

The CFO Programme

The effects of COVID-19 on the workplace of the future
2021 Central Europe CFO Survey – supplement

This survey was conducted between November and December 2020 in 16 Central European countries: Albania, Bulgaria, Bosnia and Herzegovina, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Montenegro, North Macedonia, Romania, Serbia, Slovakia and Slovenia, with 519 CFO respondents.

The world of work is facing significant changes driven by the Covid-19 pandemic, from technology and demographic shifts to the changing expectations of talent. Companies must respond now to utilize new technologies and effectively lead and engage the new workforce. Leaders should start designing the future model of work, building on lessons and practices their organizations handled during the crisis. This report will specifically focus on the challenges companies face and expectations their executive teams have, as the COVID-19 pandemic drives profound organizational shifts.



24% of CFOs state that, over the next 12 months, between 26% and 50% of work in their organisations will be done remotely. More than half of them (55%) predict that this proportion will not be higher than 25%.

More than 30% of CFOs indicate that internal alignment and cooperation are the most challenging for their executive teams. Cascading strategy and initiatives in times of pandemic are challenges for one in five of respondents.

31% of CFOs state that, within the next 12 months, insights into new business opportunities created by the pandemic would be the most beneficial for their executive teams.

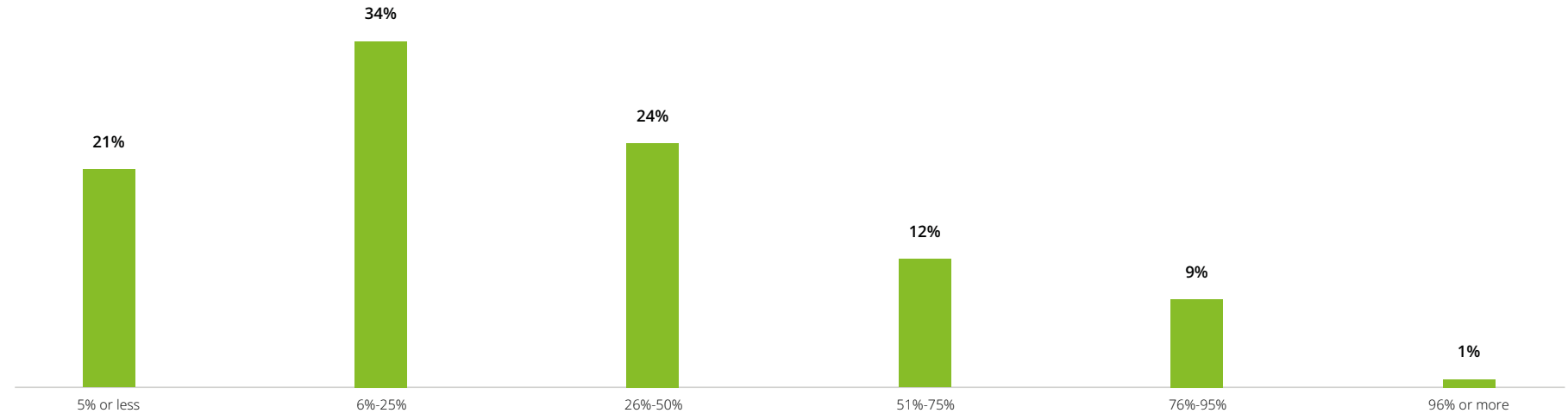
More than 50% of CFOs declare that the cost of upskilling and reskilling their employees has remained approximately the same and 20% confirm it has increased.

Future of work(ing from home)

The pandemic and an increased number of employees working from home has caused many companies to redefine their organization of work. Many companies developed a remote workforce nearly overnight due to COVID-19. Governments' measures related to the prevention of the spread of the coronavirus means that home office is no longer seen as just a benefit, but, rather, a necessity to maintain operations and profitability. Furthermore, COVID-19 put well-being front and center for organizations as physical, mental, and financial security became paramount. The pandemic has increased hours in the work day, creating exhaustion and burnout, while simultaneously exposing the stress that many workers face in balancing professional and personal demands. The topic of flexibility of work and use of technology for remote communication – with employees and clients taking centre stage.

