Making virtual work
“Business as usual”
It’s all been said,
so how do we get it done?
The long-standing belief that our physical workspace is the critical center of productive activity is being challenged by the realization that work is increasingly about what we do, and less about where we go. Technology advances, cost pressures, and globalization have joined forces over the past two decades to completely change how we work, resulting in a 24x7 business cycle, instant communications, more diverse and geographically dispersed workforces (no borders), and flatter organizational structures. The result is a whole new way of thinking about how and where we work, including acceptance of the reality that we are increasingly mobile and our workplaces increasingly virtual.

This sea change is causing many companies to reinvent the modern workplace. Some are doing it well, however many are not. Increasingly, companies may need to adapt to the virtual mindset to compete in the global workplace. As Charles Darwin said, “It’s not the strongest or most intelligent of the species that survives, it is the one that is the most adaptable to change.”

Several trends have emerged that are expected to continue to drive the adoption of alternative and virtual work practices over the next few years. First, while cost reductions and operational improvement pressures are expected to continue in the short term, the imperative for growth is likely to soon replace cost as a driver, as businesses move from a recessionary to a recovering economy. This transition, expected to be swift, may surprise many companies waiting in the wings for signs of life in the global economy. Second, an increasingly global workforce may require a strategic approach to mobility and cross-border/cross-functional collaboration. This includes the provision of work arrangement options that engage employees across all demographics, with most employees expecting their employer to offer them more tools, flexibility, and choice. Further, multiple generations in the workplace are already causing friction as work styles shift from status quo to status carpe diem. As younger colleagues step up into management roles, they may likely make decisions that include the use of virtual work practices for their teams. A recent article in *Time* magazine noted that Gen Y recruits, in particular, are demanding nontraditional work arrangements, such as flex hours and telecommuting options.

So the question becomes, why aren’t far larger numbers of organizations implementing virtual work practices as a norm for doing business? (see sidebar on “The ROI of Virtual Work Practices” on page 2) If going virtual means broader — and more efficient — coverage for the global business day, enhanced access to global talent pools, and reduced office space and commuting costs, just to name a few of the benefits, then why aren’t more companies doing it? And, if upping the virtual ante of work would enable more employees to gain flexibility in navigating complex work/life integration challenges as well as help them realize broader career opportunities, then why are employees hesitant to utilize virtual work options when they exist?

**Painting a Picture of the Future of Work**

This chart depicts shifts in thinking from traditional concepts of work to the new way forward:

<table>
<thead>
<tr>
<th>Where We Have Been</th>
<th>Where We Are Going</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work is where you go</td>
<td>Work is what you do</td>
</tr>
<tr>
<td>Space defines status</td>
<td>Space as a facilitator for innovation</td>
</tr>
<tr>
<td>Command and control silos</td>
<td>Cross-team communities, collaboration</td>
</tr>
<tr>
<td>Out of sight, out of mind</td>
<td>Out of sight, in mind</td>
</tr>
<tr>
<td>Manage by being around</td>
<td>Manage by results</td>
</tr>
<tr>
<td>Flexibility as an accommodation</td>
<td>Flexibility as a choice and toolset for all</td>
</tr>
<tr>
<td>Territory = Identity</td>
<td>Contribution = Identity</td>
</tr>
<tr>
<td>Formal meetings, slow decisions</td>
<td>Flexible interactions, faster decisions</td>
</tr>
<tr>
<td>Traditional office space</td>
<td>Innovation centers and innovative uses</td>
</tr>
</tbody>
</table>
The ROI of Virtual Work Practices

A recent IDC forecast projected the worldwide mobile worker population will increase from about 1 billion in 2010 to more than 1.3 billion by 2015, and will play a key role in enabling companies to achieve greater productivity worldwide.²

Mindset Matters

Despite evidence of the many valuable benefits of adopting virtual work solutions, “mindset” issues pose a major barrier (arguably the most significant) to progress.

