The Future of Work

Reimagining business as usual

verizon✓

Foreword

Stefica Divkovic
Vice President
Verizon EMEA

Back in late 2019, we included a research report into the future of work in our plans for the year ahead. Even then, it was clear that things were changing, driven by shifts in attitudes and advances in technology. How little we knew about the turbulence that lay ahead.

We'd completed the data gathering and were well underway with the analysis for this report when COVID-19 was declared a global pandemic. Our findings showed that there was already a shift towards more flexible working and greater importance being given to environmental, social and corporate governance. But it was clear that the landscape was about to change, dramatically.

We decided that undertaking a second round of research would test whether the factors we'd identified as important – technology, skills and behaviours, leadership and new ways of working – remained so in the face of new realities.

They had. Our second survey found that the crisis had highlighted weaknesses in leadership and strategy at many companies. Accordingly, many weren't sure that their organisation would survive. But a greater number said that this shock to the system had forced their company to reassess and rethink its strategy. For many, this included accelerating investments in new technology, and placing greater importance on employee wellbeing, training and caring for the communities which they operate in and serve.

It's clear that amid the disruption wrought by COVID-19, most business leaders are not, and should not, let the need for crisis management prevent them from thinking about the future. The disease continues to affect millions, and its effects will be felt for years to come. I'm proud to work for an organisation that's offering support to those in need right now, but also investing in creating a better environment for all.

We've recently launched a new responsible business plan, Citizen Verizon. This provides direction for initiatives across the company to address digital inclusion, climate protection and human prosperity. I firmly believe that this is the right thing to do, and that it makes good business sense. To borrow a line from the plan: when the world thrives, we all win.

To reimagine our organisations for the future, we, as business leaders, must get comfortable with dealing with uncertainty. Without doubt, more change lies ahead. And so, flexibility to respond to change has never been a more valuable commodity, both in leaders and in the organisations they lead.

Understanding the trends and what other companies are doing is crucial to making informed decisions. We offer this report with a dose of humility. We don't claim to have all the answers, but it provides many useful signposts and recommendations.

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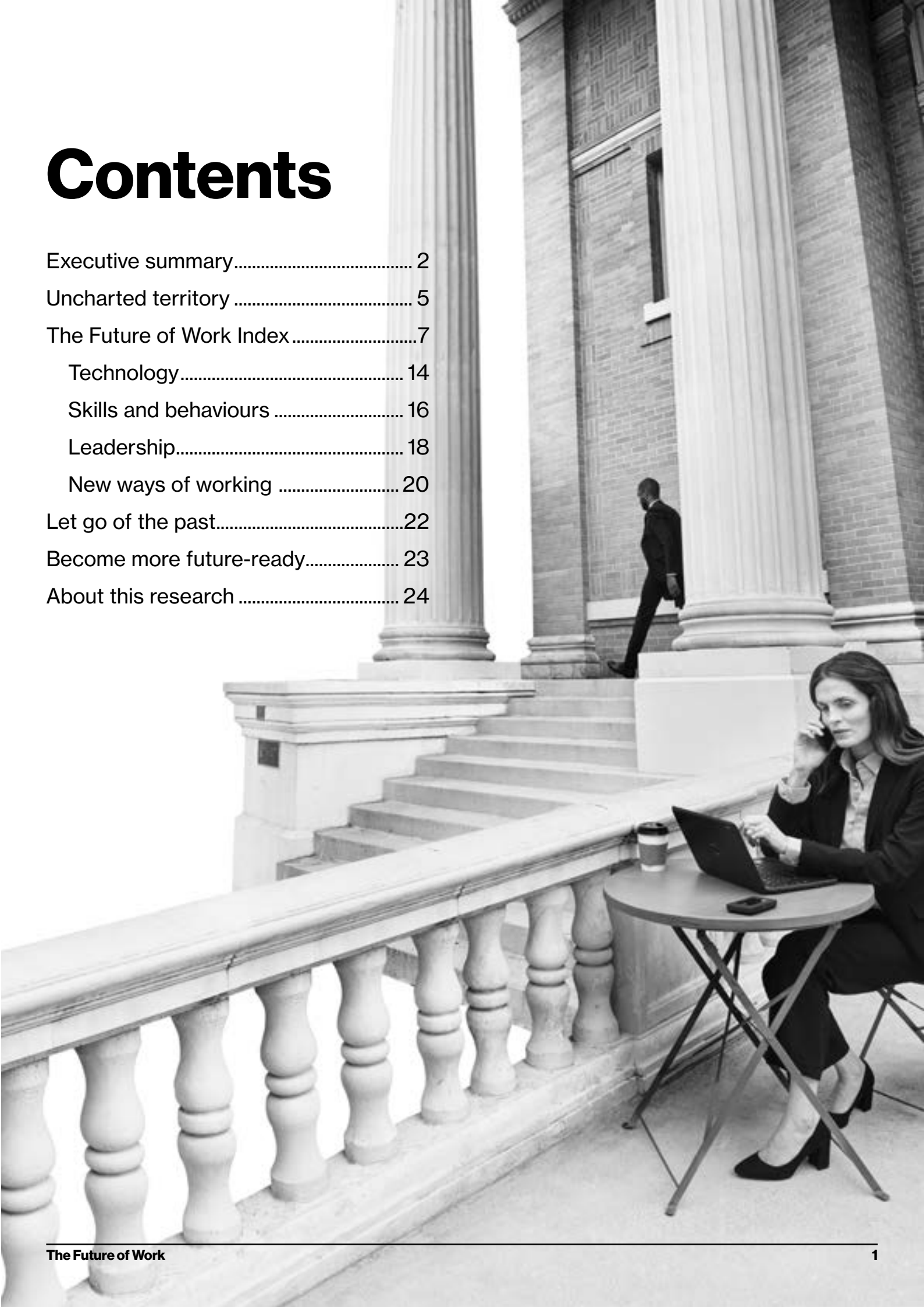
Executive summary

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We surveyed over 1,700 senior business leaders from companies with an annual turnover of US$500 M or more to create this report. By looking at results from a survey in January 2020 and another in May, we were able to derive insight that sets this report apart.

Even before the COVID-19 crisis hit, major shifts were under way in how businesses and their employees work. For example, adoption of artificial intelligence and machine learning (AI/ML)[1] and automation were accelerating, and remote working was expanding.[2]

This report investigates to what degree companies have been preparing themselves for the future, and how their efforts have been affected by the crisis. We surveyed more than 1,700 senior executives in different sectors and geographies before the lockdowns took hold and again once they had begun easing (see "About the research" on). Their responses tell us a great deal about how businesses can keep longer-term objectives in mind and work towards them purposefully, while coping with the unfolding crisis.

The first stage of the research informed the development of our Future of Work Index. The index scores respondents based on the progress they have made across four dimensions of future-readiness.

The four dimensions of future-readiness.
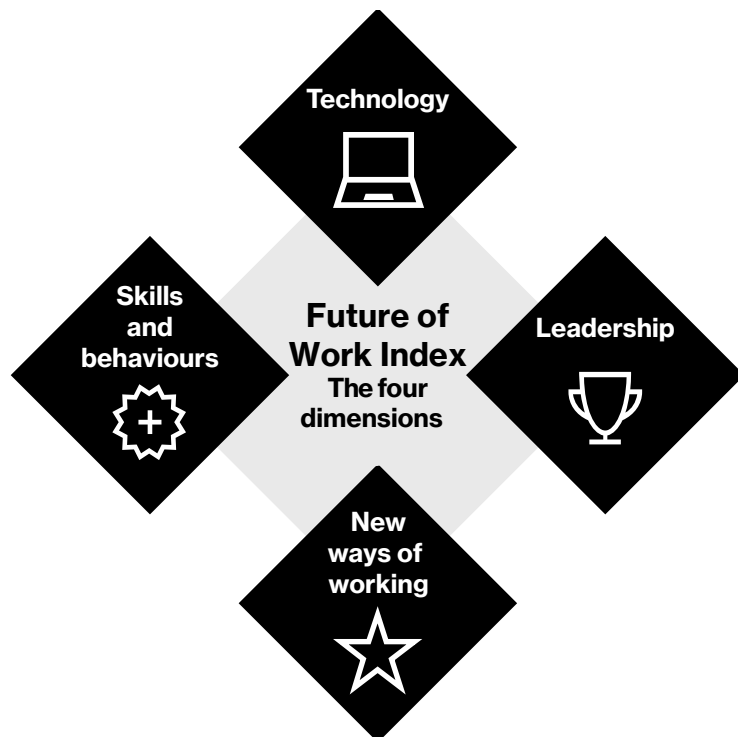
The Future of Work Index–four dimensions of future-readiness.