Making remote work the norm requires more than a good videoconferencing application. It requires a shift in the organizational mindset regarding the work being done, the roles and skills of the workforce, and how we define a workplace. Our survey provides insight into how some of the regions' major companies redefine the idea of remote work, how they perceive challenges related to the organisation of work, and how costs associated with upskilling and reskilling their employees changed.

What percentage of work in your organization will be done remotely over the next 12 months?

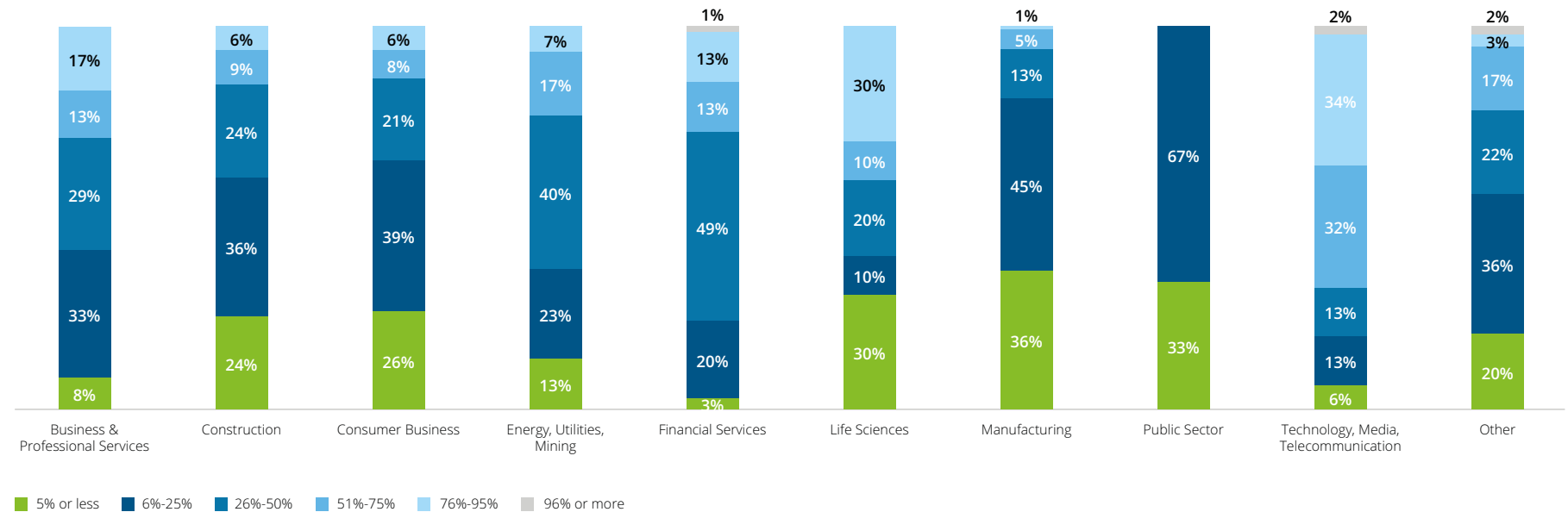


As companies decide how and when to return to the office, many are realizing they need to be able to prepare workers for long-term remote work options. Additionally, many workers who have been working from home during the Covid-19 pandemic want to continue working from home even after all restrictions are lifted.

One in four respondents state that between 26% and 50% of work in their organisations will be done remotely over the next 12 months, however, more than half (55%) predict that this proportion will not be higher than 25%.

These views differ throughout industries. Not surprisingly, one-third of CFOs representing the TMT sector indicates between 51% and 75% of professional activities in their companies will be done remotely. The same proportion thinks it will be even higher – between 76% and 95%. A large majority of CFOs (60%+) in Business and Professional Services, Construction, Consumer Business, Energy, Utilities and Mining assume that the percentage of work done from locations other than their companies' premises will not be higher than 50% but not smaller than 6%. Half of CFOs from the Financial Services indicate that during the next 12 months up to 50% of their work will be done remotely.

