Re-architecting Work Models
Four Future Worlds of Work
November 2020
What if work was different?

This paper is about the idea that we can make work different. It’s an idea with a decade of support and momentum. An idea we’ve seen infiltrating senior leadership meetings and boardroom discussions.

What if work gave us more?

What if we could have more opportunities, learning, fun, creativity and meaning at work?

What if silos, bureaucracy, drudgery and administration could be peeled away to reveal something new, different and better?

What if we make work better for humans and humans better at work?

Amidst a devastating health crisis, many workers have seen a glimpse of something more. They’ve been propelled into cross-functional task teams and tiger teams to solve challenging problems to keep their organisations afloat. They’ve been empowered to make rapid decisions and react with authority to changes in the market and service delivery models. They’ve moved to working from home – sharing important moments with their families, eating meals together and witnessing the day-to-day activities of those they love most. They’ve experienced the ten second commute and the realisation that not all meetings need to be as long or as large as they used to be.

Some workers have faced emerging challenges of over-productivity, Zoom fatigue, feelings of loneliness and blurred lines between work and play, with organisations increasingly shifting their attention to better understanding and nurturing employee wellbeing.
“Two years’ worth of digital transformation in two months”

– Satya Nadella, Microsoft CEO

**Businesses have transformed too.**

Digital transformations, previously taking years to complete have occurred in months. New products, delivery methods and customer experiences have been designed and implemented in days and weeks. Automation and analytics, already rapidly on the rise, have seemingly boomed overnight to support work safely and deliver services in our new digital world.

These changes have been a small silver lining in a crippling crisis. A silver lining nonetheless that is difficult to unsee. In fact, 83% of workers have indicated a preference to work off-site or from home some days beyond the pandemic\(^1\). Ultimately, people are seeking increased choice in when, where and how they work.

A world of nine to five work, sitting at desk passing decisions up the chain feels antiquated and uncomfortable. As Stacy Brown-Philpot, CEO of TaskRabbit puts it, *The future of work is really about people deciding how to live and work in the way that they want*. It is time to farewell the constraints of the office cubicle and normalise the workday beginning and ending at a variety of times, from a variety of locations and through a variety of ways. Work is set to become significantly more meaningful and personalised.
The COVID-19 pandemic has resulted in the largest work experiment in modern history.

What does a re-architected work model look like for your organisation?
Flexible work is only the start.

Traditional work models are being challenged throughout the COVID-19 pandemic, with many organisations rapidly shifting to temporary remote working arrangements to deliver business continuity. Based on analysis conducted by Deloitte, up to 4 million people (31% of the current workforce) across Australia and 50 million across the ASEAN-6 countries could shift to working remotely over a multi-year time horizon.

Employee appetite for permanent changes to work models, particularly choice in where work is completed, is higher than any other time in labour market history. Indeed, 75% of workers are now indicating a preference for a mix of remote and office-based working in the future. But flexible working arrangements are just the tip of the iceberg. The practices and philosophy surrounding how work is done is shifting. This pandemic has dramatically amplified the rate of change to work models, challenging orthodoxies around workforce capability, configuration and flexibility. Now is the time to re-architecture work, to provide richness of choice, flexibility and autonomy – it’s time to focus on humanising work.

The case for change is building fast

- 77% of workers want more flexibility in how and where they work
- 74% of CFOs will move a portion of their workforce to permanently remote positions post COVID-19
- 65% of workers believe their productivity has increased since working remotely
- 65% of organisations view shifting functional hierarchies to team-centric and network-based work models as important or very important
- 60% of organisations are likely to use AI to assist workers in the near-term future
The global pandemic is amplifying future of work trends

The COVID-19 global pandemic, driven by necessity rather than choice, has forced changes to work models and in many cases accelerated the future of work. A situation has been created where organisations have a license to test and experiment with new ways of working, selecting which lessons to embed in their near and mid-term futures, and how they will define their new standard of reality. **We are being propelled into the future of work:**