The scores revealed a group of companies that have been doing more than others to prepare their organisations for the future. These "Pioneers", defined as the top-scoring 20% of organisations in our Index, are:

- Investing in advanced technologies as a strategic priority
- Preparing for a more distributed, flexible and remote workforce
- Taking the long-term view of how they must adapt their skills
- Actively supporting continuous learning and development
- Committing to broader society and the environment

Their efforts had been rewarded. For instance, well over half (63%) had achieved revenue growth of 5% or higher over the past three years (see Figure 1). Of the lowest-scoring 20% of organisations, the "Late-movers", only a fifth (20%) had achieved the same.

Pioneers much more likely to have seen strong revenue growth.

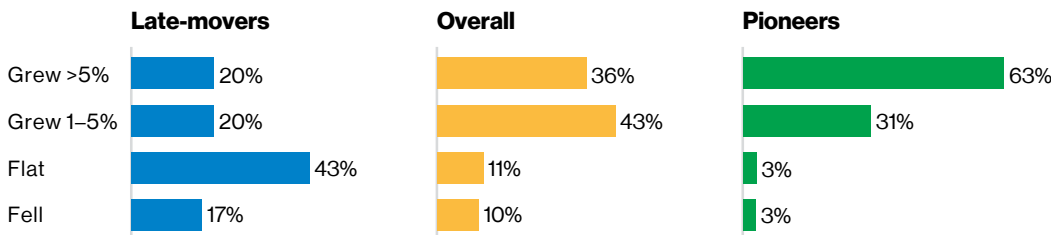|	Late-movers	Overall	Pioneers
Grew >5%	20%	36%	63%
Grew 1–5%	20%	43%	31%
Flat	43%	11%	3%
Fell	17%	10%	3%

Figure 1: Share of organisations by annual revenue growth over the past three years (Survey 1).

The main conclusion from our follow-up research is that far from distracting them, the pandemic has focused companies' attention even more acutely on these areas. Some were already acting: 61% said the crisis had highlighted weaknesses in their strategies and operations, and 68% said they were rethinking their long-term strategies.

Taken together, the two strands of research indicated that companies taking steps to change how they work are likely to thrive. The organisations that have already embraced these changes are likely to weather the crisis and emerge more strongly than those that had decided to wait and see.

3x

Pioneers were over three times more likely to have achieved revenue growth of 5% or more over the last three years.

Respondents plan to invest in key technologies.

Data analytics
71%

Cybersecurity
71%

Cloud
68%

Core network technologies
62%

IoT
61%

AI/ML
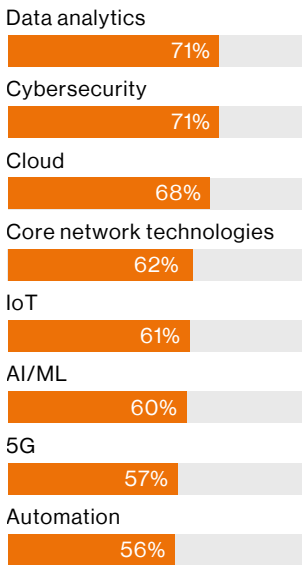60%

5G
57%

Automation
56%

Figure 2: Planned technology investments.

The surveyed companies are planning changes in other areas too.

Investment in emerging technologies will increase.

Before the crisis took hold, executives ranked investment in new technologies highest among their strategic priorities. The crisis has strengthened their resolve: Well over half of respondents said that, once the immediate economic impact of COVID-19 had passed, their organisations would step up investment in emerging technologies (see Figure 2).

Remote working will be more prevalent.

At the time of writing, employees were gradually returning to offices and plants. Despite this, over two-thirds (68%) of respondents said that more of their staff will work from home than before the pandemic. Almost three-quarters (74%) said the crisis has shown them the importance of enhancing their remote working capabilities.

Network strategies will change.

The crisis has made companies more aware of the importance of their communications and networks. More than four in 10 respondents (42%) said their networks had been unable to support a rapid, large-scale shift to home working. This helps to explain why 62% said they planned to boost investment in core network technologies once the effects of the crisis have eased.

The majority (57%) also expected to spend more on 5G.

Corporate and social responsibility will be critical to competitiveness.

The crisis has shown companies the strategic value of altruistic practices. Three-quarters of respondents said their organisations will strive harder to protect their employees' wellbeing, which makes good business sense, but 70% also said they will do more to support customers in financial distress. And environmental sustainability remains on the agenda: 50% of respondents said that reducing their carbon footprint is more important than before.

Empathy will be an asset.

For most organisations, the crisis has confirmed the value of adaptability, digital capabilities and problem-solving skills. But human skills and attributes are even more important as a result of the pandemic. Emotional intelligence (EI), for instance, which before the lockdowns ranked low on the list of strategically important skills, has grown in importance for 69% of respondents as a result of the crisis.

Uncharted territory

The companies we surveyed had been hit hard by the pandemic and resulting restrictions. Over half of the respondents in our second survey said that revenue (53%) and productivity (51%) had declined; 44% reported shrinkage of their customer base; and 32% said their businesses had become less competitive.

Many felt the crisis had exposed weakness, potentially critical ones.

61%

Over three fifths of respondents said the crisis has highlighted weaknesses in their business strategy and operations.

The crisis has highlighted weaknesses in our business strategy

61%

Our business is not likely to survive the COVID-19 crisis

25%

Figure 3: Respondents opinions on how their organisation had coped with the crisis and its chances of emerging.

Three-quarters (75%) of respondents believed that their companies would survive. The 25% who weren't sure is worryingly high, but less surprising when considering that six in 10 (61%) said the crisis has highlighted weaknesses in their business strategies and operations.

Many lacked confidence in their leadership's ability to steer them through the current crisis. More than four in 10 respondents said that senior management had not responded effectively to the crisis — in terms of either business performance (44%) or looking after the wellbeing of employees (41%).

> **"We have lived through numerous crises, including Black Monday, the September 11 attacks, and the global financial crisis. But this could be the most profound shock we have ever witnessed."**
>
> Osvald Bjelland, founder and CEO of Xynteo, an advisory firm

68%

Over two-thirds of respondents said that their company was in the process of rethinking its long-term business strategy.

Business leaders were grappling with disruptive change in their environments long before COVID-19:

- Globalisation was coming under greater scrutiny, leading to calls for stronger regulation and in some places trade tensions – perhaps not full-blown wars yet, but definitely skirmishes.

- Ageing populations were straining healthcare and social care systems, changing demand and altering the demographics of the workforce. In some cases, this had led to increased tension between generations.

- Growing evidence of climate change was convincing more and more businesses of the need to change their ways. This reflected not just the risk of regulation and taxation, but also the growing importance of sustainability to consumers, particularly younger ones.

- Accelerating technology offered the promise of new ways to compete, new business models and new products/services. But it was also threatening to disrupt even the most stable of industries.

The need for survival may have pushed some of these pressures to the back of leaders' minds but they haven't gone away.

Changes expected as a result of the COVID-19 crisis.

