# Building resilience & maintaining innovation in a hybrid world

Modernizing the workplace emerges as top business transformation priority

Microsoft

# Contents

# Foreword from Marianne Dahl, Vice President, Sales, Marketing & Operations, Western Europe, Microsoft

The tools that allow for remote ways of working have been around for years. Yet, many companies haven't changed from the 9-5 office-based rhythm of business that became commonplace in the early 20th century.

That all changed almost overnight with the onset of the pandemic. Businesses in all sectors, and organizations of all sizes, quickly empowered vast numbers of employees to work remotely in an effort to keep people safe while ensuring business continuity.

*"We've seen two years' worth of digital transformation in two months."*
*Satya Nadella, CEO Microsoft*

To provide a sense of the sheer scale of this shift, Microsoft Teams alone generated over 4.1 billion meeting minutes in a single day in April this year.

Amongst all this disruption and change, I've been completely humbled to see the resilience of our customers, and the ingenuity and tenacity of workers across the region.

From the recent conversations I've been having with customers, it's clear that how best to empower their workforce moving forward is very much top of mind for them. Many businesses have opened their offices back up and are trying to figure out how to best synthesize and apply what they've learned since the beginning of the pandemic. Others are trying to find the right balance to a hybrid approach to work.  And certainly, all business leaders are looking to ensure their people are equipped for success in a marketplace that remains fluid and uncertain.

The key question underlying all of this: What does the next normal look like for the modern workplace?

**To help provide actionable insights in answer to that question**, we commissioned new research in August, asking thousands of employees and business leaders in Western Europe about their experiences of working remotely and about their expectations for the future. The response was resounding: regardless of the course of Covid-19, the workforce will not be going back to business as usual. Leaders see tangible business benefits associated with more flexible working, from increased productivity to increased operational efficiencies. Employees want the social aspects of the office coupled with greater freedom in terms of how (and where) they do their jobs. However, the swift move to remote working has not been without its challenges.

The issue has not been around productivity or technology. Rather, it has been a people-focused challenge around maintaining company culture, team cohesion and open collaboration. Employees clearly felt there was a strain on company culture and reported feeling like they were working more in a silo then when they were office-based.

This is a red flag for any company focused on talent acquisition and retention. Moreover, the research suggests that this weakened sense of culture and connection within teams may be hindering innovation around core products and services. This resonates with me: if people feel they are working in a silo, or aren't surrounded by a close-knit team, how can new thinking flourish within an organization?

Yes, most companies have had the tools and technology to enable remote working for years. But now that thousands of people are actually working remotely, the challenge for many companies is around ensuring leaders and team managers feel equipped and empowered to lead remote and hybrid teams – not merely in the sense of getting business done, but bolstering team comradery and creating a culture that celebrates bold thinking and old-fashioned team work.

As we all look to transform our workforce, success will be determined not only by the technology we deploy but the new workplace culture we create. And that's a very human story to which we can all relate. Empathy, comradery and a sense of fun will increasingly be the attributes that characterize winning teams in the new world of work.

# Exec summary from Dr. Michael Parke, Assistant Professor of Management at the Wharton School

In the summer of 2019, we conducted a large-scale research project of employees and business leaders across Western Europe. That reported a key takeaway: **organizations with innovative cultures thrive**--the most resilient and effective companies consistently generate and implement new ideas and do so by empowering their employees — with technological tools, decision making power, and support — to easily and efficiently collaborate across organizational silos.

We wanted to follow up that report with a new research project to examine how the global pandemic, and the unprecedented challenges it has created, has impacted organizations' ability to get work done and innovate. From our research, we learned important lessons on three key themes:

1. **Personal productivity gains with a loss of sense of purpose:** There have been many unexpected benefits from switching to remote work, including that employees and leaders report a high level of productivity despite working remotely. It seems that employees are able to hunker down and get less distracted while working remotely, and they can even enjoy less or no commute times, dressing casually (less time to get ready for work), and take better care of home chores. However, the cost seems to be a loss of sense of purpose, which at work, is largely driven through strong and cohesive relationships and seeing how your tasks have impact on others. Both of these are more easily accomplished when people work co-located and are more challenging when working virtually.

2. **Innovative cultures see more of the benefits and less of the costs.** In line with our findings in 2019, we also found that organizations with innovative cultures see more of the benefits and less of the costs with remote or hybrid work.

3. **Organizations maintain their innovative cultures by empowering employees, supporting middle management, and protecting employees' attention.** Interestingly, these same key factors corresponded to an innovative culture in 2019, and they appear equally or more important now. Such factors can help organizations more swiftly transition to remote work or still feel connected and engaged with their teams in order to generate new innovative products and processes. Our research highlights specific actions and practical takeaways innovative companies are using to empower, support, and protect their employees and leaders.

In 2019, we learned that change is the new normal, with the vast majority of companies reporting recent, large-scale business transformation initiatives. In 2020, we learned that hybrid work and unprecedented, long-lasting change is likely the new normal. Yet, the one consistent thread that continues to drive a lot of organizational success is an innovative culture. Our research helps identify the key factors that makes a company innovative in our new chapter of work.

# Chapter I: Hybrid working is here to stay

## Expectations among leaders and workers have changed

Across Western Europe, people have started heading back into offices since late summer. But, back to the office does not mean 'back to normal.' The time spent working primarily from home during periods of lockdown or social distancing has changed people's expectations – among both employees and leadership.

Almost nine out of ten leaders (88%) expect a more hybrid way of working in the longer-term. Last year, a small minority (15%) of companies had a set remote work policy, now a healthy majority (76%) do. Managers expect that 65% of the workforce will work remotely at least one day a week.
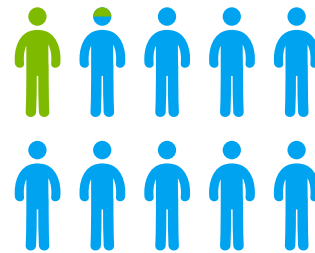
It's interesting to note that employees still see value in working from a main office at least some of the time; on average, people would like to spend approximately one-third (31%) of time outside of the traditional work setting. The top benefits of being in the office include the ability to socialize with colleagues, underscoring the importance of relationship building among team members.