**From hierarchies and centralised authority….**

...to fluid networks of teams
Responding to the pandemic, networks of teams formed to solve specific business challenges across product changes, supply chains, employee health and necessary workforce shifts

**From control and commands…**

...to increased autonomy and trust
The shift to remote working has seen the devolution of decision authorities and a need to trust employees. 85% of Australian workers believe it is important that managers place trust in workers to get the job done

**From applying technology to the task…**

...to building superteams of people and intelligent machines
COVID-19 has driven organisations and governments to use Artificial Intelligence to data scrape, analyse behaviours and population sentiments, and scenario plan, freeing up workers to focus on strategic decision making

**From a focus on health and safety…**

...to amplifying wellbeing and meaning
There is increasing demand to design work to promote health, wellbeing and the ‘whole’ person. Two out of five workers indicate that their mental health has declined since the COVID-19 outbreak, with 74% indicating the importance of empathetic and supportive leaders

**From a primary focus on profits and shareholder value…**

...to the rise of the social enterprise
Organisations are taking a lead on humanity. Employees are wanting to contribute to something larger than themselves and connect to higher purpose. Meaningful work forms a building block for a ‘Simply Irresistible Organisation’
“When organisations are built not on implicit mechanisms of fear but on structures and practices that breed trust and responsibility, extraordinary and unexpected things start to happen”

- Frederic Laloux
Re-architecting work models

A new world of work has dawned and the social contract between the organisation and the employee has shifted. Re-architecting work models provide greater choice and autonomy around when and where work is complete. The most sophisticated work models have rapidly progressed from flexible work arrangements such as job sharing, compressed working weeks, flexible schedules and remote work, into arrangements that emphasise complete trust in, and empowerment of their employees to identify work environments that reveal their latent potential.

The results of high levels of trust and autonomy speak for themselves. In 2019, Atlassian created their first fully remote service desk team in Australia and found they had significantly more interest for these roles during recruitment when compared to similar vacant roles in their Sydney office. Atlassian has subsequently announced permanent work from home options for all employees through their ‘TEAM Anywhere’ policy. Global tech giant Facebook was quick off the mark, allowing their 48,000 employees to work remotely since March, announcing their staff will continue working remotely through to July 2021. To support their workers, Facebook have issued a $1000 USD home office, with thousands of roles planned to shift to permanent remote positions. With the removal of geographical barriers, organisations that provide ultimate choice around when and where work is complete reap the benefits of access to diverse talent, unbound by the physical presence of offices. According to a recent survey, 47% of company leaders intend to allow their employees to work remotely full-time going forward, with 82% intending to permit remote working some of the time.

When and where work gets done is only part of the opportunity in re-architecting work models. More mature work models also provide flexibility and autonomy for how and what work is performed, building networks of teams and technology to augment work and collaborate in ways that deliver the best outcomes for customers, business and employees. Organisations providing ultimate choice around the how and what related to work, are promoting the devolution of decision-making authorities, structuring work around customer missions, building cultures of trust and confidence, driving inclusive leadership and leveraging intelligent technologies to increase purpose and productivity.

What does choice and autonomy around how and what work is done look like?

Haier CEO, Zhang Ruimin transformed the consumer electronics and home appliances company from a pyramid hierarchy of units, division and functions, into groups of microenterprises, distributing decision-making to employees closest to their customers. Their employees act as self-governing entrepreneurs providing the best possible products and services for their customers. They are supported by sophisticated collaboration platforms and the Internet of Things to access customer data to drive experimentation efforts.

Note: The Internet of Things is a suite of technologies and applications that equip devices and locations to generate all kinds of information—and to connect those devices and locations for instant data analysis and, ideally, “smart” action.
Four Future Worlds of Work

When re-thinking an organisation’s future work model, we must consider two critical degrees of choice around ‘when and where’, and ‘how and what’ work is completed. Determining the degree of choice and autonomy around these two axes ultimately results in one of four future work model scenarios.

