BUILDING YOUR COMPANY FOR HYBRID WORK AND FUTURE OF WORK

Introduction

In recent quarters, Covid-19 disrupted many established businesses. Many companies have used Covid-19 to experiment with hybrid work environments, a mix of work from home and office/plant-based work. Shopify, Otis, Companies such as Shopify, AWeber, Otis, Square are moving towards "digital by default", letting all their employees work from anywhere indefinitely and signalling office centricity is over. Companies like Bank of Baroda, Aviva, HSBC are embracing hybrid-home-office configuration. In this model, employees continue to work from home and gather at an office (even a coworking space) for team get-togethers, crucial client meetings or simply because they want to take off the pedal that day.

While Covid-19 forced companies to embrace virtual engagement out of sheer necessity, a quiet revolution has been happening on shop floors and offices. Artificial intelligence, Machine learning based sensors, smart IoT and cloud applications have been invading the workplaces. These technologies are extensively automating repetitive tasks, enabling self-service and augmenting customer experience by rewiring front, middle and back office workflows and processes. From floor cleaning robots to train station assistants, product recommendation chatbots to health assistant, "digital" staff are working alongside of humans. Sometimes, robots are replacing humans, serving a hot meal in a restaurant or giving parking tickets or attendants in highly infectious environments.

Organization leaders have an arduous task of devising systems and process to support their business. They need to re-imagine and rewire the company in building robust workplaces. They need to redesign work and rethink jobs people are currently performing. In terms of use of technology for doing business, many jobs are being digitally enabled. Data acquisition, reviews and follow-ups have all become automated. Zoom, MS Teams, Bluejeans and other solutions have made virtual work easier and chatbots, AI& ML tools are used for customer relationship management and project management.

Organizational functions also adopted novel ways of working to equip themselves for digital work. HR has witnessed higher integration of tools all across an employee life-cycle, right from online assessment tools at selection, cloud based knowledge management to extensive use of technologies to support gig workers and alumni for short-term projects.

Smarter companies realize the trick is to combine digital efficiencies with human creativity and flexibility. In this paper, based on our analysis of companies across IT, Insurance, Aerospace and Defence and heavy engineering, we present some fundamental changes companies have to embark on the HR front to create organizations of future.

1. Structural agility: tribe + legion

Evidence from military history to system dynamics modes reveal for a system to be anti-fragile requires it must embed modularity, layered inefficiencies and diversity into its design and operation (Hole, 2016). Whether it was Genghis Khan's Mongols army defeating established kingdoms or Roman Legions marching to win against Hannibal, organizational structure plays a key role. In the future, companies need to be more efficient in defending their base while take part and monetize fuzzy part of the market. Companies therefore need structures that allow them to fortify, hold costs and efficiencies and thwart away competition, and be nebulous operations to exploit resources from within and ecosystem to monetize innovations. We must design organization of future for modularity, redundancy, diversity and fail-safe at weak links. Design companies for tribe and legion, smaller units with high product, volume, innovation flexibility and localized command, while legions will have structured workflows with a high mix of men and machines.

There are several ways organizations can realize these benefits. One approach to building modular organizations is to build a core optimized for efficiency while they could design a peripheral unit for innovation and non-routine jobs. Alternately, they can also pursue plant-in-a-plant concept exploited in world class manufacturing (Skinner, 1974) designed to meet different customer segments or different markets. Both these approaches help companies the required scale (Minimum efficient scale) to realize cost advantages for repetitive, majorly automated process with commodity skills. They would organize periphery to benefit from economies of scope, higher variety and deeper human interactions (Slack, 1990). The challenge is while companies have adopted these principles including group technology and flexible manufacturing cells on the production side, their HR policies and systems have been monolithic. Future of work would require organizations to operate with different industrial relations models, manage guilds, unions and gig workers for short-projects and continual work environments.