We've moved from crisis-management to rethinking our long-term business strategy — 68%

Our long-term business strategy will change dramatically as a result of the COVID-19 crisis — 65%

We plan to change the structure of our organisation within the next year — 60%
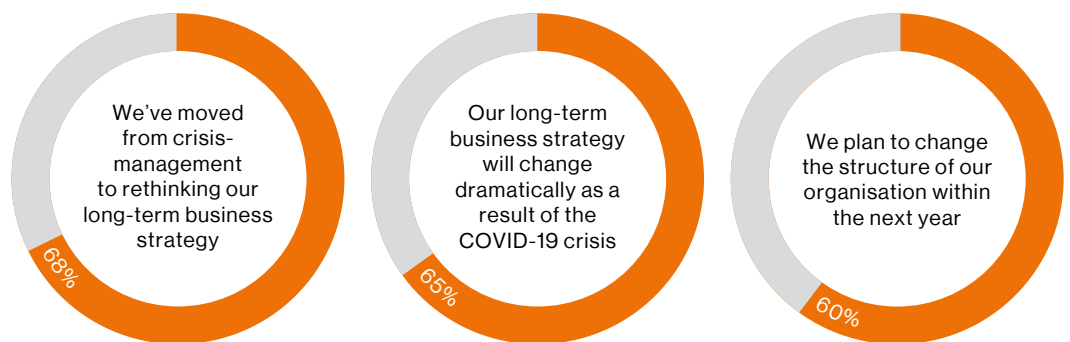
Figure 4: Share of respondents agreeing with selected statements about the impact of the COVID-19 crisis (Survey 2).

Against that backdrop, it is no surprise that over two-thirds (68%) of companies were in the process of rethinking their long-term business strategies. As we will see, many of the companies in our surveys were also reviewing other elements of their businesses, such as their organisational structures, their technology investment priorities, and the types of workforce skills they needed most.

The Future of Work Index

Ready for the future of work?

So, just how prepared are businesses for the post-pandemic world? Our pre-lockdown survey explored how organisations were preparing their workforces for the future. We asked respondents about four dimensions of future-readiness:

Technology

Which emerging technologies are organisations adopting, and how successful have they been in rolling them out?

Skills and behaviours

Which skills do organisations expect to need in the future, and what steps are they taking to secure them?

Leadership

What are business leaders doing to bring about change, and how are they preparing their workforces for the future? How do they view the roles of sustainability, social responsibility and diversity in their businesses?

New ways of working

To what extent are organisations adapting their structures to improve their agility and allow for the sharing of data and ideas across the business?

We used the responses to build a Future of Work Index. This measures an organisation's readiness in each of these four dimensions. When the COVID-19 crisis hit, we saw the opportunity to look into how priorities had changed, and so we conducted a second survey later in the crisis to find out.

In this section, we look at the scores in detail. After that, we investigate the impact the pandemic has had on organisations' efforts to prepare for the future.

We scored organisations on 12 indicators within the four dimensions to create a Future of Work Index. Achieving an index of 10 would mean that a company was taking every step we feel is important to being future-ready. The average of all the companies we surveyed was 6.7. Based on our parameters, this indicates that most companies were not well-prepared.

The Future of
Work Index scores
summarise companies'
abilities to implement
complex digital
technologies, their
effectiveness at
breaking down
internal barriers,
the leadership's
competency to
maximise their impact
and their workforces'
expertise at using
those technologies.
It is calculated from
12 indicators, each
of which is based on
specific questions
asked in our survey.

Pioneers and Late-movers.

While many companies' scores suggested that they were ill-prepared, there was a group that was doing a lot better. In this report, we contrast the progress of this top 20% — the "Pioneers" shown in green throughout this report — with that of the lowest 20% — the "Late-movers", shown in blue.

Distribution of Future of Work Index scores.
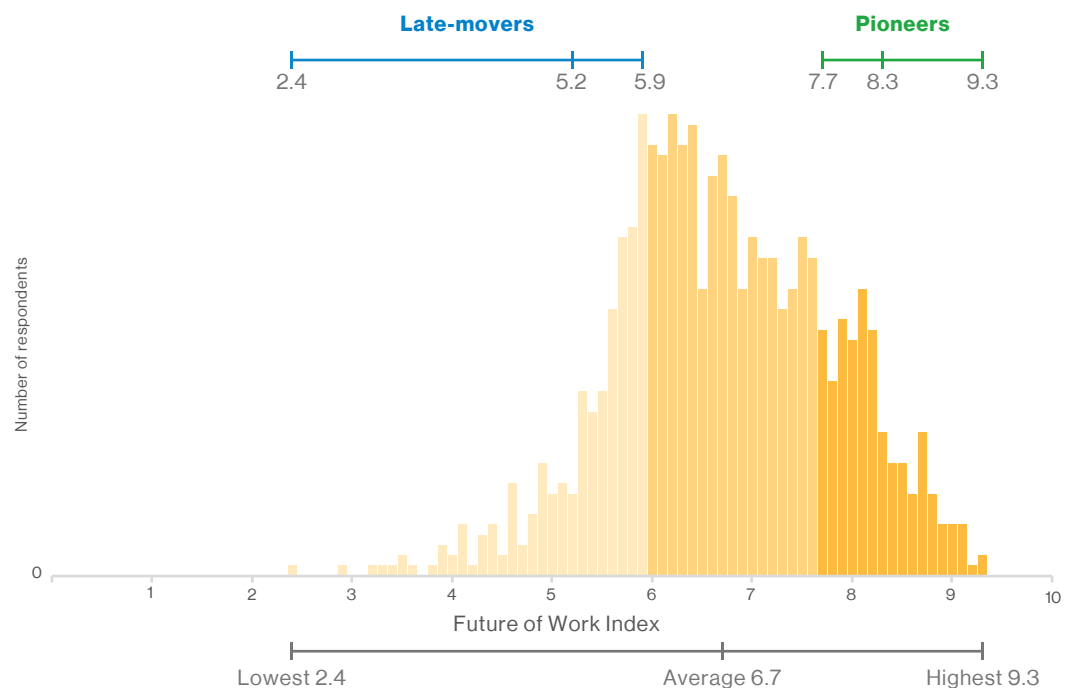

Figure 5: Future of Work Index scores indicating Late-movers and Pioneers (Survey 1).

Average performance was strongest in the leadership dimension and weakest in skills and behaviours. This suggests that senior teams' preparations, while widespread and welcome, are not yet filtering down to the skill levels of their workforces or the approaches taken to improve them.

How sectors compare.

With one exception — supply chain and logistics — all the sectors we surveyed performed fairly evenly in the overall Index. Retail and professional services organisations appeared slightly further along in preparing for the future of work than others, while supply chain and logistics organisations were lagging behind.

Compared with other businesses, those in the retail, professional services, financial services and insurance industries were more likely to appear in the Pioneers group. By contrast, manufacturing and supply chain/logistics firms were more likely to be in the Late-movers group.

Split of groups by vertical sector.

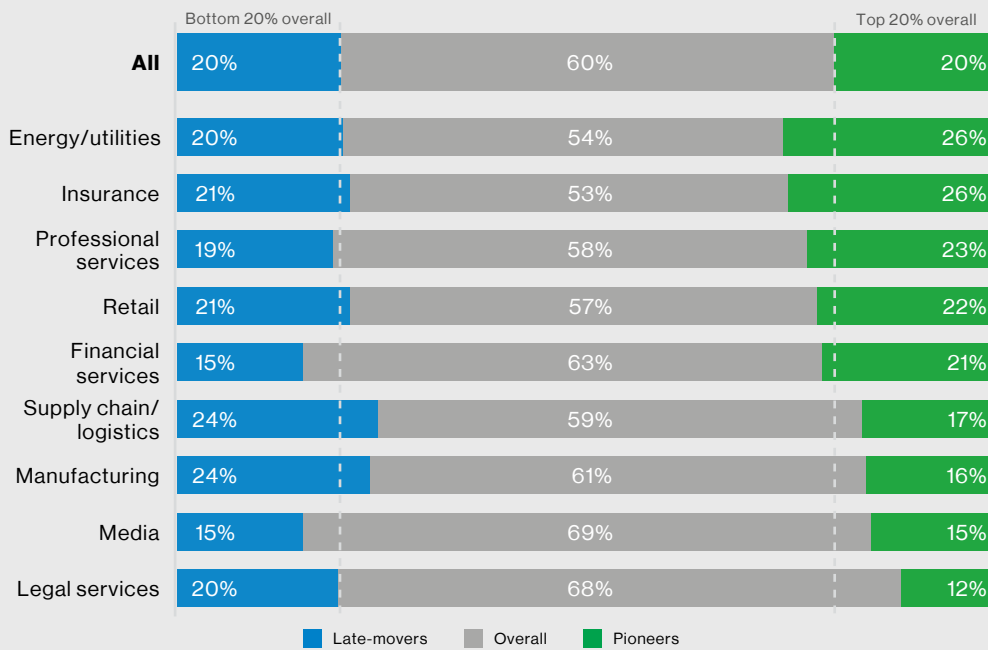|	Bottom 20% overall		Top 20% overall
All	20%	60%	20%
Energy/utilities	20%	54%	26%
Insurance	21%	53%	26%
Professional services	19%	58%	23%
Retail	21%	57%	22%
Financial services	15%	63%	21%
Supply chain/ logistics	24%	59%	17%
Manufacturing	24%	61%	16%
Media	15%	69%	15%
Legal services	20%	68%	12%

■ Late-movers ■ Overall ■ Pioneers

Figure 6: Index scores by sector (Survey 1).

