

## Executive Highlights: Navigating Onsite, Remote, and Hybrid Work Models

The COVID-19 pandemic created a mass social experiment in working from home (WFH), changing the post-pandemic future of work. This shift has created complex challenges. Leaders must meet varied expectations in the context of a volatile post-pandemic office culture. In this Executive Highlight, we explore when and where remote work is beneficial. We conclude with strategies and suggestions to move forward, while preserving the positives of in-office and remote work.

In addition to full-time onsite and remote work, a third hybrid option is emerging and, in many cases, already implemented. Hybrid options include work configurations with employees who are co-located in the same physical office space as well as employees working remotely.

A McKinsey & Company survey shows that nine out of ten executives envision a hybrid work model as the future of work.<sup>1</sup> Half of workers now report they do not wish to return to jobs that do not offer remote work. Given the reality of the new labor market, leaders must recognize and adapt to these changes. Surprisingly, 68% of the organizations in the same McKinsey & Company survey have no detailed plan to implement a long-term hybrid work model.<sup>1</sup>

### Remote Work – Benefits and Approaches

Overall, the enormous increase in remote work due to the COVID-19 pandemic has not hit productivity as hard as was anticipated. Many employers have reported that productivity has increased with the aid of chat apps and videoconferencing.<sup>2</sup> Based on a PricewaterhouseCoopers LLP (PwC) survey conducted in 2021, 83% of employers now say the shift to remote work has been successful for their company, compared to 73% back in June of 2020.<sup>3</sup>

### Tasks that can be done remotely

information gathering

teaching

communication

analysis

counseling

In November of 2020, McKinsey and Company analyzed more than 2,000 tasks across 800 jobs. According to this analysis, tasks that involve information gathering, communication, analysis, teaching or counseling can be done remotely.<sup>4</sup>

The fact that many roles can be effectively performed remotely is supported by the continuation of work-from-home policies. A study done by the National Bureau of Economic Research, which surveyed 30,000 Americans, projects that productivity in the post-pandemic economy will increase by 4.6% across the economy due to reduced commuting times.<sup>5</sup> This increase in productivity is expected to be more pronounced in technical jobs that require less teamwork.<sup>6</sup> Furthermore, other surveys such as the one conducted by McKinsey & Company, which surveyed 100 executives across multiple industries and geographies, confirmed that both productivity and customer satisfaction have increased during the pandemic.<sup>7</sup> A subtler issue is the implications of remote work on employee diversity, work-life balance, and the talent pool available to employers.

<sup>1</sup> "What Executives Are Saying about the Future of Hybrid Work." McKinsey & Company. McKinsey & Company, August 28, 2021. <https://www.mckinsey.com/business-functions/organization/our-insights/what-executives-are-saying-about-the-future-of-hybrid-work#>.

<sup>2</sup> "Home and Away: The Economic Side Effects of Flexible Working." Corporate and Investment Bank. Accessed October 21, 2021. .

<sup>3</sup> PricewaterhouseCoopers. "Business Needs a Tighter Strategy for Remote Work." PwC. Accessed October 21, 2021. <https://www.pwc.com/us/en/library/covid-19/us-remote-work-survey.html>.

<sup>4</sup> Lund, Susan, Anu Madgavkar, James Manyika, and Sven Smit. "What's next for Remote Work: An Analysis of 2,000 Tasks, 800 Jobs, and Nine Countries." McKinsey & Company. McKinsey & Company, March 3, 2021. <https://www.mckinsey.com/featured-insights/future-of-work/whats-next-for-remote-work-an-analysis-of-2000-tasks-800-jobs-and-nine-countries>.

<sup>5</sup> "Why Working from Home Will Stick - NBER." Accessed October 21, 2021. [https://www.nber.org/system/files/working\\_papers/w28731/w28731.pdf](https://www.nber.org/system/files/working_papers/w28731/w28731.pdf).

<sup>6</sup> Nguyen, Mimi. "Why Working from Home Doesn't Work for Many Employees." Time. Time, August 13, 2021. <https://time.com/6088110/remote-work-structured-hybrid-research/>.