2. Work from anywhere

Companies that have abhorred the concept of virtual working quickly had to adopt work away from office to support continuous production and services. Post Covid-19, while some businesses have completely moved online, many will resort to a hybrid model of work where they move a complete section to work permanently online (especially sales and marketing), or actively encouraging associates for 2 days-a-week at office experience. Covid-19 and subsequent waves are making companies realize employees will not be geographically bound any more and some jobs that we thought to be too sticky can function away from the office/plant. Consider design, the context of an aerospace company churning out products based on a blueprint from the OEM or product specialist in an IT company responsible for the architecture, features and code.

Companies realize even specialized roles like these can efficiently work away from office/plant. However, to remain productive, companies need to make working from offsite (including work from home or a rented work space) a source of energy. Sales, after-sales services, even HR will move towards decentralized workflows. Owing to infrastructural challenges, millennials may prefer working from offices over working from homes, while experienced professionals may prefer 2-day sojourns as a welcome break. If a company is using a physical space, they must design it for cooperation and breaking the routine of working from home. Use the space to build corporate identity, bonding, collaboration and coordination. Build physical spaces with more greenery and expansive spaces for physical activities. While IT infrastructure and associated risks need to be factored in, people based compromises, many unintentional will pose new governance and risk challenges.

3. Organization system: structured, yet flexible

If COVID-19 and series of waves have taught us anything, it is to build flexibility in terms of volume, variety, plants and operations. Only way to survive continuous shocks, both demand and supply side, is to build an organization culture that enables quicker decision making at the last mile. Future of work requires units at "moments of truth" enabled with suitable decision-making rights and flexibility. In recent years, companies like Ternary software, Zappos, David Allen Co, Precision Nutrition and others have adopted Holacracy (the system of self-governance) as an approach to build self-managing teams. Holacracy is an approach to distribute authority across the organization.

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Common elements of organizations adopting Holacracy principles are a) constitution that defines the roles and distribution of authority related to tasks or outputs, b) roles and accountabilities, c) collaborative decision-making process enabling change in roles and authority consistent with evolution and d) meeting process that promotes co-creation and collaborative working.

5. Job design: for flexibility, for collaborative outcomes

Future work requires jobs designed for balancing the work between digital and human associates, but when do humans step in. Design of human workers must weigh more on skill variety (degree to which a job requires use of a variety of skill sets), autonomy (job that provides discretion in scheduling the work and procedures to be deployed in completion of a task) and task significance (degree to which a task impacts the lives of other people and the world at large). Redesign jobs keeping in mind flexibility, the leeway each associate can employ to deliver the outputs considering their workplace constraints (whether working from home or from a workspace). Design jobs so that jobs can be shared or compressed, allowing each employee the discretion of how and where work is done to product the best results. Design jobs with appraisal costs embedded into the hands of each associate doing the job.