50%

Half (50%) of those we assessed on the FoW Index scored highest on the Leadership dimension. Just 9% performed best at each of the technology and skills and behaviours dimensions.

Breakdown of Future of Work Index scores by indicator.

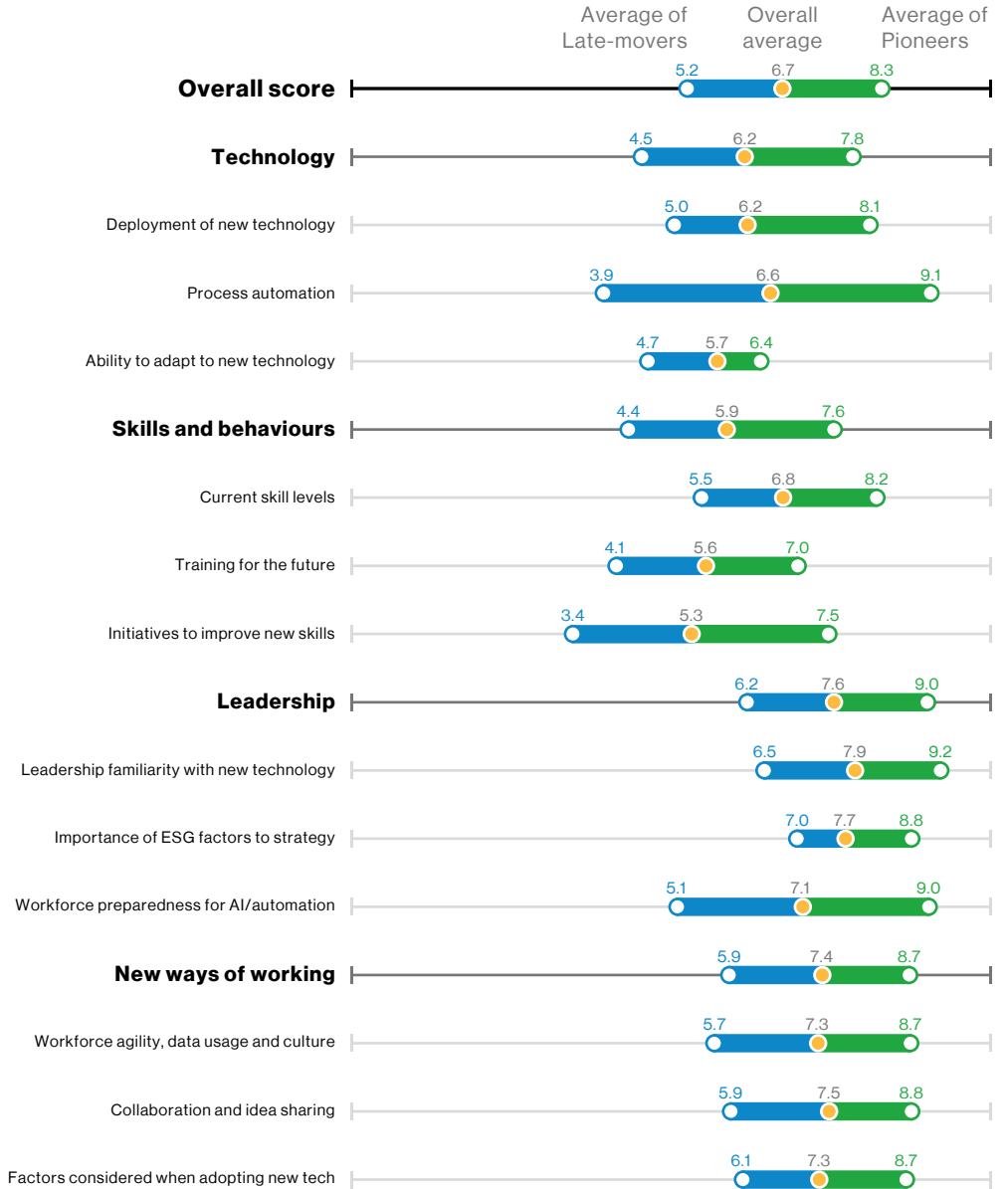|	Average of Late-movers	Overall average	Average of Pioneers
Overall score	5.2	6.7	8.3
Technology	4.5	6.2	7.8
Deployment of new technology	5.0	6.2	8.1
Process automation	3.9	6.6	9.1
Ability to adapt to new technology	4.7	5.7	6.4
Skills and behaviours	4.4	5.9	7.6
Current skill levels	5.5	6.8	8.2
Training for the future	4.1	5.6	7.0
Initiatives to improve new skills	3.4	5.3	7.5
Leadership	6.2	7.6	9.0
Leadership familiarity with new technology	6.5	7.9	9.2
Importance of ESG factors to strategy	7.0	7.7	8.8
Workforce preparedness for AI/automation	5.1	7.1	9.0
New ways of working	5.9	7.4	8.7
Workforce agility, data usage and culture	5.7	7.3	8.7
Collaboration and idea sharing	5.9	7.5	8.8
Factors considered when adopting new tech	6.1	7.3	8.7

Figure 7: Index scores – overall, Pioneers and Late-movers (Survey 1).

Pioneers were setting themselves up well for the future, but they were already seeing benefits. It is probably no accident, for example, that the majority (63%) reported revenue growth of 5% or higher over the past three years, something which just 20% of the Late-movers could match (see figure 1 on page 3).

The Pioneers' positive attributes show through in several areas:

Pioneers have a technology-first mindset.

2.5x

Senior management at Pioneers were more likely to have an understanding of emerging technology, like IoT.
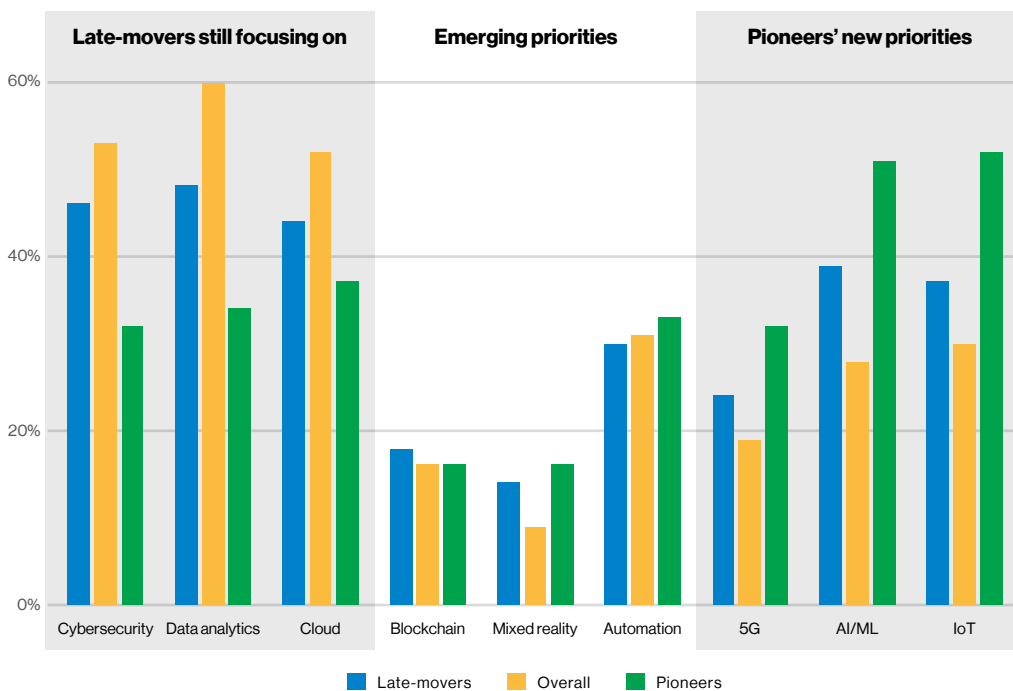

Figure 8: Technology investment priorities over the past two years (Survey 1: Share of respondents ranking each technology among their top three investment priorities in the past two years).