<sup>7</sup> "What Executives Are Saying about the Future of Hybrid Work." McKinsey & Company. McKinsey & Company, August 28, 2021. <https://www.mckinsey.com/business-functions/organization/our-insights/what-executives-are-saying-about-the-future-of-hybrid-work#>.

A survey by the Harvard Business Review shows that people of color and highly educated women with young children place an especially high value on the ability to work from home part of the week.<sup>8</sup> Thus, offering remote work options can help organizations hire and retain diverse talent.

The National Bureau of Economic Research reports that 20% of full working days will be from home after the pandemic, compared to 5% in the pre-pandemic era. This increase is due to:

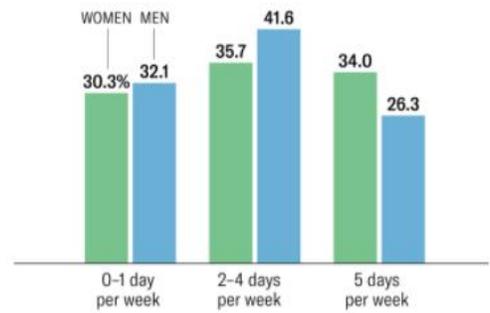
- Better-than-expected Work from Home (WFH) experiences
- Greatly diminished stigma associated with WFH
- New investments in physical and human capital that enable WFH
- Lingering concerns about crowds and contagion risks
- Pandemic-driven technological innovation that supports WFH<sup>9</sup>

Similarly, findings from a Barclays-YouGov survey confirm that employers are twice as likely to encourage staff to work from home on average two days per week.<sup>10</sup> Employers cited reasons such as cost-saving, better retention, increased overall flexibility, reduced commute times, and increased productivity.

### College-Educated Women with Children Want More Work-from Home Days

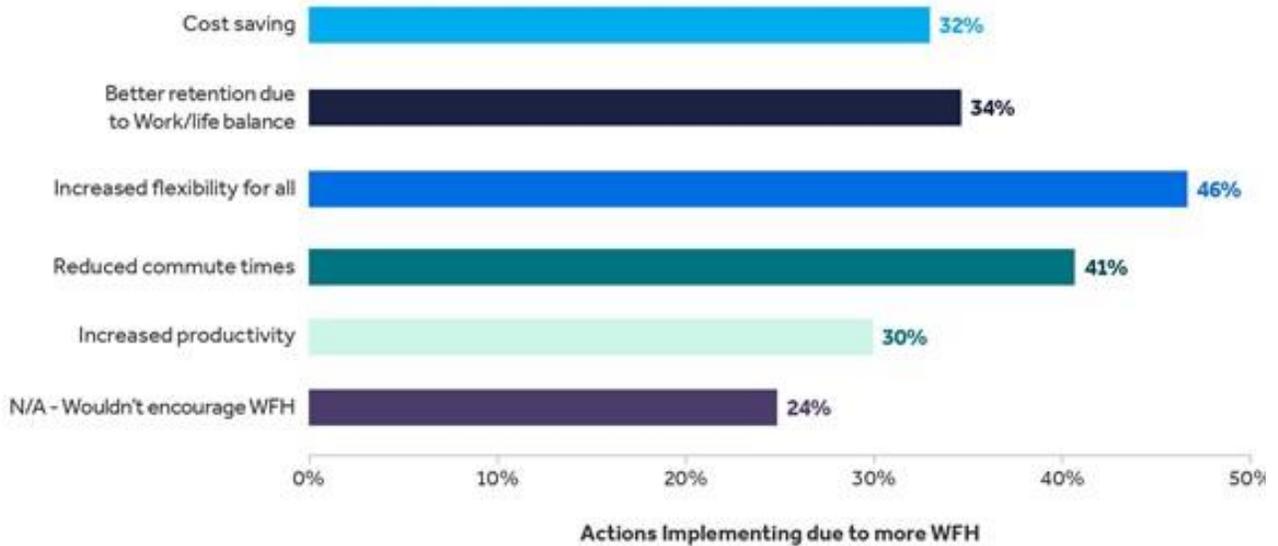
Among college-educated employees with young children, 34% of women want to work from home five days per week, compared to 26% of men.