Perhaps the most common misconception about adopting virtual work options is that it will become an all-or-nothing proposition. As we said above, 100% virtual is not a real option — we humans still need to interact face-to-face sometimes. In reality, virtual is more likely to become part of a full suite of work styles, options and tools. Just as employees are equipped with a laptop and mobile phone, there are other tools they can use to help improve their efficiency and effectiveness — and virtual work is one of these. A virtual work approach may not be appropriate for every job or every person, but it is likely we will continue to see it become something that increasing numbers of workers do regularly.

The ROI of Virtual Work Practices

A number of significantly beneficial outcomes have been associated with virtual work practices, including greater employee productivity and job satisfaction, improved workplace collaboration and innovation, facilitation of larger and more diverse talent pools, savings in relocation and global mobility costs, and enhanced reputational and brand value for sustainability and leading-edge HR/talent programs. Some of these results have been documented in a recent book by Deloitte’s former Chief Talent Officer, Cathleen Benko, and Talent Director, Molly Anderson, titled *The Corporate Lattice: Achieving High Performance in the Changing World of Work*. For example:

- Capital One’s virtual workplace strategy features a program that equipped many of the bank’s 29,000 employees with technology to connect them to work resources from home and to provide choices about when and where they work. When these telecommuters need to come to the office, they are assigned available workspace. The results: workspace occupancy costs have been cut and large numbers of employees report greater satisfaction and increased productivity as a result of the arrangement.

- Cisco’s 2008 study of 2,000 of their teleworkers in five global regions demonstrated an estimated $277 million in annual productivity savings, more than 47,000 metric tons of greenhouse gases avoided, and employee savings in gasoline costs of more than $10 million. The study also found that as many as 80 percent of employees felt their career-life fit was better as a result, and more than 90 percent felt that working remotely was important to their overall satisfaction.

- Collaboration is now a key value in the Thomas Reuters finance division, as it has become an important performance expectation. A lot of training went into helping employees work across the organization in geographically distributed, often international teams, and new metrics for performance were adopted that emphasize teamwork and results across boundaries. The company calls it “working the network.” Employee surveys substantiate the beneficial results. In one year, the survey metric for collaboration and global mindset increased 15 percent, to 88 percent of employees rating the organization favorably on this attribute. And the division’s transition to specialized service bureaus with smaller, more nimble teams has yielded approximately $50 million in annual savings. The company says the new structure helps leaders make better decisions, deliver improved forecasting and planning, and enhance compliance functions.

These companies and others like them are examining how workplace flexibility enables employees to customize when and where work gets done, which, in turn, enhances benefits to both the individual, the company, and its customers, often supporting organizational growth goals and accelerating productivity and efficiency benefits.

Mindset Matters

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² International Data Corporation, Mobile Enterprise Group
Another frequent misconception and worry among members of management is that once the virtual “genie” is released from the bottle, employees will retreat to home offices, don fluffy slippers, and lose all motivation to perform if afforded the absence of close monitoring and guidance by their managers. While overstated for effect, this is clearly an issue and concern among leaders.

Many employees have their mindset obstacles as well. Some think they might lose touch with their peers, for instance, or not have their best work acknowledged if not witnessed by managers firsthand. The practice of “getting face time with the boss” is alive and well as a perceived means to advancement.

Chances are good that your organization is facing some, if not all, of these mindset moguls — and you are not alone. Later in this article, we will revisit the actions organizations can take to move toward this expanded way of working.

The good news is that many businesses are already capable of making virtual work solutions a standard part of their employees’ work environment toolkit. Vast numbers of workers across industry are already using some form of virtual work practice, whether it is as simple as using a mobile phone to stay connected while away from the office, using email or texting to communicate with customers, or working some portion of their schedule “on the road” or from home. These options offer flexibility, responsiveness, and connection — valuable weapons for staying ahead of the competition in an increasingly fast-paced marketplace.