When it comes to strategic objectives, Pioneers were prioritising investment in new technologies to enable new capabilities and new business models; Late-movers were mainly focused on reducing costs. The more advanced group's priorities were IoT and AI/ML; those of Late-movers, data analytics and cybersecurity. Pioneers were also more likely to have been investing in 5G.

Pioneers were far more likely than Late-movers to have deployed each of the technologies we asked about. This helps explain why more Pioneers had been getting benefits from these technologies. Over 90% of them, for example, said they had seen a positive impact from IoT and AI/ML in terms of improved customer experience and increased revenue and profit. Nearly 90% said the same of both technologies' impact on managing risk.

There was also a yawning gap between the two groups (the largest in any index indicator) in their progress with process automation. Whereas Pioneers said they had automated or intended to automate 74% of their organisations' business processes, just 6% of Late-movers were able to say the same.

46%

Less than half of Late-movers said they were able to respond quickly to emerging opportunities.

63%

Nearly two-thirds of Pioneers achieved their best score in the leadership dimension.

2x

Senior management at Pioneers were almost twice as likely to rank environmental sustainability as important to their business success.

Pioneers place more value on training their workforces.

Pioneers and Late-movers differ markedly in how they train their workforces. For example, almost all (97%) Pioneers said their organisations had fully embraced continuous learning, compared with just 48% of Late-movers. Pioneers also look further into the future: 44% said that they think about the skills their workforces will need at least four years ahead, compared with just 8% of Late-movers.

But there are areas of skills development where both groups struggle. For example, 53% of Late-movers and 39% of Pioneers said their organisation does not "do enough to reskill employees to prepare them for future work challenges."

Pioneers are preparing for a more distributed, flexible workforce.

More Pioneers (48% compared with 26% of Late-movers) were anticipating a shift towards a predominantly remote or mobile workforce, even before the pandemic. And many were looking to achieve greater workforce flexibility in other ways. For example, 32% believed they would employ more part-time or temporary staff than permanent full-time staff, compared with 17% of Late-movers. And 28% of Pioneers thought that their future workforces will lean more towards contract workers than permanent staff (compared with 18% of Late-movers).

Pioneers were also more confident about their agility. For example, 92% (compared with just 41% of Late-movers) believed that their organisations could move talent quickly across teams or geographies. And 96%, compared with 46% of Late-movers, said they were able to respond quickly to emerging opportunities.

We believe that these practices put Pioneers in a stronger position than their peers to succeed in a post-pandemic world. This was confirmed by our second survey, in which respondents stressed the importance of the practices and capabilities in each of our four dimensions of readiness.

Pioneer leaderships are in tune with technology, skills requirements, and environmental and social objectives.

Executives with a good understanding of new technologies are likely to know how to capitalise on them. Such executives are likely to be found at Pioneers where, for example, more than half of respondents said their senior management has an understanding of IoT (52% versus 20% of Late-movers) and AI/ML (51% versus 20% of Late-movers). Pioneers have a more up-to-date view of the needs of their workforces. Nearly twice as many (31% compared with 16% of Late-movers) had conducted a large-scale review of skills requirements in the previous 12 months.

Pioneers were also more likely to express a commitment to addressing issues affecting the societies which they serve and operate in. Nearly all of them (95% versus 68% of Late-movers) said that increasing workforce diversity is important to the success of their business strategies. Almost as many (84% versus 44%) said the same of gender diversity.

There's also a big gap between the two groups when it comes to increasing their environmental sustainability: 90% of Pioneers said this is important to the success of their business strategies, compared with less than half (47%) of Late-movers.

The importance of environmental and social objectives.

Figure 9: The importance of environmental and social objectives (Survey 1: Share of respondents that said these factors are vital or somewhat important to the success of business strategy).

Technology

In our pre-lockdown survey, when asking about organisations' top strategic priorities, more executives cited investing in new technologies than any other. Since then, responding to the pandemic has elevated other priorities, but organisations are now more intent on technological transformation than ever.

In our later survey, most respondents said that their organisations planned to increase its spending on data analytics, cybersecurity services, cloud enablement, core network technologies, IoT, AI/ML, 5G, and automation and robotics. For 66% of these respondents, the crisis had underscored the importance of being able to deploy new technologies rapidly.

Technology investments on the rise in the aftermath of COVID-19.

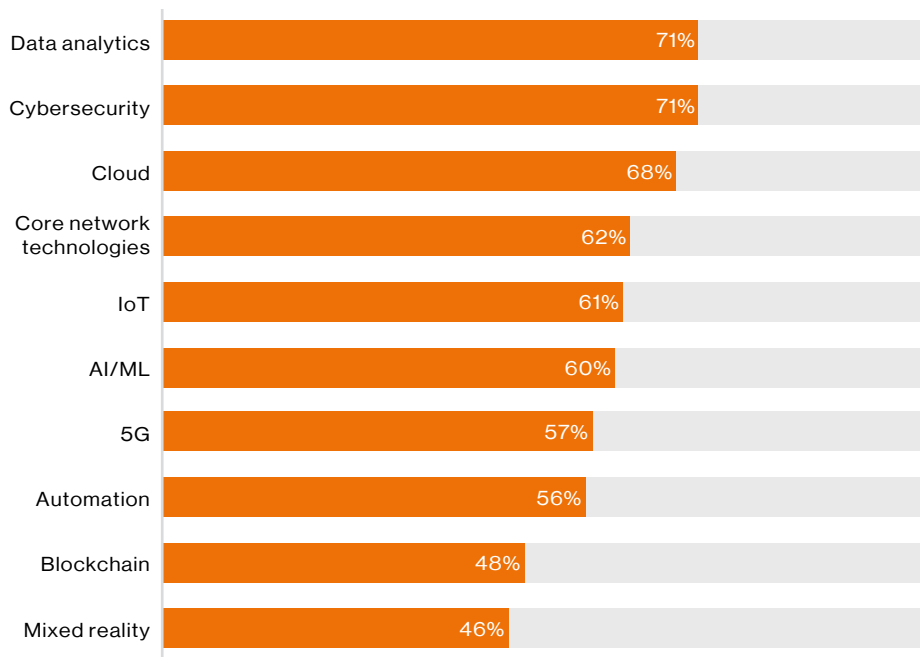| Technology	%
Data analytics	71%
Cybersecurity	71%
Cloud	68%
Core network technologies	62%
IoT	61%
AI/ML	60%
5G	57%
Automation	56%
Blockchain	48%
Mixed reality	46%

Figure 10: The share of respondents who expected their organisations to increase investment in and deployment of selected technologies after the immediate economic impact of the COVID-19 crisis had passed (Survey 2).

For some companies, the crisis vindicated their existing technology strategies. "For the last three years, we have been migrating services to the cloud and, as a result of the pandemic, we have seen our existing implementations being heavily adopted," said the CIO, Global Collaboration of a leading UK bank, "We have also seen things that were in the book of work brought forward. It's not a reinvention, but 'more of and faster' in some areas."

Technology investment priorities by sector.

	IoT	AI/ML	Auto-mation	Data analytics	Cyber-security
Retail	✓	✓			
Financial services		✓			✓
Insurance		✓		✓	✓
Manufacturing	✓		✓		
Legal services				✓	✓
Professional services		✓		✓	
Media		✓			✓
Energy/utilities	✓			✓	
Supply chain/logistics	✓			✓	

Figure 11: Top technology investment priorities over the next two years, by sector (Survey 1).

