13 Changes to the Workplace and in the Workforce

What will be the impact of digital transformation on the 2020 workplace? Will office life still be more or less the same, will we still have an office to go to, will we all need to become tech geeks and programmers, will be still be typing on Microsoft Word or will be talking to our computer and using VRS? Will we still meet and socialize with our co-workers and have office friends and networks or will we simply interact remotely? Will our remit be global or will we still act and think within local country boundaries? Will there still be specific function groups, for example for Marketing and IT, or will we all need to become multi-skilled, multi-channel experts?

For sure, the workplace will have changed and there are seven key themes that will characterize this change:

1   Mobile: meaning same speed instant screen access from anywhere
2   Anytime: 24/7/365 communication
3   Democratization: more people involved
4   Flatter hierarchies: less emphasis on managing downwards/upwards and more on contribution and engagement
5   The "Knowledge worker"
6   Global: no boundaries
7   Automation: a lot of what we do today will be done automatically by machines.

Let's consider each of these:

1   *Mobile*

At Unilever, as in almost every other organization, the culture and expectation used to be that people would come to work. They would clock-in or register or at least make their presence felt and be available. Today, Unilever's policy has shifted to accommodate three types of employee: resident, mobile and offsite. Residents are those who still come to work and have their own desk and workspace. That might be the Office manager, Security staff and others who prefer that style. The Mobile worker has typically been the Sales-person out and about with customers but returning to base and hot-desking

there, someone with access but no "permanent home". And then there is the remote worker, who may never visit the office, may be established at home or work as a connected contractor or consultant or supplier who needs and gets access to fellow employees, office news and information, email etc. but always from a remote station.

While that may be a simple but very appropriate way to think about the workplace in 2011, Unilever are studying how the next 10 years will change that categorization. One thing they are certain about: there will still be a need for an office, but there will be a substantial shift from resident to mobile and offsite. This has a far-reaching impact on the size and amount of office space required. It also, and most especially, impacts the IT and communications systems that enable people to still work effectively in teams and make informed and pragmatic decisions while perhaps never meeting in person.

> The challenge we have is that most of our employees do like coming to work, they enjoy the learning and stimulation of working with colleagues as well as the social interaction. The advent of digital technology allows us to find new ways of working and collaborating but they will also require us to get used to a different type of "office life".

The trend to mobile and offsite will continue to grow, but it may be driven as much by pressures to continue to reduce costs as by the availability of technology and what it can easily enable. This raises one stark question for the commercial property industry: Will we still need the same amount of office space in 2020? Surely, companies will be reviewing just how many people they really do need to house in the future. If a persuasive business and HR case can be made for encouraging mobile and offsite then it will be accompanied by the need for fewer square feet. That might impact the major business centers less than the secondary ones. Companies might still feel they "need a presence in the City", for example, but business parks in secondary and tertiary locations may well struggle to retain occupancy rates.

This physical space dilemma is no different than the one discussed facing retail organizations. As online shopping becomes more and more attractive and easy, retailers will need fewer shops. And only now, after years of the "doom mongers" saying that there is a real estate time bomb waiting to go off, are retailers truly beginning to review their shop portfolio and space needs over the next 10 years. Such are the lead times that it can easily take up to 10 years from design to build to occupancy. If the future does require less physical office space then it may soon be time to sell stock in commercial property developers!

2   Anytime

The ubiquity of computers and mobile devices will increase expectations of immediate interaction and response. Consumers already expect 24/7/365 access to the internet, to online shopping (ever seen a website notice saying closed for the weekend!), to call centers to get technical support whenever

needed, access to bank accounts and money transfers, the availability of advice and service whenever they want it and wherever they are. As that consumer demand continues to grow, all forms of customer service will need to provide round-the-clock support. Gone will be the days that people will accept "Our office hours are 9 to 5 Monday till Friday".