After Covid, in 2022 and beyond, how often would you like to have paid workdays at home?



HBR

Source: Harvard Business Review



Source: Barclays-YouGov Survey

<sup>8</sup> "Don't Force People to Come Back to the Office Full Time." Harvard Business Review, August 24, 2021. <https://hbr.org/2021/08/dont-force-people-to-come-back-to-the-office-full-time>.

<sup>9</sup> "Why Working from Home Will Stick - NBER." Accessed October 21, 2021. [https://www.nber.org/system/files/working\\_papers/w28731/w28731.pdf](https://www.nber.org/system/files/working_papers/w28731/w28731.pdf).

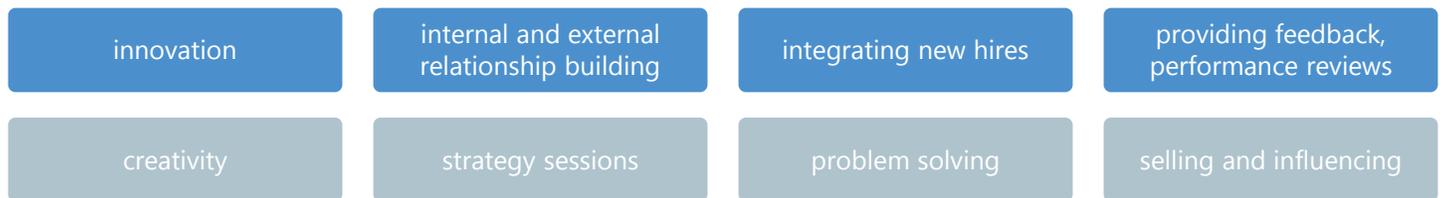
<sup>10</sup> "Home and Away: The Economic Side Effects of Flexible Working." Corporate and Investment Bank. Accessed October 21, 2021. [https://www.investmentbank.barclays.com/our-insights/The-economic-side-effects-of-flexible-working.html?cid=paidsearch-textads\\_google\\_google\\_themes\\_flexiblefuture\\_us\\_research\\_wfh\\_exact\\_323853214458&gclid=CjwKCAjwybyJBhBwEiwAvz4G75ZAsx7G6\\_gAU0hd4MJC2oUM2-cKPbqozxr-](https://www.investmentbank.barclays.com/our-insights/The-economic-side-effects-of-flexible-working.html?cid=paidsearch-textads_google_google_themes_flexiblefuture_us_research_wfh_exact_323853214458&gclid=CjwKCAjwybyJBhBwEiwAvz4G75ZAsx7G6_gAU0hd4MJC2oUM2-cKPbqozxr-).

## Onsite Work - Benefits and Approaches

Remote work impacts employees' and teams' abilities to collaborate effectively. According to Mimi Nguyen, a Design Engineering PhD fellow at Imperial College London, who has been researching "multi-disciplinary collaboration in a work-from-home environment", remote work breaks the mechanism that allows a team to work together creatively. Remote work makes it harder to maintain what is known as "team flow," a state where the collective attention of the team is focused on a single problem together, contributing to the best creative work.<sup>11</sup>

According to McKinsey and Company's November 2020 analysis, building customer and employee relationships, integrating new hires, providing feedback, selling and influencing, and making important decisions (strategy sessions) all suffer when done remotely, along with problem solving, innovation, and creativity.<sup>12</sup>

### Tasks that may suffer when done remotely



Based on another McKinsey & Company's report in 2021, not every organization has increased team and individual productivity during the pandemic. Although 58% of executives report productivity improvements, 31% observed no changes in productivity.<sup>13</sup> Noticeably, the same report shows that there is a high correlation between increases in individual productivity and team productivity: "C-suite executives who say that individual productivity has improved are five times more likely to report that team productivity has risen too."<sup>10</sup>