## Leaders see long-term benefits associated with hybrid working
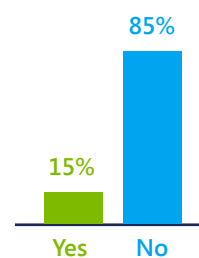
Leaders see compelling business value in maintaining a more hybrid approach to working. More than half (56%) expect remote working to deliver cost savings as they will be able to take steps such as reducing their office footprint and their spend on business travel.
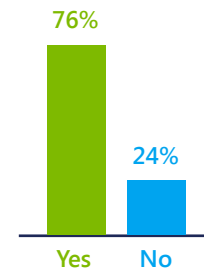
**Almost 9 out of 10 leaders expect hybrid working is here to stay**



**Flexible work policy available 2019**



15%  Yes
85%  No

**Flexible work policy available 2020**



76%  Yes
24%  No

As companies raced to support remote and flexible working, there was widespread speculation about how this would influence productivity. The research suggests that these concerns were largely unfounded: 82% of leaders indicate that their companies were at least equally productive as before.

**Impact of remote work on productivity according to leaders:**

| | |
|---|---|
| Equally as productive | 39% |
| Somewhat more productive | 34% |
| Somewhat less productive | 16% |
| Significantly more productive | 10% |
| Significantly less productive | 2% |

Beyond increased efficiencies and productivity, leaders recognize other benefits as well.

Many see the opportunity to bolster employee recruitment and retention. The majority of leaders (56%) say their biggest opportunity in having established remote working policies is to ensure they retain their most capable employees. More than half (52%) expect remote working to improve their employer value proposition (EVP), making their companies more attractive to prospective talent.

Taking a broader societal view, more than half of leaders (54%) see increased sustainability as a key business reason to adopt remote working, seeing it as an opportunity play a part in reducing rush-hour congestion and nonessential business travel.
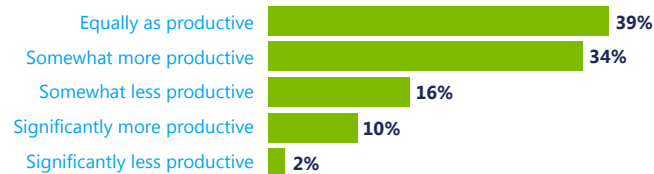
*"Sustainability has become one of the most critical issues of our time, and businesses are increasingly under pressure to respond. Governments around the world, and the EU in particular, are putting considerable pressure on companies to work toward achieving the Paris Agreement goals on climate change. Additionally, consumers and investors alike are increasingly pushing companies to commit to and deliver on a variety of sustainability goals, including climate action and sustainable economic growth."*
*From the Boston Consulting Group's companion report on this research, "Remote working: The journey to the platform of the future"*

## Employees found many benefits associated with remote working

Workers see numerous benefits with working outside of the office. These range from having more time for family and hobbies as they're not spending time on things like commuting, to feeling like they can present themselves more authentically in their professional lives.
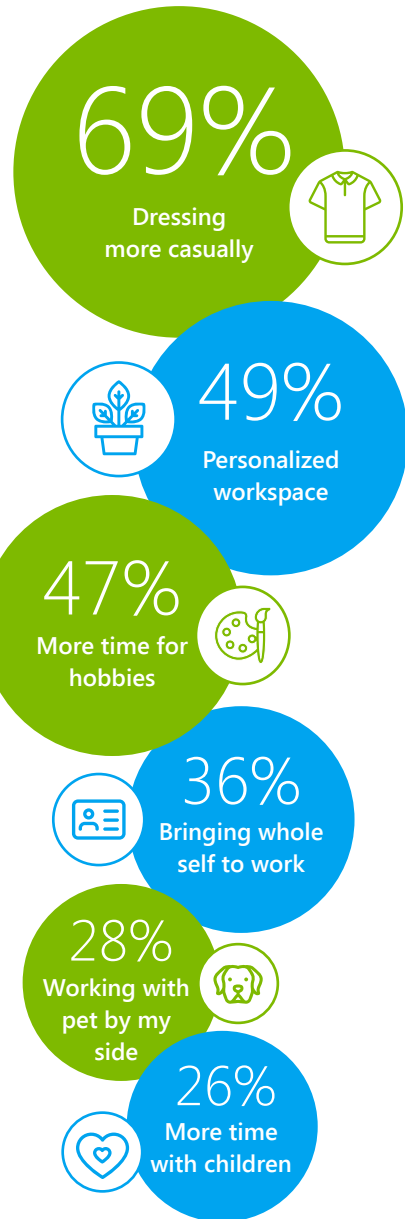
Interestingly, despite pets marching over keyboards and children popping up on laps during calls, people also felt like their time was better utilized working from home.

In 2019, the research found employees felt that 52% of their working day was wasted, due to factors such as unnecessary interruptions; meetings and calls with no clear agenda; and searching for information. In the move to remote working, this figure has fallen to 41%. This suggests that traditional office environments may hinder people's ability to handle tasks that require deep focus -- such as writing a proposal or preparing a budget forecast -- as there may be too much ambient noise, too many unwanted interruptions by colleagues, or a lack of dedicated spaces for doing focused work.

**Key takeaways**

- In the move to remote working, there has been little issue around getting business done, with leaders reporting strong productivity.

- Employees feel like working from home is productive and offers numerous personal benefits – but overall, still want to spend time in the office every week to maintain relationships with colleagues.

- Leaders see longer-term benefits including greater efficiencies and better employee engagement; more than half see it as an opportunity for increased sustainability.