Metro Bank is just one of the new organizations to recognize this. It has been a pioneer in retail banking, offering 7-day-week branch opening hours, 8 till 8. Will we, for example, see other financial institutions follow suit? Most have now recovered from the 2008 banking crisis and have, frustratingly, reverted to their old ways, shored up by strongly recovering profits. No need or urgency to change perhaps? But, for example, 24/7 screen trading could allow stock markets to function at all hours. Why do we still need the ceremonial bell to signal the beginning and end of a day's trading? Global trading already means that a stock can be traded even when a particular market has closed. Likely consolidations of the London market with Toronto and the NYSE with Deutsche Bourse, and the 2011 announcement that the Hong Kong exchange is looking to find a global merger partner … all herald some transformational changes that may well lead one day to one global stock market operating 24/7/365.

If stock trading can go this way, then what other parts of the banking process might also change? And if these changes follow through, they may become part of a universal trend to offer a continuous "we never close" service and facility.

And all that means that the workforce will need to adapt to that pattern. It's already happened in retail with some stores open 24 hours a day and, of course, the manufacturing sector, with its high fixed cost asset base, long ago implemented 24/7 shift patterns and working practices to leverage that cost base and investment.

In today's world of competitiveness, the end of the "job for life" philosophy, cost and other pressures, few jobs are truly "safe" and the workforce has had to become more adaptable and flexible to keep its jobs and its wages. So accepting shift patterns, having a willingness to work "nights" while having the day off, participating in global teams and ventures which may conflict with historic social/relaxation at home with family patterns, may become more widely adopted and accepted as the normal way of doing business and holding down a job. In fact most managers today, especially if they are involved in a global company, find they have to have a huge amount of 24/7 flexibility. Time zones mean that a US company dealing with a partner organization or colleagues working in China has only a limited window of same-day time to set up video and conference calls. If a manager in San Francisco wanted to speak to a colleague in Shanghai on the same day then that call would have to be no later realistically than 06.00 PST because the time in Shanghai, at 16 hours ahead, would be 22.00. And it's becoming increasingly common for execs who want to have a "quiet chat" with a colleague or investor or recruit away from the rush of the day job to book conference calls during the weekend.

A Gartner report looking at the 2020 workplace makes this prediction: "Many employees will have neither a company-provided physical office nor a desk and their work will increasingly happen 24 hours a day, seven days a week. This will create issues as the lines between personal, professional, social and family matters will disappear."

3   Democratization

The 2011 McKinsey report on Web 2.0 found that companies who actively encourage wide-spread internal and social networking were more successful than those that did not. The report identified twelve specific web networking technology tools which could contribute to make that difference. These included:

> *blogs, mash-ups (applications that, for example, combine multiple sources of data into a single tool), microblogging, peer to peer, podcasts, prediction markets ("the wisdom of crowds"), rating, RSS (Really Simple Syndication), social networking, tagging, video sharing and wikis.*

Encouraging this internal sharing, discussion, collaboration and up-to-date communication was found to produce benefits in a number of areas. Increased employee satisfaction was near the top of the list as employees were discovering new ways to contribute and feel part of a community with a shared purpose. And the company found benefits in reduced operating costs and an increasing number of successful innovations to the working practices resulting in increased speed of decision-making and faster time to market.

It sounds like this is the way all companies should be moving: a demonstrable and proven way to make a company work in a digital environment; benefits to both employee and employer; potentially easy to implement even though many companies might struggle without a unified messaging and collaboration platform, disparate systems, no connected-up intranet, firewalls or policies restricting access to the worldwide web or to social networks specifically. But at the end of the day they don't need much more than a web browser and a password-protected environment. And there are companies who are already out there and making this Web 2.0 internal socializing work.

Dresdner Bank uses an internal knowledge-sharing "socialtext wiki" to manage meeting agendas and capture the key points and conclusions to provide an easily accessible record and archive trail of project progress which is open to all. Dell has an active social networking program that reaches out to customers but also seeks to engage internally to help unify a geographically diverse global workforce. And instead of waiting for the next CEO podcast, everyone is encouraged to blog, to set up their own community groups, whether work-related or not, and to participate in discussion forums. Walt Disney, Oracle/Sun Microsystems and even General Motors are finding these techniques valuable in both communicating their own corporate messages and also giving everyone in the company a voice and, most importantly, a channel to be heard.