**Getting Started**

While the transition of adopting more virtual work arrangements is not an easy undertaking, the positive results to your business — improved margins, better customer service, being able to compete for top talent to name a few — should make the journey worthwhile.

So, how do you know if your organization is ready and how do you get started?

Deloitte employs an approach that incorporates all required business functions to make the change a success, including finance, IT, talent/HR, and real estate. The first step is to take stock of your workplace and workforce. Deloitte has developed a “virtual assessment” checklist for managers and for employees that is designed to evaluate readiness for operating in a virtual environment. (see checklists on next page).

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**Working the Numbers**

Statistics from the Telework Research Network indicate that while approximately 50 million people in the U.S. who want to work at home actually hold jobs that are telework-compatible, only about three million, or two percent of the U.S. workforce, are actually based at home full-time, including the self-employed. Another 20 to 30 million people work at home at least one day a week and still another 15 to 20 million consider themselves road warriors or mobile workers. While exact numbers are elusive, one aspect of telecommuting research is clear: the number of people doing it for any number of reasons is on the rise. The number of Americans who work from home or work remotely from another location increased by 74% between 2005 and 2008. When asked about proclivity for working at home more often, only 21% were not at all interested, and 24% said they could do 80% or more of their job outside of the office.3

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1. "Making virtual work "Business as usual"" — 3
Managers Checklist

**Staffing/Deployment/Hiring Considerations**

- Have you evaluated staffing and assignment sensitivities for members of your team by role and by personal situation at the beginning of a project or work effort?
- Is there an effective balance of informal and formal communications about the company’s virtual work practices and programs?
- Are junior staff members allowed to be onsite with in-person teams when or as needed to allow time for acclimation, on-the-job coaching, and mentorship?
- Have technology requirements been assessed in light of organizational and project needs? Is there adequate availability to team members?
- Has adequate training in virtual work practices been provided to all virtual and in-person team members? Are there ready resources available for questions or more details (e.g., a website)?

**Project Management**

- Have expectations for in-person versus virtual options been set / reset at the beginning of the project or beginning of the year / quarter for steady-state work efforts?
- Have interactive “all-hands” staff meetings been planned and executed regularly? May be virtual or in-person, as long as all can attend. Have you considered how to keep all team members engaged and encouraged to participate?
- Do you check in with key team members and hold status calls frequently and regularly?
- Have you provided a “structure” for offsite workers so they are made to feel part of the team? Does this structure include training for team members in virtual meeting etiquette and tips on working effectively within the team?
- Have you put tools in place to document and share meeting outcomes (e.g., posting meeting notes)?
- Do you have a strategy for communicating how goal setting and performance reviews will occur?
- Do you make yourself accessible to your team?

**Employees**

**Capabilities**

- Do you have a strategy to manage and execute daily work without regular face-to-face communications?
- Have you considered how to effectively communicate and interact with your teammates regarding your workload in a virtual work environment?
- Have you considered how you will communicate needs and progress to your manager?
- Are you comfortable participating in virtual touch points, both formal and informal, with your project team?
- How will you continue to build your network through professional activities, initiatives, and events?

**Technology**

- Has your team assessed your technology requirements and developed a strategy to ensure they are met?
- Do you have the training/experience to leverage virtual tools such as Microsoft Office Communicator, phone and video conferencing, eRooms, Outlook, etc.?
- Do you have the tools to participate in documenting and sharing project materials and meeting outcomes with your team?
- How will you effectively review work virtually with your team and your manager?
- Have you assessed your ability to work outside of the office in a quiet, dedicated workspace with access to a high-speed Internet connection?
Once you have an understanding of your starting point, develop a plan that can work for your business and culture. In our experience, creating a more flexible work environment involves three steps:

1. **Address the Workplace Mindset** – How do you change the way your people think about where they work? How do you overcome the challenges of your culture?

2. **Create Constructive Discipline** – What do you need to do to have management serve as role models for, and supporters of, virtual work practices?