Deloitte research and trend analysis identified four key scenarios for future work models, aligned to the extent to which organisations provide flexibility around ‘When & Where’ and ‘How & What’ of work.

Figure 1. The critical degrees of choice impacting the how work models can be re-architected

<table>
<thead>
<tr>
<th>WHEN &amp; WHERE</th>
<th>HOW &amp; WHAT</th>
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<tbody>
<tr>
<td>Limited choice over the time and location of work</td>
<td>Limited choice over how work is organised and completed</td>
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<tr>
<td>On-site &amp; Standard Hours</td>
<td>Structured &amp; Task Based</td>
</tr>
<tr>
<td>Work is completed at a company premises, during pre-determined times stipulated by the company</td>
<td>Teams are organised in a formal hierarchical structure, performing specific tasks and activities to achieve objectives</td>
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<tr>
<td>Location &amp; Time Agnostic</td>
<td>Networked &amp; Autonomous</td>
</tr>
<tr>
<td>Work is completed anywhere the worker is located, on dynamic time, driven by the employee’s preferences</td>
<td>Networks of teams form around specific missions to drive outcomes, relying on social / knowledge networks &amp; collective intelligence to achieve objectives</td>
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Figure 2. Deloitte’s Four Future Work Model Scenarios
Scenario 1: Co-location Collaboration

High flexibility and choice around how and what, and limited on when and where work is completed.

Work is executed through fluid networks of teams that are focused on achieving customer missions. These teams thrive when they are co-located, working together physically, utilising digital tools and platforms to connect with remote peers when needed. Employees do their best work when they're on-site, have tools at their fingertips and work across the same time zones together.

Scenario 2: Stable, Secure and Social

Limited flexibility and choice around how and what, and when and where work is completed.

Employees are most comfortable when working together, thriving with social and physical connection. These organisations will choose to maintain stability in when, how and where work is completed – a lot like the ‘old normal’. The workforce is focused on task execution relevant to their functional units, reflecting a traditional hierarchical model. There is a preference for working on-site with access to shared equipment, tools and face to face connection.

Scenario 3: A Time and Place for Choice

Limited flexibility and choice around how and what, and high flexibility and on when and where work is completed.

Work is executed through traditional, functionally aligned structures, with high choice around the location and time when work is complete. These organisations will focus on employee outputs and outcomes, over time on the clock. These workforces are comfortable with hybrid ways of working (both physical and virtual).

Scenario 4: Autonomy and Personalisation

High flexibility and choice around how and what, and when and where work is completed.

These organisations will provide complete choice, autonomy and flexibility to their employees across all dimensions, creating highly empowered teams. Employees work across fluid networks of teams to achieve customer missions in virtual-hybrid environments. Teams are in tune with each other and have clear norms around ways of working.
Six game changing philosophies

Re-architected work models that provide ultimate choice and autonomy around when and where, and how and what work is completed challenge orthodoxies and redefine how work is experienced.

1. **Productivity anywhere, anytime**

The business case for remote work is radically clear. In a 2019 study by Owl Labs, 79% of employees indicate they’re more productive and focused when working remotely compared to on-site. The COVID-19 pandemic has led to a sharp increase in employees working remotely in order to deliver business continuity, with many organisations reaping the productivity and cost saving benefits. Organisations need to redesign how productivity will be measured, to continue experiencing the benefits of remote working. This means abandoning a ‘line of sight’ approach to managing teams and shifting focus to the achievement of objectives and outcomes. Researchers from Stanford and Chinese travel website Ctrip, conducted a remote work experiment with call centre employees. Half were nominated to work remotely, and half remained in the office as a control group. The study found a 13.5% increase in the productivity of remote workers, a 50% decrease in attrition and increase in job satisfaction scores. By providing choice on the location of work and clear team objectives, organisations can experience increased productivity. What about those who cannot work from anywhere? Toshiba have found a way to flex when remote work is simply not possible. Their Japanese manufacturing workforce have adopted a 4-day work week, reducing factory congestion and time spent commuting. The key to unlocking productivity gains is through the redefinition of what work means using a remote or hybrid model.

