A flex-able future: Integrating flexibility at financial institutions

The demand for flexibility in the workplace is rising. Find out how to implement flexibility at your financial institution.

The heart of the matter

In an era of talent shortages in which millennials and others are seeking rewards beyond compensation alone, we believe that flexibility is at the core of a strong employee value proposition. By offering flexibility, financial institutions can differentiate their brands and gain a competitive edge in the market for skilled employees.

The financial services industry faces a significant challenge attracting, engaging, and retaining employees, due to a confluence of factors such as changing demographic preferences and the damage the industry's image sustained during the downturn.

It's especially hard to recruit younger employees to the industry; 21% of more than 4,000 millennials surveyed by PwC in 2012 said they would rather not work in the financial services sector.[1]

Senior executives are worried: 59% of industry CEOs who participated in PwC's annual Global CEO Survey in 2014 view a shortage of skilled workers as a threat to the growth of their organizations.[2]

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In a tightly regulated industry faced with shrinking margins, few financial institutions can afford to boost compensation significantly. But there's one thing they can offer to help attract qualified candidates and engage and retain top talent: flexibility.

Workplace flexibility—alternating the time, place, and/or way of working—is one of many factors that can impact the ability of financial institutions to achieve their business objectives.

[1] PwC, "Millennials at work: Reshaping the workplace in financial services," April 2012, www.pwc.com.

[2] PwC, "17th Annual Global CEO Survey: Fit for the Future," 2014, www.pwc.com.

Growing demand for flexibility

Around the world, governments and businesses are exploring or embracing flexibility. The UK government launched the Agile Future Forum in 2013 to explore the benefits of flexible work practices for employers and employees, and in June 2014 the government granted all employees in the UK the right to request flex work.[3] In Japan, the government is promoting flexible working to encourage mothers to stay in the workforce to help support the country's rapidly aging population. In Europe, flexible working is widespread, driven by regulations and social expectations. In the US, the White House Summit on Working Families was held in June 2014 to address growing national interest in flexible working.[4]

There are wide variations in flexibility adoption across countries and regions. Thus far, the push for flexibility has been strongest in North America and Europe. More recently, we've seen a push for more flexibility in countries such as India, particularly among global financial institutions in which heavy workloads have contributed to employee burnout. We expect the demand for flexibility in other regions of the world to grow as well in the coming years, as younger generations enter the workforce, social norms shift, and global competition increases. For example, we expect to see cities and countries across Asia, including China, Singapore, and Hong Kong, to embrace the concept as they actively strive to become stronger global competitors. And while Latin American countries such as Brazil and Mexico have been slower to embrace flexibility, we believe that the increasing globalization of the workforce, the influence of millennials, and the need to compete on an international stage will drive flexibility in those countries as well.

[3] The UK Government, www.gov.uk, accessed October 29, 2014.
[4] The US Department of Labor, www.dol.gov, accessed October 29, 2014.

Trends driving flexibility in financial services

We have identified five global trends that are driving workforce flexibility in the financial services industry, from pressure on employees to do more with less to technology that enables flexible work:

Demand on talent to do more with less.

As the financial services industry downsized in recent years, employees left behind were asked to do more, often without a corresponding increase in compensation. In countries such as the United States and India, expanding workloads and longer workdays have led to employee burnout. Now many employees are demanding flexible work arrangements to increase their work-life balance and as non-monetary compensation for their heavy workloads. Some are opting out of the financial services industry entirely, including many young employees who are being wooed away by technology companies that offer high pay and generous benefits.

Shifting demographic preferences.

Leading the call for flexibility is the millennial generation—employees born between 1980 and 1995 and currently in their twenties and thirties. PwC conducted a large generational study of employees in 158 countries and found that across countries, millennials desire greater flexibility at work. For example, 64% of millennials indicated they would prefer to work from home occasionally, and 66% would like to shift their work hours. In addition, this generation is increasingly unwilling to sacrifice their personal lives to advance their careers; 15% of male employees we surveyed, and 21% of females, indicated they would forego some pay and accept a slower pace of promotion in exchange for working fewer hours.[5]

While millennials are driving the trend toward workforce flexibility in the financial services industry, other groups are joining the chorus. That includes, among others, employees near retirement, retirees who want to work part-time, working mothers, and increasingly, working dads; in a study by Boston College researchers, 95% of high-skilled working fathers cited workplace flexibility policies as an important job characteristic.[6]

"As a mother of two, I cannot put a price on the flexibility that my job affords me; I would not accept a higher paying position elsewhere that didn't provide it to me. Being there for my children...wherever they need me, without compromising my career, is invaluable. But I also recognize that my track record and tenure have a lot to do with my ability to have flexibility, and that as an organization we can do more to offer flexible options to attract a younger generation of employees."

– Managing Director, Global bank

[5] PwC, "PwC's NextGen: A global generational study: Evolving talent strategy to match the new workforce reality," 2013, www.pwc.com.

[6] Harrington et al, "The New Dad: Take Your Leave—Perspective on paternity leave from fathers, leading organizations, and global policies," Boston College Center for Work & Family Carroll School of Management, 2014, www.bc.edu, accessed October 29, 2014.

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Globalization.