**Employees reported numerous perceived benefits associated with working from home**

**69%**
Dressing more casually

**49%**
Personalized workspace

**47%**
More time for hobbies

**36%**
Bringing whole self to work

**28%**
Working with pet by my side

**26%**
More time with children

# Chapter II:
## Employers to address team culture and collaboration in hybrid world



While people are seeing benefits associated with hybrid ways of working, the rapid shift to remote work has illustrated a pain point at the intersection of technology and business culture. People are feeling more disconnected from their teams and report they feel like more work is being done in silos.

When asked about the biggest challenges associated with working remotely, the top responses among employees were:

1. Maintaining company culture
2. Maintaining team cohesion
3. Coping with increased siloes

Among leaders, more than one in three (39%) admit to struggling with creating a strong and unified team culture as remote work has become more common.

**The strain on team cohesion, company culture and collaboration seems to be having an effect on a company's ability to innovate:**

- We see a drop in the number of leaders who say their companies are highly innovative in terms of products and services: 56% agreed to this in 2019 vs. 40% in 2020

# Industry snapshot: Healthcare

Healthcare has traditionally been more conservative than other sectors in adoption of technology like the cloud, which underpins the tools that let people work remotely. Not surprisingly then, before Covid-19, only 61% of healthcare managers indicated that employees were able to work remotely, compared to an average of 75% across all other sectors. However, like in other sectors the pandemic will likely have a lasting impact, as 77% of healthcare managers expect employees to be able to work remotely moving forward – although the cross-sector average of managers who believe this is 88%.

Overall, there appears to be gap between feelings of preparedness for a more hybrid world between managers and employees: while 88% of managers feel prepared for a future with more remote working, only 69% of employees feel similarly. In contrast, 75% of employees across all sectors feel prepared for a world with more remote work – with virtual consults being one example.

### Prepared for the future with more remote working

**88**% managers    **69**% employees

Health workers' access to technology tools is similar to those workers in other sectors – for example 63% feel well equipped with digital productivity/collaboration tools compared to 68% in other industries. As such, the research suggests there is an opportunity for many healthcare organizations to refocus on training.
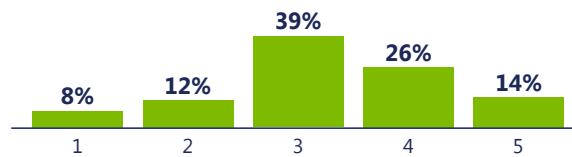
Dr. Parke noted:

*"It's important to step back and appreciate the challenges thousands of workers have had in adjusting to remote and hybrid working. First of all, it's within the broader context of the pandemic, which obviously causes people stress and worry – about the wellbeing of their families as well as the impact on their communities and on their employer. On top of that, although modern collaboration tools aren't new by any stretch, many workers have always known a kind of 9-to-5, office-based existence – so I think this nearly overnight switch to remote work has been a big adjustment for many people. The challenge is less so about getting work done, but how do you maintain close, trusted bonds with your colleagues. The ability for new ideas to be introduced and advanced is much more difficult when people don't feel like they are working with purpose and within a strong, cohesive team."*
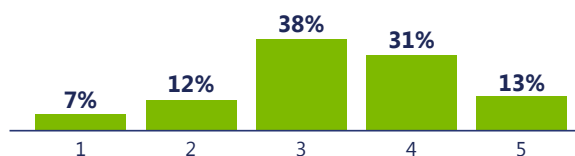
## How innovative are companies according to leadership?

| | |
|---|---|
| 1 – **Not at all innovative** | 4 – **Innovative** |
| 2 – **Not innovative** | 5 – **Very innovative** |
| 3 – **Moderately innovative** | |

### Products and services

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| 8% | 12% | 39% | 26% | 14% |

### Workplace

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| 7% | 12% | 38% | 31% | 13% |

### Operations

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| 6% | 11% | 40% | 30% | 12% |

### Customer experience

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| 6% | 10% | 35% | 34% | 15% |
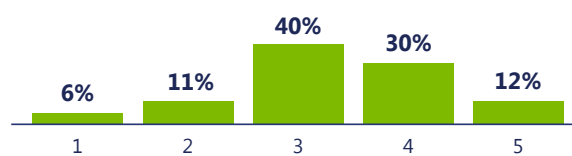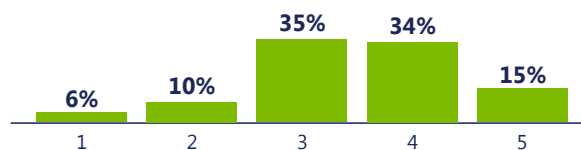
As you might expect, workplace innovation is top-of-mind among senior staff. When asked about their transformation priorities, 95% of leaders indicated the importance of changing their company's ways of working to become more innovative and flexible.

## Industry snapshot: Financial Services

The FSI sector has traditionally supported flexible working, and we can expect remote working to become more popular: before Covid-19, 84% of leaders in this sector indicated that employees were able to work remotely (compared to an average of 75% across all sectors), and 95% expect to work in a more hybrid way moving forward (compared to an average of 88% across all sectors).
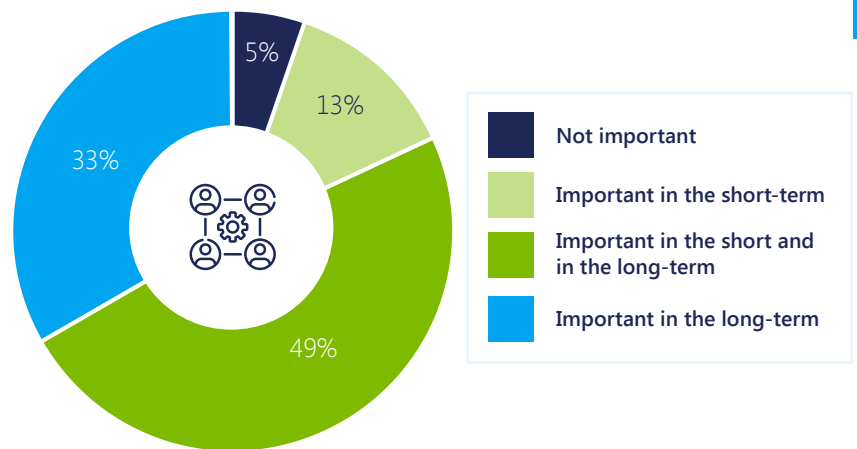
Another reason why remote working has generally proven so successful in this sector is because this is an industry that puts more of a focus on maintaining overall innovativeness (in terms of products, services -- such as online consults -- and strategy): 36% of all respondents in the sector rate the innovativeness of their company high compared to an average of 28% across other industries.