6. Employee well-being

The most important lesson many companies have learnt the way they handled work during Covid-19 pandemic is about mental health. In their misconceived zest to remain in touch always, many companies with low trust, have pushed tight always-on regimens to see the stress it had on their employee, attrition and drop in productivity. Transition from community to a single-worker model is wrought with challenges. Many years of conditioning of working in teams has had its advantages. In lack of human interactions, emotional health is at risk. Key to transition to the future of work is to design systems and work is to design "sink holes", systems or processes where employees can offload their emotional baggage. Sink holes may be satellite office where associates can meet others once in a month or work to get back to the feeling of a workplace or online games or child health support services (picking and dropping children for birthdays), or couple pass (within city hospitality experiences to destress and enjoy family bonds). Detox days, hand mud days, my volunteer day, show gratitude events, and others must be invested to connect the employees with societal causes and limit the "selfishness" attitude that come from increased mindfulness and other programs.
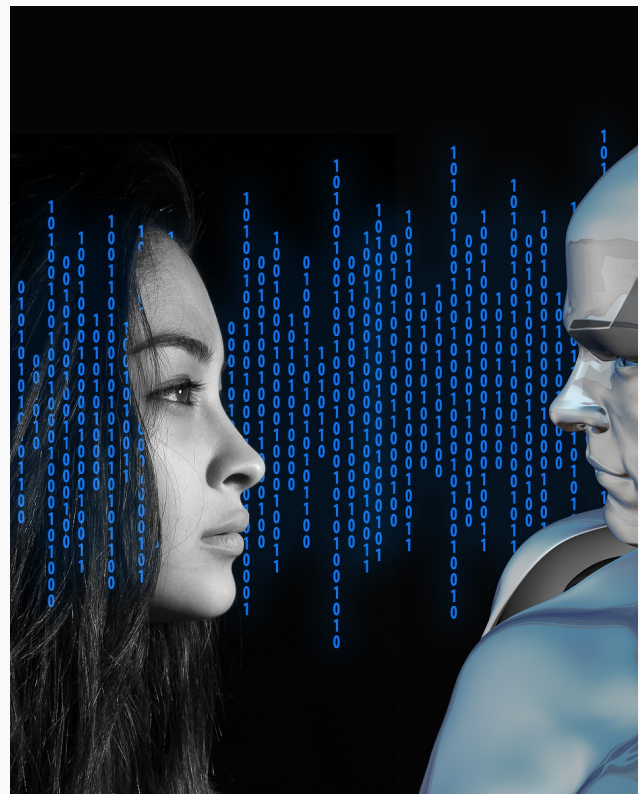
7. Talent: from anywhere, any type

If recent quarters are any sign of future war for talent is only going to exacerbate. The problem companies like to face is that they may have to hire quickly, but also many roles would be for short-term requirements, even at senior positions. Hiring complexity will increase as needs would constantly vary with unique experience, age, IT adoption, FTE & temp, and plant vs non-work placed based roles. Internal mobility programs are likely to gain more value as companies realize the cost and cultural aspects are better managed. Smart companies realize like sales, it will not limit talent hunting to HR function. It will include formal and informal tasks that are owned and contributed from everyone in the organization.

Creating the pipeline will be an organizational task, while chaffing from the funnel using data-driven hiring is where HR is expected to play a larger role. Use of psychometric tools will rise across all support functions, and "show-me-you-can" hackathon types tests will become the norm for innovation and development roles. Industry-academia platforms, including internships, short-term projects and cash prize awards will become more extensive and spread beyond Tier 1 institutions. While hiring for attitude may play a significant role for medium term roles, hire for results will become a norm for short-term roles.

8. L&D: Career experience Vs Career Growth

Future of work requires quicker unlearning, relearning and learning of employees. Towards this, HR can largely play a role of facilitator. L&D focus would shift to nurturing agility, adaptability and up-skilling. Organizations of future therefore have to build a process where employees are motivated to upskill and self-manage their market value. Also, our analysis of millennials in IT and other areas show many millennials prefer to work for a specific period on the strength of their specific skills and career growth (career ladder) may not be enticing them to stay as they value "career experience" much higher. Thus, the value of "loyalty" may erode across industries, more so at middle manager levels. HR managers must, therefore, find novel ways to retain talent. Instead of career graph, think of a career experience, what different roles can employees play in X years.

Create a career experience map which akin to a product roadmap presents various options, what job features get enriched and what investments/support will be provided for an individual to reach these goals. Career experience may include intrapreneurship or P&L ownership evolution or emerge as specialist in IoT, Security, Machine design, etc. Unlike a career development program, career experience programs explicitly tie up monetary and non-monetary benefits to meeting the career performance goals. On the project-based learning, monthly sharing sessions across projects to learn from peers, mentor reviews, and outside leadership sessions will become more pronounced. Employee led online point-certifications (specific skills) and intrapreneurship programs have to become more extensive to keep talent and also to re-risk the commoditization of skills.