What percentage of work in your organization will be done remotely over the next 12 months?

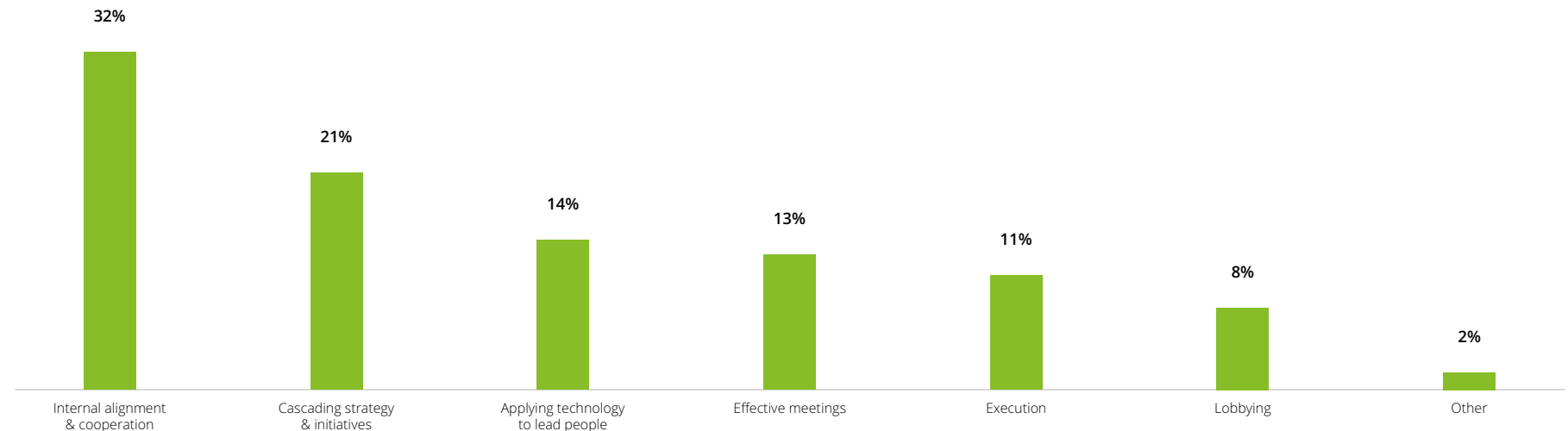


Common challenges leaders are facing

COVID-19 has taught us that teams are vital to organisations that want to continue to thrive. It is obvious, that in order to continue working efficiently and creating value under these new circumstances, leaders need to understand, accept, and support their employees' specific situations and needs. In the face of certain challenges and new risks, business leaders are rightly concerned about how their companies are/will be affected and what next steps are needed looking forward. An interesting set of conclusions, recommendations and practical insights for chief executives and their leadership teams in taking appropriate action is outlined in the Deloitte study - [The heart of resilient leadership: Responding to COVID-19](#).