### Innovative workplace culture

**36**% companies in sector

**28**% across other industries
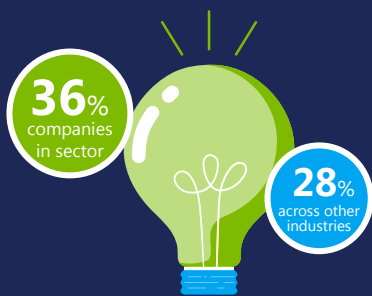
Are the days of tailored suits numbered?  FSI workers have relished the opportunity to dress more casually – 75% cite this as a major perk of remote working, compared to an average of 69% across other sectors who feel this way.

### Changing the way you work to become more innovative and flexible

5%

13%

33%

49%

- Not important
- Important in the short-term
- Important in the short and in the long-term
- Important in the long-term

### Key takeaways

- Employees cited company culture, team cohesion and the ability to easily collaborate as the biggest pain points in the move to remote work. Management recognizes this challenge as well, with more than one-third of leaders saying that they are struggling to create a strong and unified team culture as remote work becomes more common.

- This strain on company culture, team cohesion and open collaboration appears to be having an effect on companies' abilities to enact new thinking as we see a drop in the percentage of companies reporting that they are innovating around core products and services.

- Subsequently, almost all leaders see changing their company's ways of working as a top transformation priority.

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# Chapter III: Guidance for business leaders – key learnings from companies that are delivering on productivity and innovation



This is a challenging, uncertain environment for all businesses, but there are companies that have been able to maintain an innovative culture, which makes them better poised to succeed in a hybrid world. We can broadly define an innovative workplace culture as an environment in which it is easy to share and advance new ideas – *see side bar for full explanation.*

In this chapter, we'll look at the business benefits associated with an innovative workplace culture as remote work becomes more common. We next look at the three major factors that differentiate these companies, and then offer some practical guidance that managers and leaders can action right away.

## What is innovation culture?

*This study uses the Organization for Economic Co-operation and Development's definition of innovation: the implementation of a new or significantly improved product, process, marketing method, or organizational method in business practices, workplace organization, or external relations.*

*In highly innovative business cultures:*
- *Employees can tackle problems from new angles and in new ways.*
- *Employees are supported in developing new ideas.*
- *Organizations are flexible in adapting to changes in their operations.*

*We looked at where leaders focus their innovation capabilities by exploring four different aspects of innovation:*
- *Products and services*
- *Customer experience*
- *Business operations*
- *Ways of working*

# Benefits of an innovative workplace culture in a hybrid world

Leaders of companies with innovative workplace cultures are more optimistic in terms of growth: 35% of business leaders in innovative companies expect their organizations to come out of the pandemic stronger than anticipated while only 24% of leaders in less innovative companies feel similarly.

In addition, 74% of people working within companies with an innovative workplace are equally or more productive when working remotely (vs. 61% in less innovative companies). What's more, companies with a focus on innovation in the workplace also enjoy an advantage in terms of employee engagement: 72% of those working in innovative cultures are happy at work - only 42% of employees in less innovative company cultures feel similarly.

As powerful as having an innovative workplace is, there's been a regression in innovation in Western Europe: year over year, we actually see a drop in the number of people saying their company is truly innovative in term of products, services and strategy: 40% agreed to this in 2019 as compared to 28% in 2020.

How can all companies help create an innovative workplace culture?

## 1. Empower Teams

Companies with innovative cultures have employees who feel empowered to approach their jobs in their own ways, make decisions with confidence and speak their minds.

These employees are likelier to say they can make a decision without a manager's involvement and are likelier to say they work on business-critical tasks.
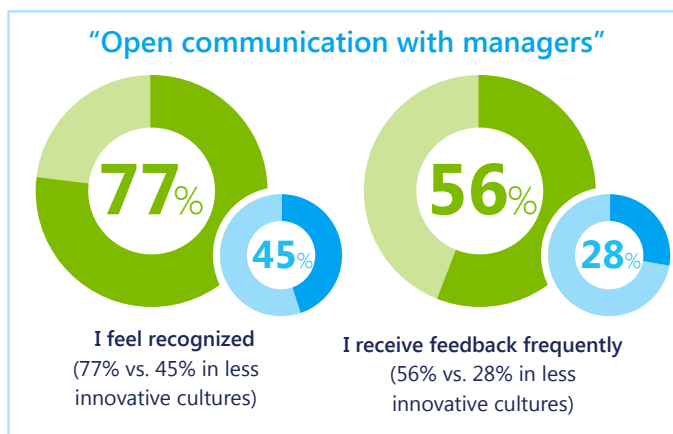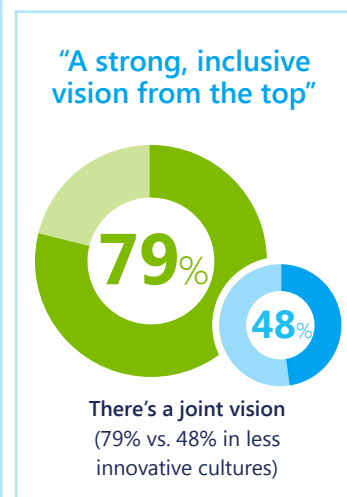
Further, they tend to feel safer speaking up to share new ideas and suggestions. Underpinning this, the majority of employees within innovative workplaces feel like it is okay to make mistakes.