3. **Customize a Program for Your Organization** – What is unique about your business and culture that you need to consider? What will work best to meet both your customers and your employees’ needs?

1. **Address the Workplace Mindset**

   Like any shift away from a traditional approach, a fundamental change in how we work requires unconventional thinking relative to our status quo and a willingness to take calculated risks. Mobile and networked technologies, for example, facilitate the ability to create and connect virtual and in-person teams, but technology alone does not drive adoption of virtual work practices.

   The challenge becomes more complex when one considers that every organization is different, each with its own mission, values, culture, and rewards system. The core of the traditional work mindset is human nature. People are social animals, and have an inherent desire to want to know the territory and the hierarchy of the social structure that they operate in so that they can find their place in it. Changes that impact this fundamental aspect of life as human beings should not be underestimated.

   Actions that show an appreciation of the importance of physical space and how we deal with change as individuals can help an organization more effectively transition.

   Create connections to team-based physical space. Offset the traditional importance put on personal office space by emphasizing a new sense of connection to team-based office areas. Cues and symbols of our earned importance and value, such as size and location of an office (corner vs. cubicle), awards, and personal art all conspire to drive up the value we place on individual space. Look for opportunities to enhance ‘team’ space with symbols that celebrate the individuals who make up the team, and engage your employees in the effort. For example, create a “brag wall” in the team entry area for everyone to hang their symbols of success. Open up exterior window access and visibility for all, not just the ivory tower few. Go for comfortable seating in areas that serve as alternative meeting spaces. A mutually inviting and engaging team environment can be the quid pro quo to convince employees to let go of their traditional attachments to personal space and to encourage them to connect in a broader sense.

   Help your people through the change process. While employees may request more virtual work practices, it is still change at a personal level. The individual change process is oddly very much like the grief process. It begins with shock, denial, and/or anxiety regarding a change seemingly beyond their control, and continues through other positive and negative reactions that can shape attitudes and responses going forward. Leaders should help their teams move through this normal change process in a way that enables their people to understand where the organization is going and why virtual work is beneficial and to see how the change in the way they work is expected to impact them day-to-day. Leaders should identify any new skills that are required in the new world to be effective, and to provide the training, support and rewards as employees ramp up to effectiveness in the new environment.

   A well-structured transition program should provide:

   - Supportive information – the who, what, why, when, where, and how
   - Consistent and open communications – reinforce the reason for change and offer an opportunity to give feedback
   - Training – teach employees how to perform daily work in a virtual work environment
   - Celebrations of short-term successes – making virtual work business as usual will take time; people need to see progress and that leadership is committed to making this change
   - Updated performance management and rewards – reinforce the desired behaviors of shared ownership and accountability to business results
2. Create Constructive Discipline – Big Responsibilities for Managers

Managing a blended virtual and in-person team takes discipline and well-tuned organization skills. Employees take their cues from their leaders, so how management behaves matters a great deal.

It is management’s job to help employees who are geographically separated from one another to work together collaboratively and effectively – and it is critical to remember that this is a significant, and in many ways, daunting change for managers.

In one major study, managers expressed concern about being able to gain influence with and maintain control over people, projects, and deadlines when employees were not physically “present.” There was also apprehension about the ability to communicate effectively and to build team trust when not face-to-face. In fact, many managers in the study believed that virtual collaboration undermined accountability, creativity, and innovation. In qualitative interviews with hiring managers in the same study, individual team members had raised concerns about their opportunities for advancement due to lack of their ability to directly interact with and be assessed by their supervisors. The study revealed six top barriers to virtual work: organizational culture (74%); manager concerns (71%); resistance/fear of change (63%); executive buy-in/endorsement (55%); and staff concerns, such as losing an assigned seat (42%) or loss of contact with managers and colleagues (36%). Each of these barriers are impacted, either directly or indirectly, by the degree to which a manager perceives (i.e., their mindset), communicates, and champions virtual work.