9. Knowledge Management: CoP led

Like Covid-19 times, in future too HR will face unique challenges on skills front, quicker commoditization of certain skills and uneven (sometime inferior quality) supply for others. Only way companies can respond to these shifts is to prepare the organization and the current talent pool to adopt new work methods and continuously gain new skills and capabilities. T & D will become more unstructured, individually driven but embedded in a community of practice (CoP). Unlike the CoP's that are largely internally, knowledge management requirements of future need faster methods to aid an individual from knowing, doing and experiencing skills. Private and Public knowledge rooms will become norm and codification will be community led.

10. Organization culture, everyone owns and enshrines it

Bonding cost is a significant cost of transaction cost. While increase use of technology will improve visibility of last mile operations and hence reduce the monitoring costs, the bonding costs will rise. Bonding costs are the costs the company spends in creating and institutionalizing corporate identity and culture. With an increasing trend of Work-from-home and 2-days a week to office culture becoming the norm, we expect the bonding costs increase significantly, as this will be important spend to arrest attrition and also build association with the company.

With mixed modes of working, technologies to manage the teams, or their outcomes will not be a challenge, but building and institutionalizing corporate culture as the average span of stay will reduce as the job markets more dynamic and skills more tradeable. Organization culture reflects the values, goals and working styles of teams. Organization culture and identity would become more mutated forms, one that reflects the ethics of the secular world. Organization routines, celebrations, people's practices will focus more on charitable and moral side of human emotions. Organizational practices therefore become non specific, generalized notions that allow associates to get on their roles and outputs rather than a monolithic regimen. Future of work requires companies to invest more time and efforts in regularly communicating what they stand for, and what behaviours, systems, and traditions they like to behold. This means regularly communicating the company values, soliciting opinions and feedback from employees on every aspect of the culture and rewarding those who uphold its tenets. With many of the associates likely to work remotely, messaging and institutionalization of the culture must begin right from onboarding itself. Role of employee recognition programs will become important in celebrating contributions and commitments of employees who have discharged their work by living by the core values.

11. HR managed Internal communication: influence and advocacy

Companies have to devise novel ways to use internal communication platforms and social engagement tools not just to reach employees with varying degrees of intrinsic motivation, high autonomy and sense of individuality. Internal communication including internal PR will therefore will be aligned with HR. HR will step into building corporate identity and relationship building activities including weekly online lunches, midweek zoom celebrations, live birthday celebrations, team health seminars, virtual coffee-breaks etc. HR will also start gratitude and appreciation posting sessions to highlight achievements, widen a sense of community and drive information sharing. As part of its D&I charter, HR also has to carry emotive stories and campaigns to build and reinforce an inclusive organization (gender, age, orientation, race, caste).

12. Rewards: more on sustainability

One key aspect that is likely to significantly get altered is the rewards and recognition. Companies will look at an optimal mix of pay, bonus and stocks. Company sponsored employee financial wellbeing programs, including advances, will be reworked and will see higher inflows. Emphasis instantaneous gratification will drive recognition and the line managers will manage the budgets. They would drive these to celebrate small wins and keep the motivation high and increase their team's output.

Conclusions

Getting all the markers right on the first time is unlikely when a company is building itself for future. From our limited experience of designing organizations for evolving conditions, design with flexibility in mind. Take inputs from everyone and do not hard code hybrid work environments. When designing work for future, keep in mind the trade-offs, what percentage of associates and functions will work away from office, what are the security and mental health impacts, so on. While designing for future, there is a great deal we do not know in sufficient depth. Hence, management must be prepared to take risks. Even with the best of technologies available, virtual coordination is difficult. Some companies have shockingly discovered their associates double-timing two jobs at the same time. Motivating and managing productivity will continue to be a challenge. Therefore, it is important companies adopt an experimentation mindset.

Create bubble teams to experiment and scale it across organization. Some companies have selectively used functions such as Sales, Design and after-market support to experiment with remote and hybrid work since they had already invested in cloud-based CRM and service solutions. Finally, future of work will require highly competent and highly motivated leaders at all levels to make the hybrid and completely digital model work. Identify leaders who have the right attitude, bring high listening skills and doses of empathy to lead and support teams.

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