In lockstep with employees being empowered, they are also better supported by management and senior leadership. These employees receive regular feedback from their managers more often, and are more likely to say they are recognized for their contributions. Further, senior leaders of these companies ensure people feel they are an important part of the business's broader goals and are likelier to have employees who say they feel there is a strong, shared vision within the company and agree that they feel a real sense of belonging.



## "What sets innovative companies apart?"

### "Empowered employees"

**64%** 41%

**I work on tasks with consequences** (64% vs. 41% in less innovative cultures)

**57%** 33%

**It's okay to make decisions without a manager** (57% vs. 33% in less innovative cultures)

**77%** 51%

**It's safe to speak up** (77% vs. 51% in less innovative cultures)

**75%** 51%

**It's okay to make mistakes** (75% vs. 51% in less innovative cultures)

### "A strong, inclusive vision from the top"

**79%** 48%

**There's a joint vision** (79% vs. 48% in less innovative cultures)

### "Open communication with managers"

**77%** 45%

**I feel recognized** (77% vs. 45% in less innovative cultures)

**56%** 28%

**I receive feedback frequently** (56% vs. 28% in less innovative cultures)

**70%** 43%

**A strong sense of belonging** (70% vs. 43% in less innovative cultures)

## Industry snapshot:
## Consumer Goods

The consumer goods sector has felt the strain on team culture since the shift to more remote working. Managers expressed that maintaining work culture was harder when working remotely, with 31% saying it has been more difficult to maintain a clear team structure, compared to a cross sector average of 24% who felt similarly.

Training may be a factor in this variance, with 34% of employees saying upskilling is harder when working remotely, compared to an average of 27% of their peers from other sectors who find upskilling more challenging.

### Upskilling is harder when working remotely

**34**% employees

**27**% employees in other sectors

Further, access to the right technology tools might be another factor in why people feel a strain on team culture. Workers report less access to up-to-date technology (39% say they have up-to-date tech compared to a cross-sector average of 46%). Further, tech is a less integral part of their culture (33% see tech as an integral part company culture compared to an average of 42% across sectors).

## 2. Support middle management

In having to rapidly adapt to the challenges posed by the pandemic, senior leaders have had to contend with critical issues – from ensuring basic business continuity, to recalibrating supply chains and balancing customer needs with employee safety and well-being. So, bandwidth to support middle management has likely been more limited, with less than half of managers (42%) saying that they get the support they need from their C-suite.

Furthermore, as the move to support remote work was so sudden at the beginning of the pandemic, many businesses may have felt pinched time and resource wise in term of skilling up team leaders: the majority of managers (61%) said they feel they have not effectively learned how to delegate and empower virtual teams.

*"For many businesses, their normal day-to-day reality has been based in a traditional office setting. So…it's hard for many workers to quickly adapt to a new way of remote working. This includes managers and leaders who face the challenge of not only making sure core business objectives are met in times of increased uncertainty, but also ensuring their teams stay cohesive and engaged during a stressful time."*
*Sarah Fisher, General Manager, Human Resources, Microsoft EMEA*

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# Industry snapshot:
## Public Sector

Since the onset of the pandemic, transformation in the public sector has accelerated significantly. Before Covid-19, 63% of managers in the public sector indicated that employees could work remotely, versus an average of 75% across other industries; in the longer-term we can expect a noticeable change, with 81% saying they will work in a hybrid way -- marginally lower than the cross-sector average of 88%.

There is an opportunity for many public sector organizations to focus on their culture: only 16% have an innovative workplace culture, versus the cross-sector average of 21%. This has likely had a knock-on effect on how organizations have performed with remote working becoming more common: 43% of all respondents say remote work has had a negative impact on productivity -- compared to a cross-sector average of 36% who feel this way.

One area of focus for the public sector as we enter a more hybrid world of working might be around empowering managers: only 29% of managers felt they had appropriate support, compared to a cross-sector average of 42%.

Further, many public sector leaders have an opportunity to provide greater transparency around remote working: only 69% have set policies, versus a cross sector average of 76%.

### Have a clear flesbile work policy

**69**% in sector

**76**% cross-sector average

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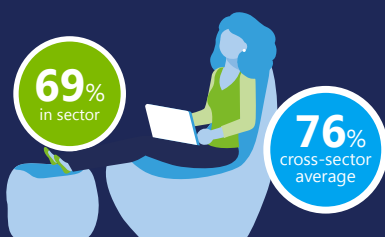
Guidance for managers leading newly remote/hybrid teams from Sarah Fisher, General Manager, Human Resources, Microsoft EMEA

1. **Define the new rules of engagement:** Take time to understand the unique position each team member is in – people may be juggling childcare and homeschooling, dealing with feelings of loneliness or social isolation. Ask open questions and listen. Be accommodating when you can in terms of how they perform their role and encourage everyone to prioritize ruthlessly.

2. **Keep the human connection.** Highly effective teams keep a human connection. Start each meeting or one-on-one asking how people are doing – and be willing to be vulnerable and share your own challenges. Turn your video on during team calls, which will help you engage in a more emphatic way.

3. **Prioritize fun.** When you're not in an office together all of the time, you might miss jokes, side chats at the coffee machine, small chit-chat before a meeting starts. These seemingly little things go a long way toward building and maintaining comradery.

4. **Don't forget about learning and development.** Training not only ensures people have the most relevant skills; it helps create a culture in which people are more receptive to new ways of doing things.  This is incredibly powerful for companies looking to stay innovative.

5. **Take care of yourself.** If you're burned out or stressed, you can't be there for your team the way they need you to be. Establish routines in your day, and make sure you're taking time to fully 'switch off.'