Elsewhere, the crisis has helped to speed up technology deployment. "Because everyone has become more open-minded thanks to the crisis, we've been able to accelerate some initiatives," said the Head of Operations and Infrastructure at a European fashion retailer. They continued, "An example is the deployment of multi-factor authentication to bolster email security. The shift to remote working dictated this but, in normal circumstances, it would have taken three or four months to deploy."

The widescale shift to remote working has also sped up the adoption of technologies that support it. "There were pockets of adopters," said the CIO, Global Collaboration of a leading UK bank. "But now everyone is adopting. People are telling us: Now that I'm working from home, I can see how I can use my time so much more wisely. I can balance my business output with my wellbeing time. I can be more flexible in how I do it and how I operate."

This experience is not the norm: Moving to mass home working has been a challenge for most companies. It has also made respondents more aware of the importance of strengthening their networks: 42% said their organisations' networks had been unable to support such a rapid and large-scale shift. This helps to explain why 62% said they planned to boost investment in core network technologies once the effects of the crisis ease.

Attitudes toward 5G had also shifted since the pandemic began. In our pre-lockdown research, it ranked fairly low on the priority list for investment compared with others. When surveyed later, 57% of respondents expected their organisations to boost investment in 5G once the crisis has passed.

> **"Since this crisis broke, we have increased our use of digital communications tools to ensure employees stay informed; and they've told us they feel more connected, especially those from our interstate offices."**
>
> Todd Reichmann, Chief Strategy Officer, PEXA

Skills and behaviours

70%

The majority of respondents to our second survey (70%) cited the heightened importance of adaptability, digital skills, problem-solving and risk management.

Of the four Future of Work dimensions, respondents were struggling most with improving workforce skills and behaviours (see Figure 7). This was true even for the Pioneers: 39% said their organisations do not do enough to reskill employees. In our pre-lockdown survey, most organisations were not prioritising reskilling: 55% said their efforts were only slightly more ambitious than previously. The crisis appears to have changed that. More than 70% of respondents to our second survey, for example, cited the heightened importance of adaptability, digital skills, problem-solving and risk management.

Skills that have grown in importance post pandemic.

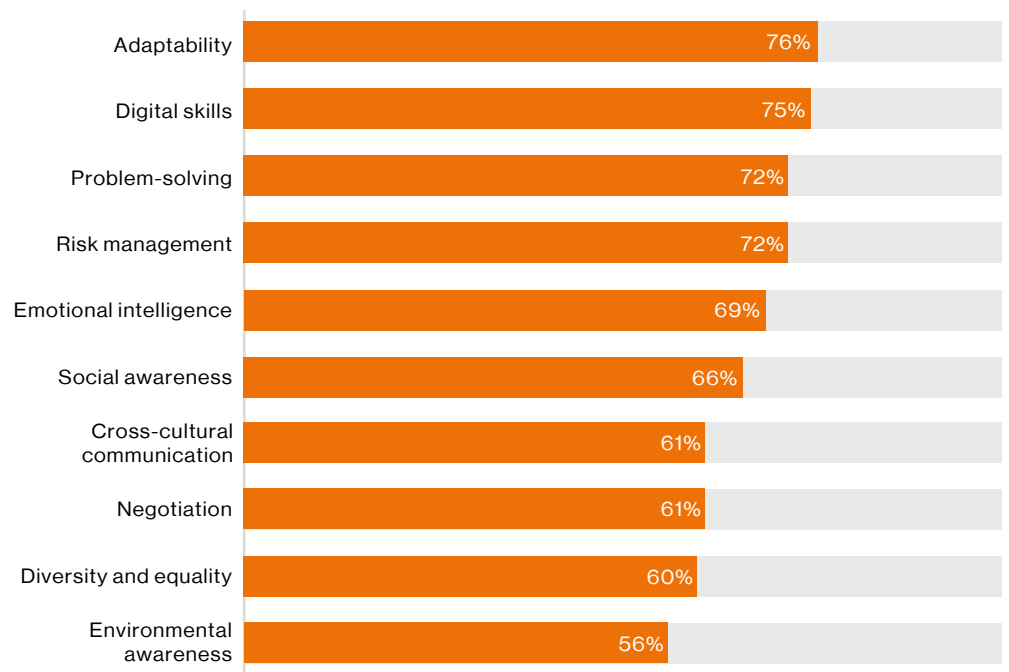| Skill	%
Adaptability	76%
Digital skills	75%
Problem-solving	72%
Risk management	72%
Emotional intelligence	69%
Social awareness	66%
Cross-cultural communication	61%
Negotiation	61%
Diversity and equality	60%
Environmental awareness	56%

Figure 12: Share of respondents that said selected skills have become more important to their organisation as a result of COVID-19 (Survey 2).

All of these, particularly adaptability, were valuable during the enforced changes to the working environment. People can be trained in adaptability, according to Chris Costley, Director of Customer and Operations Transformation at IDP, an Australian education services company. "Along with IQ and EQ [emotional quotient] there is also AQ – the ability to adapt," he said. "We should be investing in that heavily." It is all the more important as, wherever employees work in the future, complexity will be an issue, partly owing to technological change. As a result, adaptability, digital skills and problem-solving skills will be prized. "The workplace will be intensely busy, with multiple channels of communication and flows of data," said Costley. "Employees will have to be able to decide what to respond to and what to ignore, and filter what's important from what's not. This is going to get a lot more difficult."

The crisis has also demonstrated the importance of qualities such as emotional intelligence (EI) and social awareness. The former, which is the ability to communicate with sensitivity to others, not only helps team members support each other as they work in isolation. It also helps employees assist customers, suppliers and other stakeholders dealing with their difficulties. EI and social awareness are also invaluable attributes as companies interact more widely with local communities on public health and other initiatives. Prior to the pandemic, fewer than 20% of respondents said that EI would be an important skill for the future. In our second survey, 69% said that EI, and 66% that social awareness, had grown in importance as a result of the COVID-19 crisis.

The challenge for organisations is to develop these attributes among staff. "Empathy, for example, is important, not just for effective teams but also for developing practices that are of value to society," said Dylan Siegler, Director of Social Responsibility at Verizon. "But few businesses have found effective ways to train employees in this."

66%

Two-thirds (66%) of respondents said social awareness had grown in importance as a result of the COVID-19 crisis.

Leading UK bank makes upskilling fun.

Major upskilling efforts pose unique challenges to large banks, said the CIO, Global Collaboration of a leading UK bank. Risk aversion runs deep in many owing to regulation and compliance, he said, and banks need to be creative in designing technology skills initiatives for IT and all staff.

The bank's training initiatives for cloud enablement, for example, have involved external "sensitisation" sessions for department heads, in which they move off site to a campus environment to receive awareness and other training from cloud providers. Training programmes for AI/ML may involve "brownbag" lunch sessions where internal or external experts in AI/ML familiarise staff with key concepts, capabilities and risks.

The bank also runs frequent hackathons involving employees from its three major centres of operation: the UK, the US and India. "They're designed to be a lot of fun," said the bank's CIO with teams challenged to solve business problems using AI, automation and mobile. "There's a lot of enthusiasm," he adds. "They really help get people thinking and reasoning about how to use these technologies."

Leadership

75%

Three quarters of respondents said that it will be more important that businesses take steps to protect and improve their employees' wellbeing.

As the COVID-19 crisis recedes, even the most visionary business leaders will have to focus on the immediate problem of recovery. But leaders should not neglect longer-term thinking and planning. The technological, demographic and environmental shifts that were transforming work before the pandemic have not gone away.

It's encouraging that the majority of organisations we surveyed had moved beyond crisis management and were starting to rethink their long-term strategies – and many expected them to change dramatically.

Executives know that their future strategies must incorporate advanced technologies such as AI/ML, IoT, analytics, robotics and 5G. That's not news. But there's something else they anticipate seeing more of in the post-pandemic business environment, too.

Growing business importance of social responsibility.

Figure 13: Share of respondents stating that selected factors will become more important to business strategy as a result of COVID-19 (Survey 2).

