramping up again in some organisations.

Companies may continue to review their travel policies not just because of COVID-19 but also due to sustainability concerns that were present before the pandemic hit. Organisations that were investigating ways to reduce their carbon

footprint by limiting travel have found they can operate without the high rates of travel they thought were needed. Rewriting travel policies is therefore likely to be an ongoing task in many businesses.

Field services workers will still need to travel to ensure customers are adequately supported. This requires businesses to provide PPE and arrange COVID-safe ways for employees to get to remote locations, such as using chartered flights or alternative modes of transportation.

REVIEWING POLICIES IN LIGHT OF THE NEW ENVIRONMENT

Given travel and other expenses may change permanently as a result of COVID-19, it's important for organisations to review their spend policies. For example, while chartered flights may not have been within policy in the past, they may need to be considered in the future. It's important to keep policies up to date so organisations can maintain visibility and control over this expenditure.

Office policies may also change. For example, with more people working remotely and in geographically dispersed teams, organisations may no longer wish to invest in large office space in big cities. Instead, they may choose to rent smaller premises in satellite locations where team members can come together in hubs to work together when required. This will also change spending patterns, which needs to be monitored and controlled.

What's next for businesses

The events of 2020 have debunked the myth that people need to be in the office to be productive. This has resulted in a more human-centric approach to business where companies put their employee wellbeing first, and colleagues and clients alike get to know each other more authentically through glimpses of their home life. They've met each other's pets and children via online meeting platforms and, in many cases, created stronger bonds because of it.

The transition to work from home was relatively seamless for most businesses, and cloud adoption for business continuity has been a key feature. A change in business expenses was inevitable.

Going forward, there is a fundamental recognition that businesses will change. This is not without its challenges. Building new business relationships may be difficult. Businesses rallied around existing customers in the height of the pandemic but there are challenges to growing businesses in the near future. The government is likely to invest heavily to drive the economy forward, so businesses will need to understand how they can leverage this for their own growth,

especially if they have traditionally worked with private companies in the past.

The workplace of the future will continue to evolve and it will continue to accelerate in a digital direction. While the high speed of change has been forced on businesses, the direction remains mostly the same. Digital transformation projects that were already on the radar have been brought forward and sustainability has been brought to the fore.

Discretionary employee spend needs to be managed with businesses focused on reviewing internal processes, identifying efficiency improvement opportunities, and leveraging economies of scale and geographic integration.

To maintain control over organisational spending in the new digitised business environment, it is essential to use automated and intelligent, integrated, cloud-based systems to gain real-time visibility into spend patterns and trends. This will let finance teams determine where spending is benefitting the organisation versus negatively impacting it, and help to strengthen business resilience and agility.

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