### 3. Protect and promote employees' ability to work in a flow state

When employees are able to put their full attention and effort into a task, it leads to superior output and provides the workers with a deeper sense of satisfaction. This is often referred to as working in a 'flow state' and is sometimes called 'being in the zone.' When an employee can operate in this manner, they find work so captivating that they are able to focus completely on it, while still feeling a sense of enjoyment.

In businesses with innovative workplace cultures, 45% of the workforce say they are frequently able to get into such a flow state. Only 13% say so in less innovative companies.
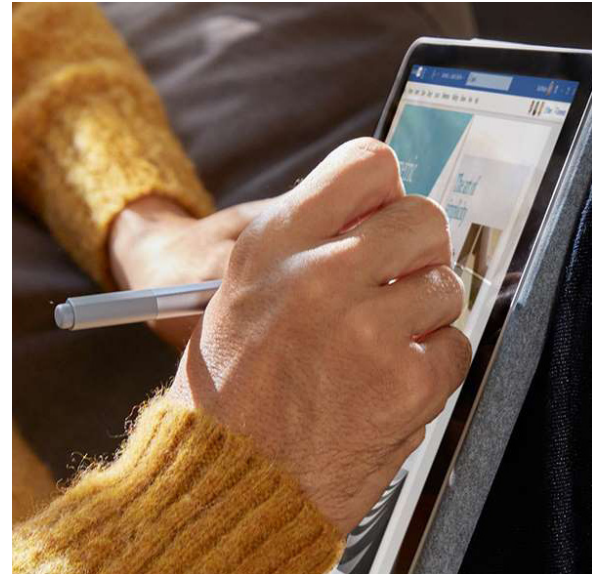
**Employees who frequently work in a flow state**

More innovative companies
**45**%

**13**%
Less innovative companies
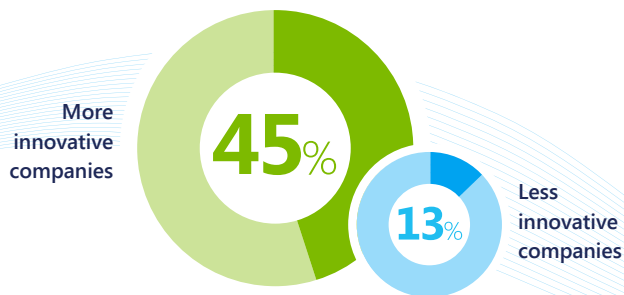
Not only do innovative cultures foster greater flow states, but in a reciprocal fashion, when employees experience flow, it can help further build and strengthen innovative cultures. The majority of employees able to work in a flow state report they (1) proactively offer solutions for addressing challenges (70% say they do this) and (2) proactively suggest more effective ways of working to their managers (68% indicate they do this).

## What is flow?

*People are happiest in a state of concentration or complete absorption with the activity at hand and the situation – their flow state. Distinguished Professor of Psychology and Management Mihaly Csikszentmihalyi's investigations into "optimal experience" have revealed that this state of consciousness is what makes an experience genuinely satisfying.*

*When workers have found their flow, or are in the zone, they are so involved in an activity that nothing else seems to matter. They often experience deep enjoyment, creativity, and full involvement with life.*

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## Industry snapshot:
## Technology

The vast majority (91%) of leaders in the tech sector said that employees were working flexibly before the pandemic and virtually all (97%) expect that employees will work in a hybrid way moving forward. As one might expect, workers' access to up-to-date technology is higher (61% compared to an average of 46% among other sectors), and tech is a more integral part of the work culture (64% compared to a cross-sector average of 42%).

With more companies reporting an innovative workplace culture than in other sectors, it's logical that managers rated the quality of senior support higher than in other industries -- 52% gave senior execs high marks, compared to a cross-sector average of 42%.

One flag for managers and leaders in the sector is to ensure team members are maintaining a healthy work/ life balance. During the pandemic, people in the tech industry were more likely to work more compared to other industries: 68% worked more compared to a cross-sector average of 59%.

### I work with strong leaders

**52**% managers in sector

**42**% managers across sectors

What are innovative companies doing differently to achieve this?

Teamwork, the right culture and tech tools are key. According to employees who can work in a flow state, they:

- ✓ Can collaborate with colleagues seamlessly (92%)
- ✓ Know exactly what they need to do at any given moment (94%)
- ✓ Can zone out distractions (91%)
- ✓ Feel empowered to work in the way they want to work (75%)
- ✓ Feel their team's work makes a tangible difference for their organization (81%)

Having a strong team leader is critical. Among those able to work in a flow state, 59% consider their manager to be an outstanding leader; only 19% of employees not able to work in flow state agree to that sentiment. This underscores the need to ensure team leaders feel equipped to not only manage deliverables and deadlines, but also inspire and unite their teams.

**Key takeaways**

- Companies that prioritize an innovative workplace culture are more optimistic in terms of growth and have employees who are happier and more engaged. Key variables for leaders looking to boost workplace innovation:
  - **Empower teams** – People in innovative workplace cultures feel empowered to make decisions, take on business-critical tasks and speak up. In parallel, they receive support from all levels of leadership, receiving regular feedback and clear communication around the business's broader vision.
  - **Support middle management** – Currently, the majority of managers report they don't feel fully prepared to lead remote/hybrid teams. As such, training efforts – and ongoing coaching from senior staff – is key.
  - **Protect employees' attention** – When people are able to work in a flow state, they are not only engaged and doing quality work – they are proactively thinking about how approach challenges in new ways and how to work more effectively.

# Top-five practical steps leaders can take today

Complementing the three major pillars of an innovative workplace detailed above, here are five steps business leaders can take in the short-term to support their remote and hybrid teams:

### 1. Embrace tools that support flexibility and encourage accountability

Companies with innovative cultures were far more likely to support agile ways of working before the pandemic, and things like product backlogs and team task planning processes can make a huge difference.