2. **The workplace as a vibrant social hub**

With 49% of workers wanting to spend around half their week working remotely, in a post-pandemic world, this challenges organisations to question the role of the physical workplace. The global pandemic has demonstrated the viability of remote working arrangements and a strong desire from workers to continue remote ways of working. The purpose of the physical office is being fundamentally redefined – the workplace is recognised as a space to collaborate, connect, innovate and learn – a social hub for employees, teams and customers. Decades of research demonstrates the benefits of social relationships and co-location on health and wellbeing, productivity and innovation, and connection and trust. Workers are 4 times more likely to regularly communicate with others sitting within six feet of them, than those sitting 60 feet away. Zappo’s CEO, Tony Hsieh invested $350m into a revitalisation vision coined the ‘Downtown Project’ to transform a district into a neighbourhood mecca for entrepreneurs. Hsieh developed a “co-learning and co-working capital” – a space and environment that creates unplanned collisions – serendipitous encounters between individuals to drive innovation. Organisations are pressed to design more spaces for employees to collaborate and ideate in, select settings fit for specific activities, and tech enabled to support hybrid ways of working. The new exam question is – how do we make the workplace a destination rather than an expectation?
3. Improved wellbeing as a core tenant of employment

Research into the UK and US workforces in 2018, revealed that 94% of workers report feeling stressed at work, with 54% reporting this stress negatively affects their personal life at least once per week. Unsurprisingly many workers are also experiencing burnout exacerbated by COVID-19. The global pandemic has lifted the lid and exposed the ongoing challenges of promoting and enabling employee wellbeing, despite 86% of survey respondents indicating wellbeing as an important or very important priority in driving organisational success. Organisations need to redesign how, when and where work is delivered to drive employee wellbeing and engagement. Learning Care Group, an early childhood education company, changed the physical design of classrooms to drive new behaviours, and developed an app, myPath, to provide on-demand strategies and resources for support teachers to handle challenging classroom situations. This organisation integrated wellbeing into the design of work, building the resilience of their employees, driving better student experiences and increased teacher retention. Organisations with highly engaged employees experience 21% greater profitability. **By focusing on designing work around improved wellbeing outcomes, organisations are contributing to healthier, happier and more engaged employees.**
4. Delivering work through fluid networks of teams

In a recent Deloitte Australia survey, 65% of respondents viewed the shift from “functional hierarchy to team-centric and network-based organisational models” as important or very important\(^7\). With COVID-19, the need for organisational adaptability, enabled through fluid networks of teams and ecosystems, is necessary to quickly respond to shifting customer, environment and market needs. Organisations need to redesign how work is delivered, moving from traditional structures to diverse, cross-functional teams connected by a specific customer focused mission. Companies such as Google, Cisco and Spotify embody teaming and networking, with Spotify organising around ‘squads’, focused on a specific customer or product outcome. Buurtzorg, a pioneering healthcare organisation, promote self-managed, autonomous teams to provide exceptional homecare experiences for their patients. A sophisticated IT system relieves nurses of administration work and allows teams to self-monitor performance, with regional coaches promoting best practice advice\(^27\). Through this approach, Buurtzorg reduced staff turnover, illness, absences, and client hospital admissions\(^28\). By focusing less on who people work for and more who people work with, ideas and change can free flow across an organisation, solving evolving business challenges and stimulating innovation\(^29\).