This is the digital equivalent of the water cooler conversation. It's been heralded as one of the biggest changes in a century in the way companies organize and communicate internally. While much was made of the intranet, it typically relied on corporate IT to establish some unnecessarily complex solution which took 2 years to build, cost millions, didn't work well, had an appalling user interface and which no one used. This time around web technology makes it easy: the interface can be simple, Facebook can be the template, keep it hosted in the cloud, adopt a standard keyword search facility and let the users populate and paint the space. As a recent piece of Forrester research on the subject commented: "The product or process is owned by all the people who create it, wherever they are in the creation process, it drives a collective sense of ownership and responsibility."

4   *Flatter hierarchies*

The classic hierarchical organization structure is not fit for the 2020 work place. The new technology world, and the tech socials who will drive it, will require a more collaborative and cooperative way of working. "Command and Control" hierarchy will need to give way to "Autonomy and Empowerment". Looser team-based designs will need to be adopted to replace today's multi-layered approach in which we often find managers managing managers!

As Charles Handy, one of the great strategists of recent times has pointed out: "There is no logic which says that the sequence of decision-making needs to be turned into a vertical ladder so that those who make the early decisions are higher up in the hierarchy than those who implement them. And as history has shown, the larger the organization the more complex the hierarchy and the greater the bureaucracy."

"Destructured" organization design is now being recognized as a form more suited to a fast-paced competitive environment which needs to be able to adapt quickly, make more immediate decisions and better harness the skills and expertise of the *whole* workforce. The buzz words are all about "flexibility, speed, integration and innovation". And the magic number is 50.

50 is regarded as the size of structure and team where everyone can know everyone else, where it's possible to establish critical mass in terms of the variety of skills and experience, where people can easily communicate and collaborate, where decision-making can be quick, where "office politics" can be kept to a minimum and where a true sense of collective ownership can be fostered. Structure can be kept to small teams and team leaders where there is less emphasis on managing and more on doing and contributing. This can generate a sense of empowerment and a feeling that each person is responsible. It's no longer about "I did my bit", but more about "This is mine and we've all got to get it right!"

And yes, this may sound somewhat Utopian and the many who are involved today in a large corporate with all its established structures and ways of working may wonder how it is possible to migrate from the current to the new. But the forces for change will come both externally from the market

place and the need to be competitive and also internally from the new generation of the workforce who will be making their own imprint on how they work and how best to organize.

HP, Xerox, General Electric are examples of big companies who have nevertheless been pioneers of flatter structures. GE was the archetype of the top-down, command-and-control structured company. But they have found ways to re-design their structure so that the divisions run as smaller entrepreneurial units. One of their techniques was to introduce "boundaryless management". This was a direct and persistent attack on their traditional vertical structure. Motorola, before restructuring, had 12 layers of management. After restructuring, it had considerably fewer. By proceeding cautiously, it managed its transition in a way that still protected the company's reputation as a good employer. Edward Jones, the US stockbroker, moved to make itself a flat company by structuring as a confederation of autonomous entrepreneurial units. They are nevertheless still bound together by a central set of shared core values and service ethics. The company today is a network of brokers, each of which works from their own remote but connected office. Companies like Apple and Google are leaders among the new wave who have built their foundations on these same principles. It is becoming the preferred way of working for the new breed of tech companies who have the flexibility and agility to embrace digital technology in this changing landscape.

5   *The Knowledge worker*

The great business guru Peter Drucker succinctly described the fundamental shift brought about by the last 10 to 15 years of technology revolution:

> The traditional factors of production – land, labor and capital have not disappeared, but they have become secondary. They can be obtained and easily obtained provided there is knowledge. Knowledge is the new means to obtain social and economic results. It is becoming the only meaningful resource. (source)

Knowledge has become power and it is estimated that more than 1.5 trillion dollars (GigaOm) a year is being invested worldwide in developing new information and communication technologies, software and hardware to exploit knowledge as a driving source of innovation and advantage. It is also estimated that in developed countries three-quarters of the workforce can now be categorized as being involved in knowledge work or service. (Forty years ago that fraction would have been about one-third.)