Innovative leaders hone in on increasing transparency, allowing for better resource deployment, along with providing greater autonomy to their employees.

In innovative cultures, employees can select different ways to work (74%), feel that their contribution makes a difference in the company (78%), feel that their projects are worthwhile (81%) and agree that their team can get a lot done when they work hard (85%).

By implementing tools that allow for flexibility while not sacrificing accountability, innovative leaders succeed where their peers may fall short.

### 2. Rethink your office setting

One of the biggest benefits to working from home was the ability to have personalized workstations (49%). If your company had been considering a hot-desking arrangement, you may wish to survey your employees, even if you had done so previously. Attitudes very well may have changed. Further, it may be worth conducting an audit of what equipment people want – whether it's dual screens, wrist rests or footstools.

Further, the research suggests that people see the ability to socialize as one the main benefits of being the office. If you have the space in your office, you might consider creating casual breakout areas where people can meet and talk more informally.

## Industry snapshot: Industrials

Managers as well as employees in the industrial sector generally feel more prepared for remote work than those in other industries with 85% of employees feeling prepared compared to an average of 75% within other industries.

### More prepared for remote working



**85**% employees in sector

**75**% employees across sectors

Team cohesion was far less of a challenge for the sector across the board.  Approximately one-third (32%) of managers indicated it was harder to keep teams unified as compared to a cross-sector average of 39% managers who felt this way; and 42% of employees felt a strain on team culture, compared to a cross-sector average of 51%.
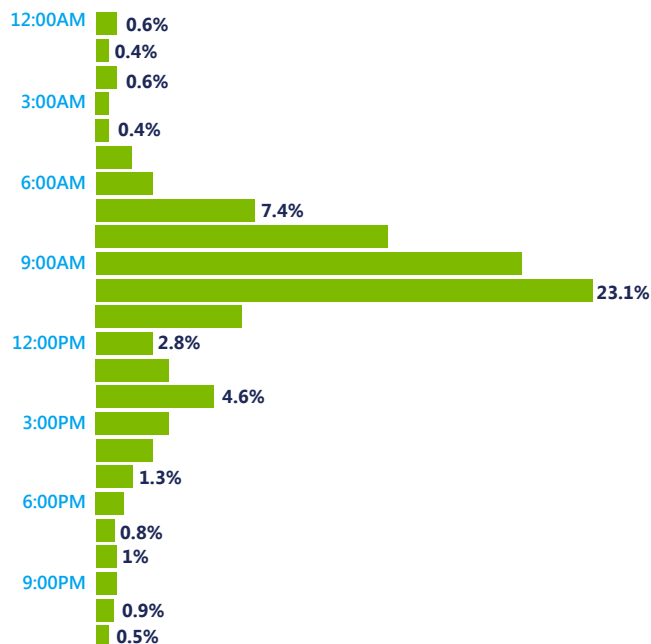
People working in this sector seem well equipped to succeed in a more hybrid world: industrial companies are more likely to be innovative (32% compared to a cross-sector average of 28%) and productive (69% compared to a cross-sector average of 64%).

However, workers in the sector may not be fully availing of all remote work has to offer. For example, they were less likely to say that remote work gave them more time for hobbies (36% compared to an average of 47% across other sectors).

## 3. Think about team meeting times more critically

The research showed a compelling majority of people have a time of day when they are most able to really focus – and it is first thing in the morning, largely between 8:00 and 10:00. And similarly, across the board, the ability to do focused work plummets in the afternoon. As such, meetings might be best timed after lunch, with some fresh fruit and coffee on the table.  Further, managers might encourage people to block time in their shared diary when they know they need to get heads down and focus.

### Best time for "being in the zone" (rated by employees)

| Time | % |
|------|-----|
| 12:00AM | 0.6% |
|  | 0.4% |
|  | 0.6% |
| 3:00AM | 0.4% |
| 6:00AM | |
|  | 7.4% |
| 9:00AM | |
|  | 23.1% |
| 12:00PM | 2.8% |
|  | 4.6% |
| 3:00PM | |
|  | 1.3% |
| 6:00PM | |
|  | 0.8% |
|  | 1% |
| 9:00PM | |
|  | 0.9% |
|  | 0.5% |

## 4. Revisit your dress code

Another of the top benefits of working flexibility according to employees (69%) is the ability to dress more casually. If the nature of your profession requires more formal attire, it might be worthwhile instituting special dress-down days, where people have more latitude in the level of formality of their outfits.

**5. Make sure you have clear, transparent flexible policies**

What does flexibility mean – that people can work one day a week from home if they like? Can they adjust the start and end times of their working day while in the office, so that they're meeting responsibilities while also making time for things they enjoy like yoga, pottery or the gym? Clarity is important. Approximately half of employees (49%) rated remote working policies as important when seeking a new job – so businesses looking to attract top talent ensure both clarity and transparency with their flexible work policies.

## Summary

The success of hybrid and remote teams goes beyond having the right technology tools. Yes, having the appropriate tech is essential – but when it comes to unlocking innovation, ensuring people feel connected and collaborative is just as important. Innovation is fueled when workers feel empowered to take smart risks and to exchange ideas with different people.  So, the challenge for businesses is to ensure the sense of comradery, unity and psychological safety that comes naturally when people are sat together every day in the same location is ported across to teams that are now working in a more hybrid way.

Managers will be instrumental in making this happen. But, successful managers are approaching their jobs in a different way – balancing workers' needs for frequent and transparent communications, with their greater need for latitude in terms of how they approach their role. Further, they work to ensure the 'human element' isn't lost with teams – celebrating success, welcoming fun and encouraging openness and vulnerability.