5. Empowered employees driving decisions

Changes to how work is delivered, from hierarchies to networked teams, and where work is delivered, from physical co-location to remote working, requires organisations to reconsider the processes and culture around how decisions are made. Traditional models of top-down decision making, underpinned by hierarchal leadership and visibility of teams, will no longer be fit-for-purpose. Eighty-five per cent of Australian workers believe it is important that managers place trust in workers to get the job done\(^29\). Providing autonomy and empowering teams to make their own decisions will be a critical capability of leaders in the new world of work. US submarine commander David Marquet transformed the US Navy’s worst performing submarine and crew – USS Santa Fe, into a submarine with the highest operational standings and retention rates in the fleet. Marquet abandoned the command and control leadership style, supported by traditional hierarchies, and shifted decision-making powers to the crew, supported by a set of guiding principles\(^30\). Elsewhere, Indian manufacturer Yash Pakka delivered record high productivity levels following the removal of managers and elimination of designations and hierarchical mindset – assigning all employees as a ‘Head of’\(^31\). Devolved decision rights and empowered teams is a key attribute of inclusive leadership and will improve performance and speed to market as well as allowing the full benefits of flexible work models to be realised.
6. Organisational culture and community is borderless

The business case for investing in organisational culture is obvious when considering that companies with the best rated cultures, are also some of the world's most profitable in their sectors (Microsoft, Google, HubSpot). But when considering remote and hybrid work models, 70% of managers are concerned about maintaining company culture\(^8\). This pandemic has provided an apt reminder that organisational culture must expand beyond the borders of the office and permeate into the homes and locations of remote employees. COVID-19 has demonstrated that considered effort is required to build and maintain culture in the hybrid world, especially trust and confidence in employees to work differently. Organisations need to re-architect the moments that matter and re-invent experiences for the hybrid world, such as employee onboarding, coaching and development opportunities, and the spontaneous water cooler conversations that drive collaboration and connection. Donut, a Slack integration, is a tool specifically designed to mimic the experience of bumping into colleagues in the same work environment, pairing team members who typically don't interact with each other, nudging them to connect and drive virtual collisions\(^3\).

Organisations are also tasked with re-architecting the 'big moments' too. An Australian supermarket chain re-designed their in-person leadership ‘huddles’ to support hybrid ways of working and promote inclusion for all types of workers. They undertook a human-centred approach to redesigning this symbolic employee experience to be virtualised, creating stronger connection to their brand, values and people leaders.

Just as we are bringing the work to the people, rather than the people to work – we are similarly seeing an acceleration of learning in the flow of work – both physically and digitally. Organisations are eliminating the physical distance between learning and work to create strong learning cultures and capability communities. We see high impact virtual learning and consumer grade digital content replacing classic education models like the formal classroom structure. This shift in learning is helping to reinforce culture and community in a hybrid working world through targeted development that provides fun and interactivity in virtual settings. **The most successful future organisations will be those that actively seek to design employee experiences, promote a culture of trust and confidence, and actively support hybrid ways of working.**
“Bad companies are destroyed by crisis. Good companies survive them. Great companies are improved by them”

- Andy Grove
Five watchpoints to consider when re-architecting work models

To unlock the potential of re-architected work models, organisations are tasked with determining how to balance the inherent risks and challenges that accompany fundamental changes around when and where, and how and what work is completed. Top of mind are five key watchpoints that require attention in order to deliver the best experiences for workers, organisations and their customers.

1. The hybrid tangle

Organisations are tasked with determining a work model that leverages the best of remote and on-site work, to design experiences that truly unlock autonomy and flexibility for their workforce. Without careful curation of hybrid experiences, organisations risk an ‘all or nothing’ work model in which they land in either the physical or digital world. Concentrated effort is required to determine which segments of the workforce will require tailored interventions that support them to adopt hybrid ways of working. Organisations are challenged with understanding what the remote vs on-site work ratios are in order to design experiences that enable new work models.