What this means is that for virtual work to really take hold, you should get your managers onboard and engaged. Focus resources changing on manager adoption of the new way of working (by following the suggestions on the transition program above) and you can realize broad change throughout your organization more quickly. Don’t pay attention to the role that managers play in a cultural change like this, and you may struggle to reach your goals.

3. Customize a Program for Your Organization – Adapt to Suit Your Needs

One-size-fits-all is a concept that has just about gone the way of the dial-up Internet modem. When it comes to space and logistics in today’s business world, there is no single solution that works for everyone. Therefore, management should approach this change with a program tailored to the culture of their organization, managers, and employees. It is essential to have clear ground rules and policies that define when virtual work is acceptable versus when physical presence is required, and who decides or approves alternative work options. Performance metrics should be adjusted to reflect greater emphasis on results versus activities. Trade-offs and choices should be primarily driven by business needs and “moments that matter” to customers. Equally valid, if we recognize that there are moments that matter, then there are also moments that matter less or not at all, which can open the door for greater flexibility. Ultimately, this is an exercise in managing presence, be it physical or virtual.

To enable employees to work virtually with the same level of effectiveness, the proper technology tools should be in place to support the requirements of a blended work environment. This includes greater bandwidth and availability of broadband and VPN networks, for example, the provision of smart phones and laptops, on-line meeting and conference calling support tools, and widespread use of social networking capabilities that enable manager/employee and team communications, such as SharePoint, LiveMeeting, Microsoft Messenger, and Yammer to name a few.

You do not need to have every possible collaboration technology to make this work for your organization, but you do need to assess what your employees need to meet your business goals and make sure that those resources are in place and reliable. A breakdown in technology can quickly negate any progress made on these efforts, and create greater resistance – so it’s essential that there are resources dedicated to the infrastructure supporting virtual work.
As mentioned above, it is critical for leadership to clearly understand that removing individuals’ personal, defined workspace can leave people feeling deprived of their “territory”. It is important to demonstrate that this need can be met in many different ways, including developing an affiliation with the overall team space and creating meaningful virtual interactions with others. What this means for you depends on your culture and values – spending the time to assess what makes your organization special can go a long way to help you make virtual work part of how you do business.

In summary:
• Structure virtual work options to support business outcomes and the needs of your customers and talent
• Engage everyone in the organization in the journey
• Do not compromise those crucial human in-person connections – remember, the goal is not 100% virtual work, but the appropriate/balanced mix of in-person and virtual options for where and how work is accomplished
• Celebrate success stories – when people see that virtual work is a real option with benefits – they may be more likely to give it a try
• Focus on management – make them the role models to paint a clear and compelling picture of virtual work in action

Making virtual work “Business as usual”

It’s All Been Said, So Let’s Get It Done

How we work is changing, and the change is transformative. Those organizations that embrace the opportunities for greater flexibility and responsiveness, who learn how to operate effectively using virtual work practices as integral to “business as usual,” will be better positioned to thrive and achieve their goals.

While the effort required to adjust to the changing needs of the global workforce and workplace may be daunting, organizations that are figuring out how to blend traditional and alternative work models and tailor virtual work arrangements to their needs are finding this to be an area of significant competitive advantage. They have reduced SG&A costs by using their workspace more efficiently, they have improved employee productivity and satisfaction rates, they have increased their recruiting pools, and they realize growth from a strong employer brand and satisfied customers.

Making this journey isn’t easy. It requires a fundamental shift in the way leaders, managers, and employees communicate, team, and achieve results. Yet we have seen many organizations start down this path with good results, achieving early milestone benefits and impacts from incremental efforts, which encourage further focus and investment. If your organization is ready to take these initial steps, we hope the insights and experiences offered here will help guide your way forward.

Endnotes

4 Brandman University, December 2010, “Virtual Work Environments in the Post-Recession Era,” Charles Bullock, JD, LLM, Jennifer Tucker Klein, PhD.