While we are in a time of uncertainty as the region looks to emerge from the health crisis, there's one thing that is certain: the creativity and tenacity of the region's workforce will be instrumental in supporting the recovery and shaping a whole new approach to how business gets done.
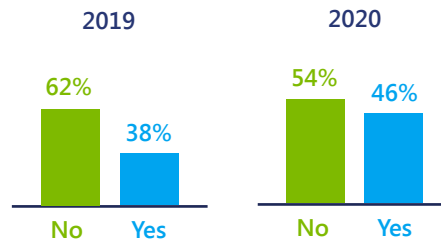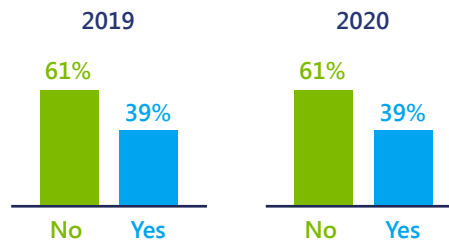
# Snapshot: Tech tools & training in the modern workforce

While organizations have ramped up deployment of modern workplace technology over the last year – there's a significant opportunity to revisit training on that tech.
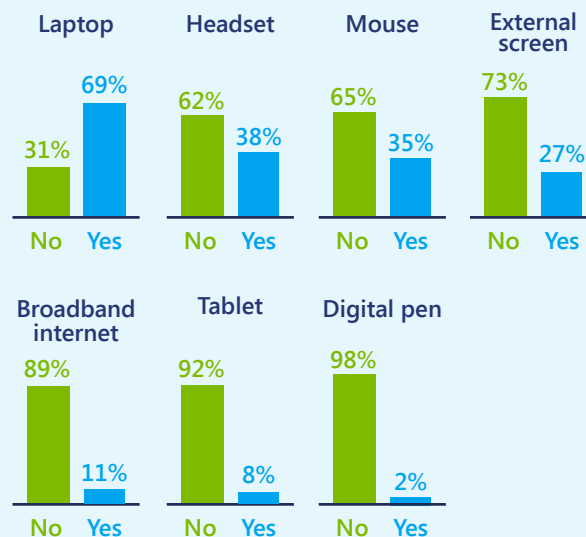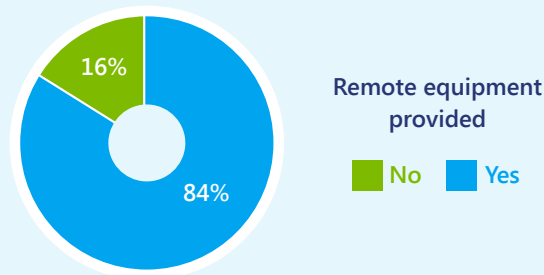
## I have access to up-to-date technology

### 2019

| | 62% | 38% |
|---|---|---|
| | No | Yes |

### 2020

| | 54% | 46% |
|---|---|---|
| | No | Yes |

## I receive training to use tech

### 2019

| | 61% | 39% |
|---|---|---|
| | No | Yes |

### 2020

| | 61% | 39% |
|---|---|---|
| | No | Yes |

A comparison across all businesses shows how employers are empowering flexible working with devices.

16%

84%

**Remote equipment provided**

No   Yes

| Laptop | Headset | Mouse | External screen |
|---|---|---|---|
| 31% / 69% | 62% / 38% | 65% / 35% | 73% / 27% |
| No   Yes | No   Yes | No   Yes | No   Yes |

| Broadband internet | Tablet | Digital pen |
|---|---|---|
| 89% / 11% | 92% / 8% | 98% / 2% |
| No   Yes | No   Yes | No   Yes |

# Additional Resources

For for more information on transforming your workplace and unlocking the potential of your teams please visit:

https://aka.ms/rework



For further insights from Boston Consulting Group around the research and the future of the modern workplace, please visit:

https://aka.ms/BCG_Whitepaper

# Methodology

Microsoft commissioned research across 15 European markets in August 2020. The online survey was designed and conducted by KRC Research in partnership with Boston Consulting Group and supervised by Dr. Michael Parke, professor at The Wharton School of the University of Pennsylvania. KRC polled approximately 9,000 managers and employees from large (250+ staff) businesses, with an average sample size of 600 respondents per country (500 employees and 100 managers). The survey included respondents from 11 industries: basic materials, consumer goods, consumer services, financials, health care, industrials, oil and gas, public sector, technology, telecommunications and utilities. Respondents were not informed that Microsoft commissioned the survey.
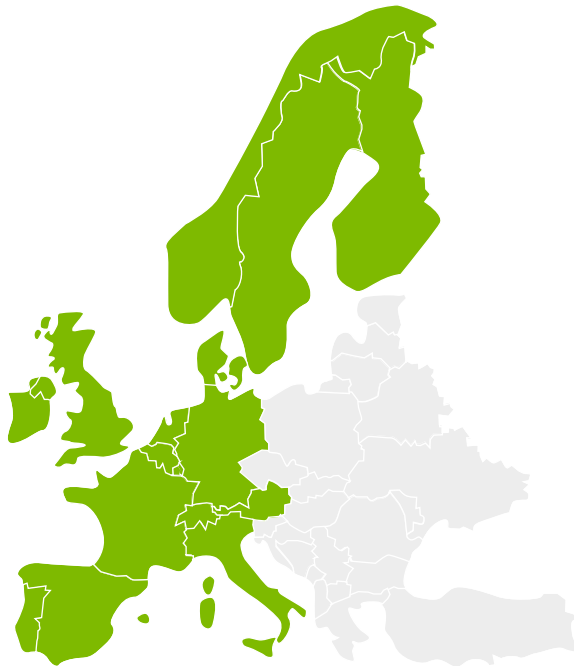


**Markets surveyed:**

1. Austria
2. Belgium
3. Denmark
4. Finland
5. France
6. Germany
7. Italy
8. Ireland
9. The Netherlands
10. Norway
11. Portugal
12. Spain
13. Sweden
14. Switzerland
15. United Kingdom