2. Over-productivity in an outcome-based environment

Workers who opt into remote work may be at risk of working more to keep delivering outcomes and demonstrating productivity in a world where behind-the-scenes efforts are not visible to their peers and leaders. During recent COVID-19 lockdowns, remote workers experienced workdays that lasted 48.5 minutes longer than average, with the number of meetings increasing by almost 13%.

3. The erosion of culture

Without deliberate decisions around new shared rituals, symbols and behaviours for hybrid working worlds, organisations risk tearing apart the fabric of their organisational culture. The unique tapestry of habits, values and systems maintained while co-located in shared spaces, risk a transformation that lacks intentional curation when large cohorts of the workforce participate in remote work. Organisations will need to purposefully re-architect shared rituals, employee experiences and behaviours to promote hybrid ways of working that maintain and elevate their organisational culture.

4. Career regression for offsite workers

Out of sight, out of mind – does that mean less chance of a timely promotion? Proximity bias is the assumption that employees perform best when co-located and in the presence of their manager to been seen and heard doing work. These attitudes could have debilitating effects on employees opting into new work models. With an inclination for leaders to want to be present in the office, desires to work with increased flexibility and the
uptake of flexible work arrangements may remain disparate. For years this has manifested in potential career regression for those who opt into flexible working arrangements, with recent research finding that parents who work part-time have a 21% chance of promotion within the next three years, compared to 45% for their full-time counterparts\(^3\). While there are a variety of factors that contribute to these kinds of statistics, they point to the risk of perceptions and potential realities of career regression for ‘off site’ workers. Organisations have an increased responsibility to address workplace biases and design career journeys and leadership capability to support a more hybrid workforce.

5. **Blurred lines between work and personal life**

The lines between work and personal life are blurring to a point not previously seen. Employees have experienced a 15% increase in their workday length\(^3\), with 71% of working parents reporting managing distance learning for their children as a significant source of stress\(^1\) during COVID-19 remote work\(^3\). Parents are at work and working while parenting, millennials are working from the spaces where they eat and sleep, and the savoured time to decompress on the commute home has evaporated, promoting an ‘always on’ phenomenon. Organisations are tasked with the challenge of designing the new ‘third space\(^*\), creating new norms around where, when and how work is completed, and applying the lens of employee wellbeing to new work model designs.

\(^*\)Note: The term ‘third space’ coined by Dr Adam Fraser, refers to the moment of transition from one activity and the second that follows it.
Questions to reflect on as you start to re-architect work models

The climate and ecosystems of work are shifting, leaving behind the world of nine to five work, the cubicles, the bureaucracy, the silos. Maintaining the status quo is increasingly unpalatable, employees are seeking a revolution in when, where, how and what work is done, re-architecting the work experience to deliver greater choice, autonomy and empowerment - to make work better for humans and humans better at work.

Some questions to kick-start your thinking:

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<tr>
<th>Work</th>
<th>Worker</th>
<th>Workplace</th>
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<tbody>
<tr>
<td>How can we bring the work to the people, instead of the people to work?</td>
<td>How will we provide greater autonomy, choice and flexibility to allow our people to personalise their work experience according to the flow of their lives?</td>
<td>How will we support different workplace models beyond our classic ‘on site’ model? What are the costs and benefits of different options?</td>
</tr>
<tr>
<td>How will we manage hybrid work practices and rituals to create an inclusive culture and sense of community?</td>
<td>How open do we want our talent ecosystem to be? What policies and practices will we need to evolve?</td>
<td>How do we redesign the workplace as a vibrant destination to attract and excite our people and our customers?</td>
</tr>
<tr>
<td>How can we recompose work to automate the dull, dangerous and dirty activities and elevate the uniquely human elements?</td>
<td>How do we improve wellbeing and support our people to ‘disconnect’ in an increasingly virtual world?</td>
<td>What will be the purpose of the workplace in the future – how will it be utilised?</td>
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</table>
What new world of work will your organisation deliver?
Sources

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