



Return to the office?

As it becomes possible to safely return more employees to the offices they fled early this year, companies need to make a deliberate decision about the right mix of in-person versus remote work. We've learned a lot about what's possible during the pandemic. Now it's time to apply those lessons, with an eye on the costs, benefits, and challenges across a range of options for the future.

Workforce decisions to make

The pandemic has forced a switch. The default for most office jobs has become working from home, whereas before, flexible work arrangements were taken up by only a small minority of workers, often at a professional cost. This large-scale work-from-home experiment has meant that workplaces need to adjust to human needs and not the other way around. Now, many employers are examining how and when and to what extent they should put workers back into all that square footage they lease.

There are ongoing health concerns, of course, that define the immediate decisions around a return to the office. Still, even as employers try to figure out how many desks can fit in a space with proper social distancing, they should also attempt to look further into the future. This is the right time to synthesize what we now know about remote work—the pros and the cons related to cost, productivity, morale, culture, collaboration, and more. Companies should make deliberate decisions about the workplace model that best fits their needs.

There are many ways in which remote work is obviously appealing to employees as a way to save the time and money that's been spent on commuting and perhaps bring better balance to their lives. A survey conducted last year found that 80 percent of job seekers would choose a job that offered flexible working arrangements over one that does not.¹

For employers, the potential cost savings could be substantial if they embrace remote work options. A company can save about \$11,000 a year from every person who works remotely half of the time, according to one estimate.²

Of course, remote work isn't a good fit for all employees or all work functions. There are many workers who are more than ready to get back to their offices when it can be done safely. And it's not right for all employers. But the questions around this issue have shifted, and companies should be giving them new thought.

¹ International Workplace Group, "The IWG Global Workplace Survey: Welcome to Generation Flex," (2019)

² Global Workplace Analytics, "Work-at-Home After COVID-19—Our Forecast," (2019)

A range of options

The decision employers face is not between keeping everything remote and returning entirely to the way things were pre-pandemic, when most people in most organizations worked in-person. There are gradations in between.

For the sake of understanding these options, Deloitte uses a framework with four different target configurations a business might choose:

- **Office first.** The vast majority of employees work in-person in an office.
- **Remote friendly.** The business remains primarily an in-person organization, though a growing number of people may work remotely.
- **Remote first.** The company designs the workplace around a remote model and may prefer remote workers but has office space for some people and certain purposes.
- **Fully distributed.** There are no offices, and the company hires only those willing to work at home or elsewhere.

Office first was the default choice for most employers before the coronavirus arrived, and many organizations may return to this configuration when health and safety concerns allow. But after the great flight from offices during the pandemic, it has become more difficult to ignore the remote work option—and the drawbacks of the office first model.

If employers embrace an alternative to office only, they can save much of the money they spend leasing and fitting out space. They also can put money back in their employees' pockets insofar as workers reduce or eliminate commuting costs (not to mention the carbon emissions the commute produces). Workers may also spend less on clothes, dog walkers, and restaurant meals.

What's more, remote work can make it possible for employees to live anywhere. When the tie to expensive cities where good jobs have been concentrated is cut, employees may be able to save money and live better, and employers may benefit from access to a bigger talent pool.

Still, office first may be right for some companies. The value of in-person connections can be key for an organization, helping drive collaboration, innovation, and creativity. Some companies may find that productivity is higher in-office. Others may put a premium on the cybersecurity they can maintain in a controlled environment.

There is a new risk, however, in the old ways. Now that the viability of remote work has been demonstrated, companies that stick stubbornly to the office first model may find that their competitors gain advantage. Their rivals may outcompete with lower costs and better employee retention, creating a competitive mismatch not unlike like brick-and-mortar stores versus online retailers.

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Remote friendly describes a company that maintains an in-person office culture but is open to hiring people to work remotely, or gradually giving some employees the option. As it becomes possible to return workers to offices post-pandemic, a number of organizations may end up with this kind of hybrid configuration.

The risk in this model is that remote workers have a sort of second-class status and won't be able to contribute fully. Their work may suffer insofar as the workplace is not designed for their full participation. Imagine you have six people in a conference room trying to brainstorm a project or decide on budget priorities—and two more who are remote and can't see the white board or hear all of the conversation. In situations like this, the remote workers may be disadvantaged, the dynamics of the group skewed, and the outcomes less than ideal.

Remote first is another hybrid model that may have greater advantages. This configuration embraces remote-working practices for everyone while making office space available for certain people or uses—especially for higher touch or higher value experiences. Employees might rely on laptops and smartphones even if they were working in an office setting.

In the above example with six or eight people working together on a project or a budget, a remote first company would hold a meeting of the group on video conference. Everyone would call in from their laptop or phone, whether they were working from an office or from home or from somewhere else. Everyone would participate on equal footing. A remote first configuration isn't so much about what portion of the workforce is provided with office space; it's about how everyone does their work, regardless of location.

Remote first becomes the mindset of the organization. This means giving everyone the tools they need to work remotely, and it demands careful thought and hard work around how to replicate the things that occur somewhat naturally in an office setting. A deliberate effort to develop connections among employees and promote collaboration may be needed. Figuring out how to build or maintain a distinctive company culture may also require fresh thinking.

Fully distributed describes a business that does not have any permanent office space for its employees. This is a distributed rather than remote configuration because there's no central location to be remote from.

To properly implement the distributed model, a business should extend the thinking that's been applied to office life to the home environment. For example, the hard work that's been done to improve work-station ergonomics can't be ignored just because the desks are now at home. Some of the money saved from leasing and outfitting less office space should be used to help employees improve their home setup. Employers with a distributed work force might pay for better computers, software tools, internet connections, chairs, desks, and supplies.

There's no one-size-fits-all right answer to the question of what configuration is best for a business. Just as clearly, accepting the pre-pandemic status quo is probably a wrong answer. Remote work has been pushed into the mainstream. With the dramatic measures that were forced on the business world to battle a deadly disease, a hurdle has been cleared, a concept proven. To fail to learn from this experience would be a giant missed opportunity.

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