Productivity leaders in this report tried to support "small connections" such as project discussions, idea sharing, mentoring, and coaching between colleagues, whereas productivity laggards making the same effort through chat applications and videoconferencing were significantly lower. Additionally, productivity laggards did not expect or foresee that managing remotely can differ from on-site management. Remote management requires increasing 'small connections' to provide and receive feedback. Proactively increasing these interactions through chat and video applications can address "the loss of empathy that often accompanies gains in authority".<sup>10</sup>

<sup>11</sup> Nguyen, Mimi. "Why Working from Home Doesn't Work for Many Employees." *Time*. Time, August 13, 2021. <https://time.com/6088110/remote-work-structured-hybrid-research/>.

<sup>12</sup> Lund, Susan, Anu Madgavkar, James Manyika, and Sven Smit. "What's next for Remote Work: An Analysis of 2,000 Tasks, 800 Jobs, and Nine Countries." McKinsey & Company. McKinsey & Company, March 3, 2021. <https://www.mckinsey.com/featured-insights/future-of-work/whats-next-for-remote-work-an-analysis-of-2000-tasks-800-jobs-and-nine-countries>.

<sup>13</sup> "What Executives Are Saying about the Future of Hybrid Work." McKinsey & Company. McKinsey & Company, August 28, 2021. <https://www.mckinsey.com/business-functions/organization/our-insights/what-executives-are-saying-about-the-future-of-hybrid-work#>.

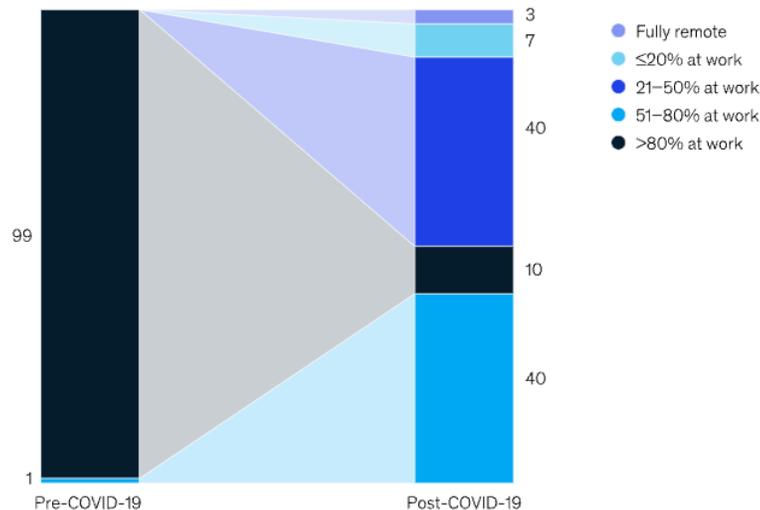
## Long-Term Hybrid Solutions

With 2021 being called the year of the ‘Great Resignation,’ the U.S. Department of Labor estimates that the annual quit rate was 25.5% in 2020, and millions of workers have resigned in 2021 already.<sup>14, 15</sup> One way to increase retention is to maintain the work-life balance employees enjoyed when working from home while reintegrating them back into the office.

A plausible solution for the future is a “structured hybrid model”, acknowledging that working from home does not work long-term for some jobs while still giving workers flexibility. One way to implement a structured hybrid model is to “designate certain time slots or specific days for in-office working for all employees. These days should be focused on meetings, client events, training, and team building. Work from Home days are for more quiet work, data analysis, and video meetings.”<sup>16</sup>

### In the post-COVID-19 future, C-suite executives expect an increase in hybrid work.

Past and future expectations of time spent at work location,<sup>1</sup> % respondents



<sup>1</sup>Question: What level of remote working (for roles typically associated with being office-based) does your organization have?