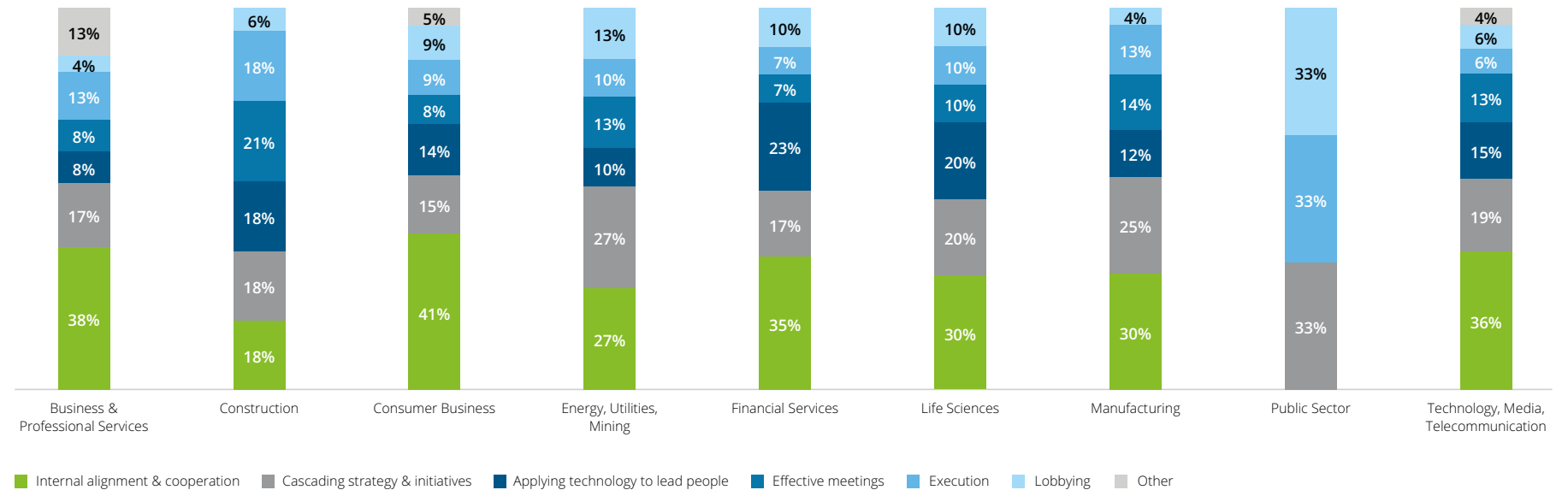
While COVID-19 has forced companies to rethink almost every aspect of their business, it also validates the importance of the strategy function and significance of relationships inside the organisation to support its strategy, work flow, and motivate behaviours toward organisation objectives. One-third of CFOs who participated in our Central European study indicate that, in this new reality, it is internal alignment and cooperation that are the top concerns. Cascading strategy and initiatives are challenges for one in five of our respondents. Execution of responsibilities (11%), holding effective meetings (13%) and applying technology to lead people (14%) do not constitute a serious challenge for those surveyed.

Which activity is most challenging for your executive team as a whole?



When looking at specific sectors, Consumer Business and Business & Professional Services CFOs indicate internal alignment as the greatest challenge, with respectively 41% and 38% pointing towards this area. This challenge falls lower on the radars of Construction executives – with only 18% perceiving it as a challenge. Cascading strategy and initiatives is a challenge for 33% of CFOs coming from the Public Sector and approximately one in four executives in the Manufacturing and Energy, Utilities and Mining industries. Not surprisingly, applying technology to lead people is not a challenge for the Business and Professional Services CFOs, but it's interesting to see that this is a challenge for 23% of CFOs from Financial Services. When looking at individual sectors, we found that Financial Services (7%), Business and Professional Services (8%) and Consumer Business (8%) CFOs are the most optimistic about their organizations' ability to hold effective meetings. Execution, in this new reality, is a challenge for almost 20% of executives from the Construction sector – the largest group, when compared with other respondents (with the exception of the Public sector).

Which activity is most challenging for your executive team as a whole?