The implications are far-reaching for the type of work environment and for the skills people need. Digital knowledge capture, sharing and insight will become the new order. Traditional tasks will become automated, software will carry out the routine and commodity functions, workflow process will be managed by digital communications, paper will eventually become peripheral and people will become displaced and dispersed as a more virtual world of remote information and know-how take over. The interactions of knowledge work are shown in Figure 10.
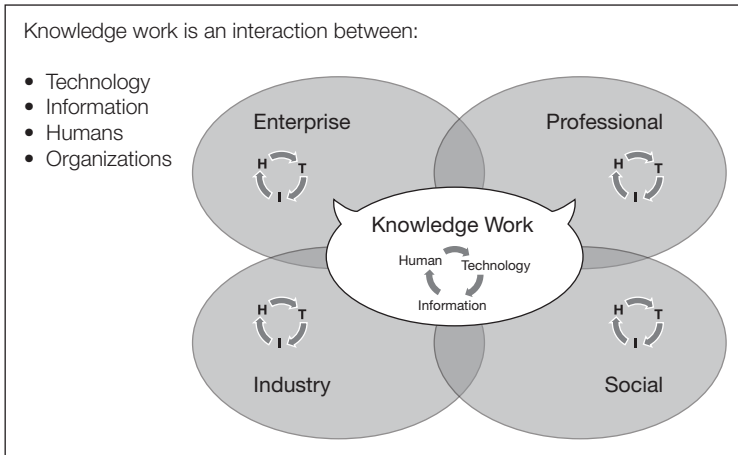
Figure 10 **Knowledge work components**
Source: PARC, Mark Bernstein

This future places a whole new emphasis on "organization design" and training and how to manage and get the best out of teams. "Knowledge workers" have become the new champions of the workforce and *Computer Weekly* has dubbed them the "new elite". Those who understand the technology, who are technically literate themselves, who know the basics of architecture and programming, who are up-to-speed with latest software and hardware in so far as it relates to their industry, who have an awareness of how the technology environment around them will evolve, whose understanding is intuitive enough that they can make the technology work for them, rather than be subjected to it … these are the sorts of people who may well deserve be to be called the "elite" in this decade. Some people grow up with an innate affinity to technology and to IT generally, others will need to be trained in and learn the requisite skills. Whether a salesperson or a marketer, a finance controller or an analyst, corporate careers will need to be built on a thorough understanding of digital technology and how to leverage and harness the knowledge and insight that can be derived from it.

Xerox embarked on a knowledge project to capture the know-how and expertise of their 25,000 strong service technician workforce that was based all over the world. They realized that so much knowledge and know-how was left with the individual that a lot of expertise was being lost and a huge amount of duplication and time was being invested in working out answers to the same problems. Extensive documentation was, it was felt, not the answer because their research showed that most technicians could fix most problems. Instead it was the unexpected and the unpredictable that caused delay and customer, as well as technician, frustration.

Xerox's research centre in Palo Alto, PARC, set about working on a new technology solution based around the idea of establishing a social or "water-

cooler" network where the shared gossip and experience could be captured and easily accessed. Through multiple field observations and design-testing, PARC scientists developed a knowledge-sharing system that codified technicians' tacit know-how, lessons learned, tips and ideas.

It was recognized that to make this work, the technology environment that was created had to be "90% a social process", that its use would evolve over time, that technicians would need to be trained into the process, how to use it and how to input to it. "Our aim has been to create an intelligent work space that users can adapt and take from it what would be helpful so it becomes a part of their natural process and interactions. We have tested it in different organizational settings and placed high emphasis on the socio-cultural factors of new technology use and adoption"

6   Global – no boundaries

A recent PWC report has been examining the increasingly global nature of the economy. Their key conclusions are no surprise. The world is "getting smaller", 25% of the global workforce is expected to be based in India and a further 20% in China by 2050., the aging population in developed countries means one-third of workforce there will be over 50 with the possibility that leadership in technology and innovation will shift to a younger, more entrepreneurial Asian business community, cultural and language barriers will continue to decline as social and community networking becomes further established and entrenched, trade tariffs and other artificial barriers will become harder to maintain and senior business leaders will have to have the confidence and skills to step outside geographic and other boundaries and embrace the "global village".