McKinsey & Company

The structured hybrid model combines flexible hours with time slots/days for compulsory office attendance. This will allow white-collar workers to achieve the work-life balance they enjoyed during the pandemic. This model can also remove the two-tier system, where those present in the office benefit from their higher visibility to management, while those who prefer WFH get left behind.<sup>17</sup> In line with this model, most executives expect that (for all roles that aren't essential to perform on-site) employees will work on-site 21% to 80% of the time or 2 to 4 days per week.<sup>18</sup>

The challenge for managers is to find a suitable hybrid model and make it work. Offices will remain an essential part of social interactions and company culture at work. In addition to a place used for meetings, training, and mentoring rather than the process and task-driven spaces of the past.<sup>19</sup> Additionally, mishandling the transition to hybrid work can exacerbate social

<sup>14</sup> Nguyen, Mimi. “Why Working from Home Doesn't Work for Many Employees.” *Time*. Time, August 13, 2021. <https://time.com/6088110/remote-work-structured-hybrid-research/>.

<sup>15</sup> “Table 4. Quits Levels and Rates by Industry and Region, Seasonally Adjusted.” U.S. Bureau of Labor Statistics. U.S. Bureau of Labor Statistics, October 12, 2021. <https://www.bls.gov/news.release/jolts.t04.htm>.

<sup>16</sup> Nguyen, Mimi. “Why Working from Home Doesn't Work for Many Employees.” *Time*. Time, August 13, 2021. <https://time.com/6088110/remote-work-structured-hybrid-research/>.

<sup>17</sup> Nguyen, Mimi. “Why Working from Home Doesn't Work for Many Employees.” *Time*. Time, August 13, 2021. <https://time.com/6088110/remote-work-structured-hybrid-research/>.

<sup>18</sup> “What Executives Are Saying about the Future of Hybrid Work.” McKinsey & Company. McKinsey & Company, August 28, 2021. <https://www.mckinsey.com/business-functions/organization/our-insights/what-executives-are-saying-about-the-future-of-hybrid-work#>.

<sup>19</sup> “Home and Away: The Economic Side Effects of Flexible Working.” Corporate and Investment Bank. Accessed October 21, 2021. <https://www.investmentbank.barclays.com/our-insights/The-economic-side-effects-of-flexible-working.html?>

inequalities and jeopardize an organization's diversity, equity, and inclusion efforts. "Remote work only offered to highly paid employees, while requiring lower-level employees to work from company premises can lead to loss of loyalty, low retention rates, and firm-specific knowledge highly valuable to the firms."<sup>20</sup> Lower-paid workers are more likely to live further from the office and less likely to be able to afford childcare services.

Additionally, despite popular belief, the preference for remote work crosses generational lines. A big mistake employers can make is to assume that the younger workers do not want to be in person. On the contrary, many junior workers value time on-site because they want to be mentored and increase face time with the executives who will be crucial to their career development.<sup>21</sup>

As we are slowly shifting to a new labor market enormously affected by the realities of the pandemic, companies are going through a trial-and-error phase with their approach to reintegrate workers into a more long-term work routine. Leaders and businesses who embrace flexibility, communication, and transparency throughout the process are more likely to emerge as winners in the post-pandemic world.

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<sup>20</sup> "Don't Lose the Democratizing Effect of Remote Work." Harvard Business Review, August 27, 2021. <https://hbr.org/2021/08/dont-lose-the-democratizing-effect-of-remote-work%20->

<sup>21</sup> "Why Younger Workers Want Hybrid Work Most." *BBC Worklife*. BBC. Accessed October 22, 2021. <https://www.bbc.com/worklife/article/20210729-why-younger-workers-want-hybrid-work-most>.

## About ClearPath Business Advisors:

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We are a team of seasoned, multi-disciplinary business executives with finance, accounting, operations, sales, and legal expertise. We strive to become a part of our client's teams, working closely and alongside business owners and their management.

We are also a firm with a heart, guided by our core values in creating high value for our clients while delivering on our promise of being a different type of consulting and advisory firm. We lead with our core values of Integration, Convergence, Service, and Every|One, and we donate 25% of our M&A transaction success fees to charity.

Ultimately, we just want to work with good people who could use our help.

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