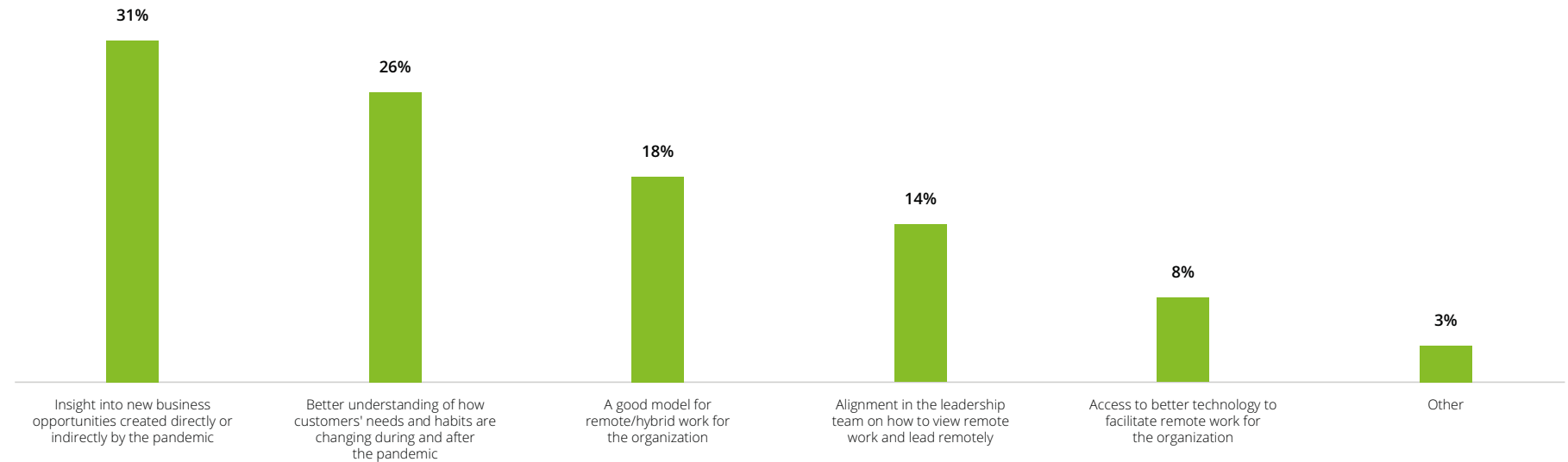
Executive teams value insight and information

Within the next 12 months, insights into new business opportunities created directly or indirectly by the pandemic are highly important for executive teams, according to one in three of CFOs participating in our study. 26% would like a better understanding of how customers’ needs are changing during the pandemic and how they will shift post-pandemic.

At the beginning of the pandemic, as organizations looked to adapt their ways of working in response to the crisis, they found that in many parts of the world, proper technology was not the greatest challenge. For those experiencing this challenge, it highlighted a digital divide within countries and industries across regions. Access to better technology to facilitate remote work is top priority for only 8% of CFOs, showing that as the coronavirus continues to restrict movement, a majority of companies we surveyed have managed to secure themselves advanced technology infrastructures to keep their businesses functioning.

The emerging picture underlines that a majority of companies have sufficient models for remote/hybrid work. Their leadership teams are also well equipped and aligned on how to lead work on their teams remotely (only 14% indicate that would be the most valuable to their executive teams).

What would be the most valuable to your executive team within the next 12 months, given the current pandemic?