The biggest challenge, as already touched upon, is that work can be done anywhere. This does not just mean outside the office at home, but in any country anywhere that has adequate communication connections. And the advent of Cloud computing simply reinforces this trend. In a recent review the *Economist* described how, just as servers, storage and desktops are becoming a "virtual cloud", so we are moving to a point where the labor element of IT will also start to become "virtualized". Combine this with a universal skills vocabulary, a universal business language and lower wage costs and we quickly get to a scenario where to keep their jobs the workforce will potentially have to be especially flexible and adaptable, willing to learn but also potentially ready to locate to wherever the knowledge centers of excellence are based.

Of course the "exodus" of jobs from West to East, the brain drain, the growing power of Asian economies, the lower wage rates, the entrepreneurial spirit which is already strong in the developing economies, and Brazil, Russia, India and China in particular, has been well-documented. Armageddon scenarios have been variously touted and rehearsed, predicting massive unemployment and declining economic prospects among Western countries. But those scenarios have been around for some time and we are still yet to see any substantial impact other than slow and incremental change while in

Figure 11   **Job migration**
Source:

fact the major global innovators are still being born out of the west coast of the US, just as they have been for the past 30 years.

What has shifted fundamentally is the mindset required to operate effectively. It has to be global and strategies which are only local in scope are potentially missing big opportunities. That is going to be a key part of the competitive landscape through till 2020 – envisaging and identifying how to scale a new initiative quickly across the world while it is fresh and innovative and different and before it's copied and reengineered by countless others. The new entrepreneurs of the day are coming to market with this way of thinking. The world of boundaries and borders just does not exist. If we can quickly and easily participate in a virtual game with someone in China then why can't we just as easily do business together as well?

7   *Automation*

Is automation a job killer or a job creator? The international market for automation-related products is estimated at c. Euro300 billion according to Forbes, and growth is estimated at 6% to 10% per annum. In Germany, for example, that translates into a Euro35 billion market place employing some 230,000 people. It has become a major contributor to Germany's electronics industry. It has become so wide-spread that it actually reinforces the attractiveness of Germany as a top industrial location, encouraging new companies to set up both domestically and from overseas and all establishing new jobs. Inevitably the skill requirements for these companies require a good to high degree of technology literacy but every organization needs people at all levels to make things happen. In fact so important is this industry as a job creator that it attracts high-level political and state support.

However technology-based industries do not typically promise the same number of local jobs as asset-based production or retail businesses. Compare Google with McDonald's, companies with similar overall revenues. McDonald's employs some 400,000 people worldwide, revenue per average worker of c. $60,000. Google however employs around 25,000 people at average revenue of c. $1m each. The question is: What if McDonald's were to become more like Google because of the level of production automation it was able to introduce? Would it keep the same number of employees but shift the work focus to other areas of value-add and customer service? Or would it simply reduce the number of people on its payroll?

A 2020 Gartner study considered that the worst case scenario would be characterized by substantial broad-based structural unemployment as machines do more and more of the work that was previously done by people. To avoid such a situation, the Gartner research highlighted that the need for flexibility and adaptability among the workforce would be key. Moving to where the work is, being ready to reskill and learn new methods and applications, working to contract rather than having a job for life, part-time instead of full-time, working remotely and not in an office, working for small independent companies rather than big institutions as the smaller organization takes advantage of the cloud to harness numerous remote supporting technologies and partnerships, self-improvement to continue to learn and develop … all these things will become part of the 2020 work scene. And with it our schools and universities will urgently need to adapt their courses to have an increasing vocational and pragmatic rather than academic output.

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Let's leave the final word on the changing 2020 workplace to Philip Tidd, a partner at DEGW, the global strategy consultancy: "What we do know is that in 2020 work will have left the building. Synchronicity and co-location are being turned on their head by new generations and new technology. People will no longer need to be in the same place at the same time every day. We will not need an office, we will connect virtually, the type of work we do will change and the way we interact and depend upon computers will experience a step change too. What we do know is that this will happen. What we don't know is how quickly it will happen or what all the consequences are."