Our respondents expected their businesses to become more socially oriented and more thoughtful. For example, 75% said that it will be more important for businesses to take steps to protect and improve their employees' wellbeing, and 65% said that building a more empathetic and supportive organisational culture will grow in importance.

This will be vital as organisations move towards a remote working structure.

And they expected that increased compassion to extend to customers: 70% said that there will be a greater focus on responding to the needs of customers in crisis or financial distress.

> **"Throughout the crisis our leaders have maintained open, transparent and frequent communication with their teams. Because of this, trust and accountability have increased further during the pandemic."**
>
> Todd Reichmann, Chief Strategy Officer, PEXA

The majority, 59%, also felt that strengthening corporate social responsibility (CSR) initiatives and doing more to support the community have grown in importance. A commitment to enhancing diversity, both inside and outside the workplace, is an important part of that.

One of the indicators within the leadership dimension of the Future of Work Index is a company's commitment to improving environmental sustainability. We might expect other crisis-related priorities – such as reducing costs – to command executive attention, at least temporarily, but 50% of respondents said that reducing their environmental impact will become a more important part of business strategy as a result of the COVID-19 crisis.

> **"We've reached the end of greenwashing. People are being found out. In the future, it will be impossible to run an environmentally unsustainable business, because customers will not support you, investors won't invest in you and the smartest people won't want to work for you."**
>
> Osvald Bjelland, founder and CEO of Xynteo, an advisory firm

But companies will have to go further than simply saying they will reduce their carbon footprint. "We've reached the end of greenwashing," said Bjelland. "People are being found out. In the future, it will be impossible to run an [environmentally] unsustainable business, because customers will not support you, investors won't invest in you and the smartest people won't want to work for you."

59%
Most respondents (59%) felt that doing more to support the community had grown in importance

New ways of working

74%

Nearly three quarters of respondents said that the crisis drove their organisation to give more importance to creating policies to enable and support remote working.

A third (34%) of respondents in our pre-lockdown survey said that, in the future, their organisations' staff would mainly work remotely, as opposed to in an office or other company facility. But few could have predicted how quickly that change would happen. Within weeks of us asking, remote working had become the norm across many sectors in most regions.

Widescale home and remote working will outlive the crisis. While some employees will return to offices, plants and other facilities as countries exit lockdowns, 68% of respondents in our second survey said home working would not fall back to the previous level. About three-quarters (74%) said that the crisis drove their organisations to give more importance to creating policies to enable and support remote working.

"We have to constantly evolve with the times." said Todd Reichmann, Chief Strategy Officer of PEXA. "It's clear that we have to be digitally enabled, to move from 'work from home' to supporting 'work from anywhere'."

Business intentions towards home working.

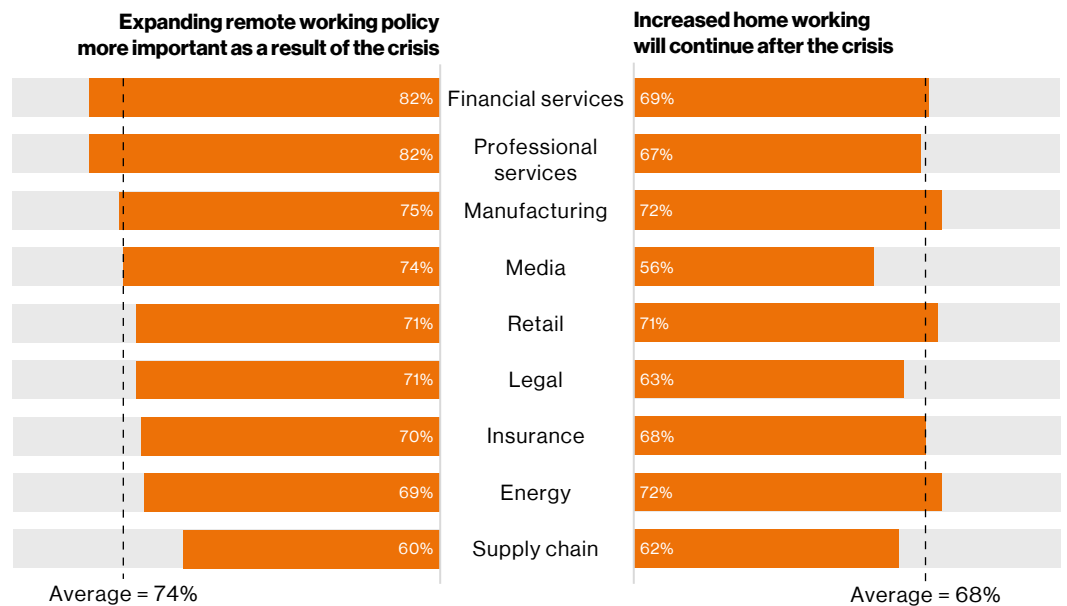|	Expanding remote working policy more important as a result of the crisis	Increased home working will continue after the crisis
Financial services	82%	69%
Professional services	82%	67%
Manufacturing	75%	72%
Media	74%	56%
Retail	71%	71%
Legal	71%	63%
Insurance	70%	68%
Energy	69%	72%
Supply chain	60%	62%
	Average = 74%	Average = 68%

Figure 14: Share of respondents that agree with statements about home and remote working (Survey 2).

Lingering doubts about the effectiveness of those working remotely have been dispelled, according to the CIO, Global Collaboration of a leading UK bank. "We know for certain now that people can remain connected and productive," he said. "This creates many new options around things such as how we use office spaces, how we access talent and what processes we really need." He added, however, that organisations need to figure out how to keep people creative when there is no physical interaction.

The crisis has also brought greater appreciation of the need for organisational agility. For example, 68% of respondents to our second survey said the ability to reallocate employees to where their skills are most needed was now more integral to their business strategies. And 70% said the same of being able to respond rapidly to new market opportunities, the same proportion highlighted the heightened importance of collaboration and idea sharing.

> **"One of the methods we have used to engage with employees is to reach out for ideas on new ways of working internally and then trialling them to determine what aligns with our culture. Two ideas we are trialling at the moment are shorter meetings (25 minutes and 55 minutes) and no internal meetings Wednesday mornings."**
>
> Todd Reichmann, Chief Strategy Officer, PEXA

Increasing agility also means structural changes to the workforce. Our pre-lockdown research found that organisations expected part-time staff to account for an average of 25% of their future workforce (the rest being full-time), and that contract workers would account for an average of 22% (the balance being permanent staff). About half (49%) of respondents to our later survey said the pandemic had increased the importance of participating more actively in the gig economy in order to gain quick access to part-time and temporary workers. According to Osvald Bjelland, too few companies have embraced the gig economy and the flexibility and scalability it can offer. However, he cautions, companies ensure gig workers are treated equitably and are motivated to contribute to achievement of the organisation's objectives.

49%

About half of respondents said their organisation planned to participate more actively in the gig economy in order to gain quick access to part-time and temporary workers.

Let go of the past

Uncertainty didn't begin, and won't end, with COVID-19. Forces like changing consumer behaviours, the acceleration of technology and the need to be environmentally sustainable are not new. While these pressures may have seemed remote before the crisis, problems for the future, they are now front of mind.

And this is not a temporary thing. Technology will continue to advance at speed. The skills and behaviours required by both staff and leadership will keep evolving. And whether through top-down, through regulation, or bottom up, through consumers' spending, the need for businesses to take more responsibility for the societies around them and the environment will intensify.

It's very easy to become attached to existing behaviours. Many are even unaware that they have become blinkered. This crisis is an opportunity to jettison entrenched old ways of thinking and re-evaluate priorities.

Remember, this crisis affected almost every organisation. Your business isn't the only one reflecting on its strategy and values. The decisions and investments you make over the next 18 months will shape your business for many years to come.

It's time to stop making plans and start planning. Making your business more future-ready will not only help you cope with future disruption; it will better place you to take advantage of the opportunities ahead.

Become more future-ready

Technology

Fast-track deployment of emerging technologies.

IoT, AI/ML, automation, and advanced cloud and network technologies will be instrumental in putting your business back on a solid footing. Along with 5G and other new technologies, they will also help position it for the next stages of growth.

Think platforms.