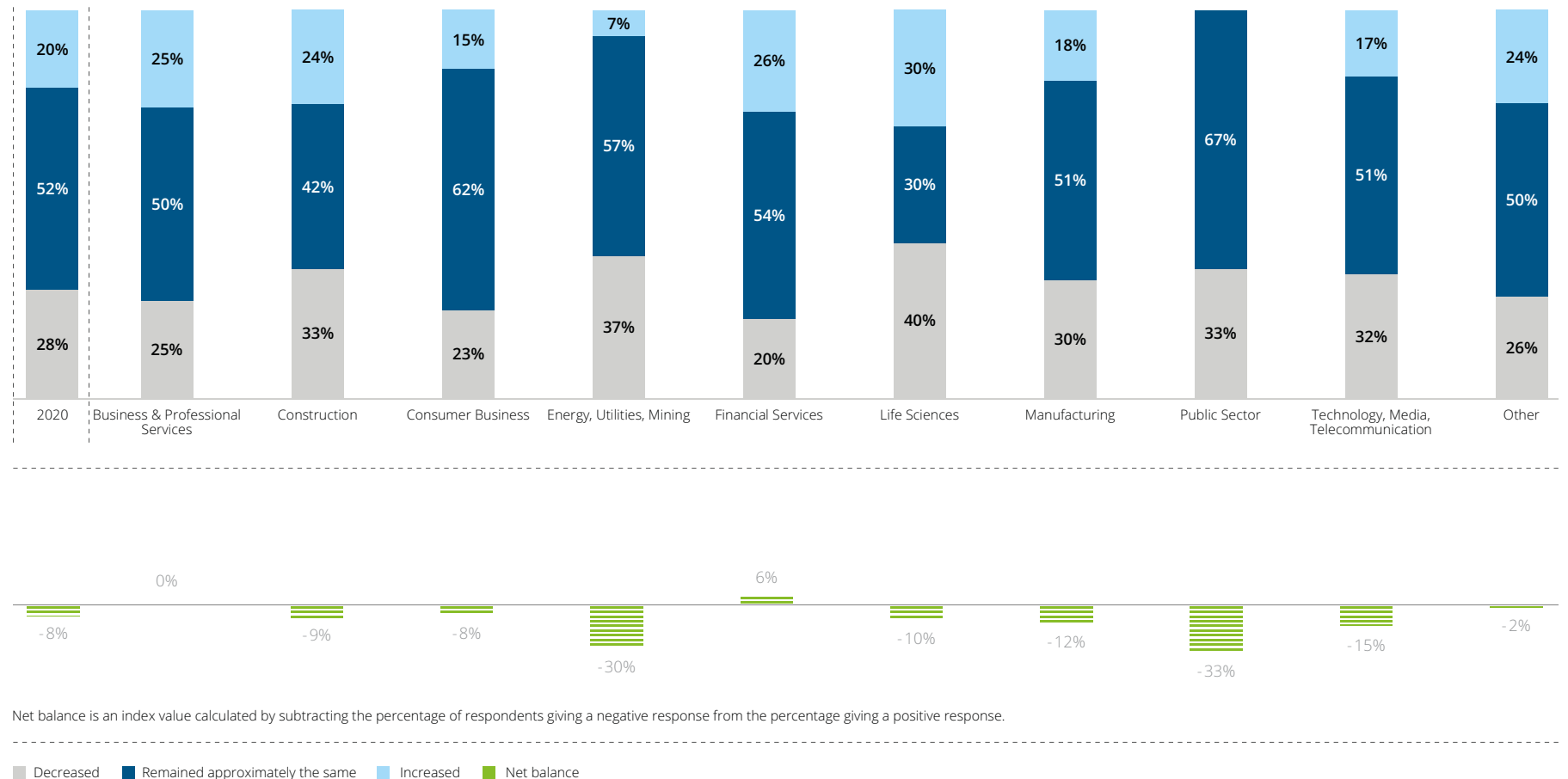


Invest in your employees: the value of reskilling and upskilling

Following the outbreak of Covid-19, upskilling and reskilling are terms that are increasingly important in any HR glossary. While both terms - reskilling and upskilling - involve acquiring new skills, context is everything. Upskilling is primarily focused on helping employees develop more relevant skills for their current roles. Reskilling, on the other hand, is focused on training employees to add value in other areas of their organisations outside of their normal roles. More than 50% of CFOs participating in our research state that the costs related to upskilling and reskilling their workers remain about the same. This view is shared by a majority of respondents apart from Life Sciences professionals, where 30% confirm costs are the same, 30% state that it has increased, and 40% found it has decreased. In the Financial Services, Business & Professional Services, and Construction industries approximately one in four CFOs indicate these costs have increased.

While it may seem that lower costs around upskilling and reskilling staff is good news for companies, it is often misinterpreted that during uncertain times employees only utilizing skills they already possess and not generating additional costs is beneficial. This has not been true during the Covid-19 pandemic as its impact varies between industries and geographies. In a time when even major industries and leading companies cannot afford to hire new talent, it is critical to invest in a workforce that is adaptable to market changes. This is why it is so important for companies to have a dynamic approach to motivating, mobilizing, and equipping their existing talent base with new skills and knowledge.

The cost of upskilling and reskilling employees in your organization has ...



Contacts

Ferenc Póczak

Partner, CFO Programme Leader
Central Europe
fpoczak@deloittece.com

Katarzyna Swat

Senior Manager, Clients & Markets
CFO Programme
Central Europe
kswat@deloittece.com



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