Technology moves fast. Focus on creating platforms that help you become more agile and adapt to changing technology and emerging business threats and opportunities.

Skills and behaviours

Strengthen training programmes.

As technologies such as AI/ML mature, they are not just changing or displacing existing roles – both skilled and unskilled – but also creating new ones. Invest in training, it's never been more important to help prepare your employees and your organisation for the future.

Balance your priorities.

Make sure that empathy, emotional intelligence, ethical reasoning and other more "human" skills are given due weight in your strategy. This will help your organisation embrace new ways of working, enhance social responsibility programmes and cope with change.

Leadership

Write your own rules.

No one expects you to have all the answers, but you should set the tone and be the one to write the new rules. Don't let old working practices, outdated strategies or legacy systems hold you back.

Commit to social responsibility.

Strive to reduce waste and carbon emissions, drive increased diversity and equality and help your local communities where you can. These are not only the right things to do, they make good business sense.

New ways of working

Lead change instead of reacting to it.

Imagine the future you want for the business and start working towards it. Start by analysing the experience of mass remote working to understand which groups of employees and which roles may adapt more easily to new ways of working in the future.

Look around, learn from others and work with them.

No matter how many smart people there are in your organisation, there will always be more outside of it. Encourage the breaking down of barriers and development of ecosystems of talent.

About this research

The analysis in this report is based on the results of two surveys of senior executives from a range of industries and regions. These were carried out by Longitude, a Financial Times company, on behalf of Verizon. The first was conducted in January and February 2020. The second was carried out in May 2020 – after the scale of the pandemic had become clearer and many regions had been subject to lockdown for several weeks.

The key characteristics of the respondents to both surveys are largely similar, as shown right.

Survey respondents by geography.

Pre-lockdown survey
January-February '20
1,102 participants
56% Europe
22% Americas
22% Asia Pacific

Post-lockdown survey
May 2020
644 participants
37% Europe
33% Americas
30% Asia Pacific

Figure 15: Survey respondents by geography.

Survey respondents by annual revenue.

Pre-lockdown survey
January-February '20
1,102 participants
$500 M — 12%
$10 B — 15%
$5 B — 27%
$1 B — 46%

Post-lockdown survey
May 2020
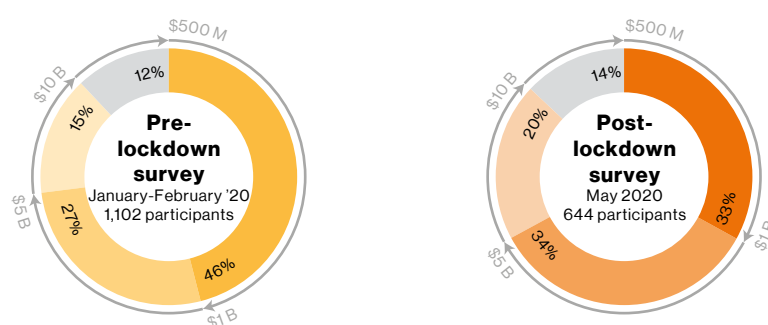644 participants
$500 M — 14%
$10 B — 20%
$5 B — 34%
$1 B — 33%

Figure 16: Survey respondents by annual revenue.

Survey respondents by sector.

	Pre-lockdown survey	Post-lockdown survey
Supply chain/logistics	7%	9%
Media	7%	8%
Legal services	7%	8%
Energy/utilities	8%	8%
Insurance	8%	8%
Retail	13%	16%
Professional services	14%	9%
Financial services	18%	17%
Manufacturing	19%	17%

Figure 17: Survey respondents by sector.

Distribution of Index scores by dimension.
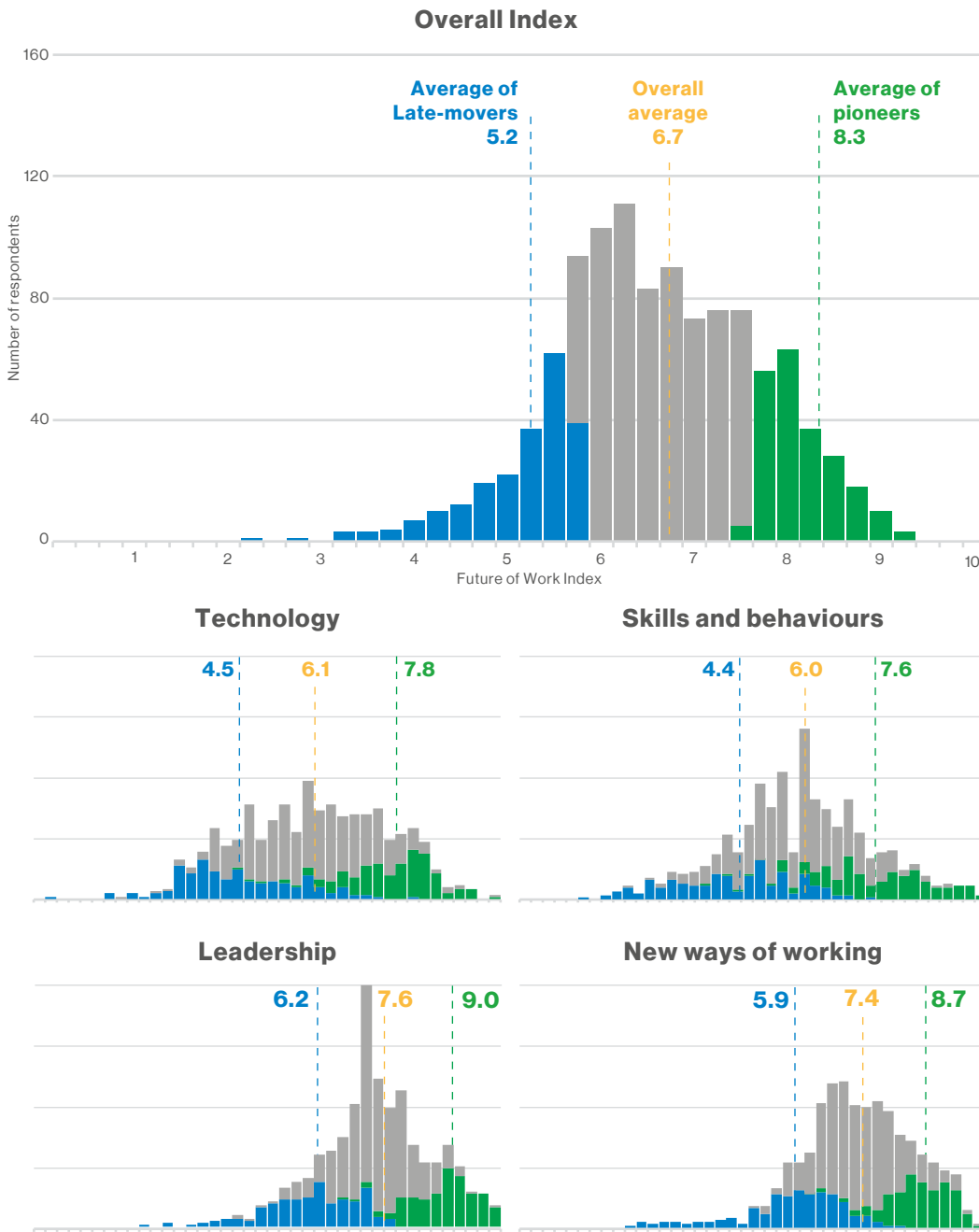
Overall Index

Figure 18: Future of Work Index scores indicating Late-movers and Pioneers (Survey 1).

Half (50%) of those we assessed on the FoW index scored highest on the Leadership dimension. About a third (32%) did best on the new ways of working dimension. Just 9% performed best on each of the technology and skills and behaviours dimensions.

The lowest standard deviation of scores was on the leadership dimension. The technology and skills and behaviours dimensions exhibited about a third more variation (31% and 33% respectively).

1. Arif Cam, Michael Chui and Bryce Hall, November 2019, <u>Global AI Survey: AI proves its worth, but few scale impact</u>, McKinsey

2. Ankur Modi, December 2019, <u>Is Remote Working Just Another Fad Or Actually Good For Your Business?</u>, Forbes

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