The globalization of business is shifting employee expectations for flexibility. Increasingly, employees are taking jobs outside of their home locations. Such assignments have increased 25% over the past decade, and PwC projects an additional increase of 50% by 2020.[7]

We expect to see a high level of mobility among financial services employees in the coming years as the industry grows in emerging economies. The growth potential is enormous: By 2023, China's banking sector is projected to overtake the US and by 2050, the combined assets of the BRIC countries (Brazil, Russia, India, and China) and Turkey, Mexico, and Indonesia will exceed those of the G7. We expect to see more flexible practices emerge, as more employees pursue international assignments and collaborate across borders, bringing with them or taking home flex practices and expectations. Already, many employers are addressing millennials' desire for more flexibility—for instance, by offering shorter international assignments and providing them earlier, before these employees start families.[8]

It's not just employees on location who benefit from flexibility. So do local employees of multinational financial institutions that offer flex practices, such as allowing workers in relatively autonomous roles (for example, regulation and risk analysis) to work from home. Through such practices, multinational financial institutions may help to spread the concept of flexibility around the globe.

Shifting demographics, changing preferences

- Six out of 10 CEOs participating in PwC's 2014 annual Global CEO survey cited demographic shifts as the global trend that will transform their businesses the most over the next five years.[1]
- An estimated 360 million older workers are set to leave the global workforce by 2050.[2]
- Working mothers are the sole or primary source of income for 40% of US households with children.[3]
- Worldwide, millennials express a desire for greater flexibility at work. If they were able to make their current jobs more flexible, 64% of millennials surveyed by PwC indicated they would like to work from home occasionally and 66% would prefer to shift their work hours.[5]
- The financial crisis had a major impact on employee loyalty: Only 10% of millennials working in the financial services industry plan to stay in their current roles for the long term, versus 18% across sectors.[6]

[1] PwC, "17th Annual Global CEO Survey: Fit for the future," 2014, www.pwc.com.
[2] PwC, "Building trust in a time of change: Global Annual Review 2013," 2013, www.pwc.com.
[3] Wendy Wang, Kim Parker, and Paul Taylor, "Breadwinner moms," Pew Research Center, May 29, 2013, www.pewsocialtrends.org, accessed October 29, 2014.
[4] Harrington et al, "The New Dad: Take Your Leave—Perspective on paternity leave from fathers, leading organizations, and global policies," Boston College Center for Work & Family Carroll School of Management, 2014, www.bc.edu, accessed October 29, 2014.
[5] PwC, "PwC's NextGen: A global generational study: Evolving talent strategy to match the new workforce reality," 2013, www.pwc.com.
[6] PwC, "Millennials at work: Reshaping the workplace in financial services," April 2012, www.pwc.com.

[7] PwC, "Talent Mobility: 2020 and beyond," 2012, www.pwc.com.

[8] *Ibid.*

Regulation.

Government regulation is another key driver of workforce flexibility. Over the past decade, a number of countries, predominantly in Europe, have enacted legislation that mandates the maximum number of hours employees are able to work each week (typically 40 to 50 in most European countries) as well as the length of vacations (four to five weeks is standard in Europe) and maternity leaves. Some European countries have gone further. For example, in 2011, the government of the Netherlands launched its New Ways of Working (NWoW) initiative to encourage employers and employees to adopt flexible work practices, such as job sharing and working from home, in part to address traffic congestion and environmental concerns.

Technology.

Technology is both enabling flexible working and driving an increased demand for flexibility—especially among millennials, who grew up with technology and expect to work flexibly and collaborate remotely. Technology makes it possible to work remotely, collaborate virtually, connect globally, and conduct business 24/7.

While regulatory and other requirements limit the flexibility of many financial services employees, technology such as remote desktop sharing, mobile apps, and videoconferencing and meeting software is making it possible for some employees, such as those in back office and corporate functions such as HR and finance, to work offsite. PwC research suggests that the use of technology to enable flexibility is likely to accelerate: 53% of participants in our global report on the workplace of 2020 think that technology breakthroughs will “transform the way people work over the next 5-10 years.”[9]

Driven by these five trends, many financial institutions have begun to implement flexibility initiatives. But in our observation, few are achieving desired outcomes. Some institutions are implementing “bolt-on” solutions they’ve observed in other organizations, but these solutions are not a good match for their own organization’s business strategy and objectives. Others are striving to implement flexibility uniformly across the organization, without a clear understanding of which roles lend themselves to flexibility or whether flex initiatives support the overall business strategy.

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A few leading financial institutions have implemented flexibility programs that are helping them to achieve business objectives. For example, several leading insurance companies have invested in technologies to enable home-based call centers, with the objectives of boosting efficiency and reducing cost and employee turnover. Rather than copying the programs of others, these leading institutions are assessing their own business case for offering flexibility and designing programs that align with their business strategies. They are carefully considering how and where to implement programs and are tailoring their flex programs and practices for different functions. Additionally, their flexibility initiatives have the strong support of senior leaders.

[9] PwC, “The future of work: A journey to 2022,” 2014, www.pwc.com.

Key considerations when evaluating financial services' roles for their ability to accommodate flexibility		
Key requirement	**Example roles/functions**	**Outlook for flexible working—Examples**
Being physically onsite to access the systems and infrastructure required to do the job and meet customer needs.	• Equity, commodity, fixed income, and foreign exchange traders • Bank branch personnel • IT data center technicians and managers • Facilities personnel • Internal support functions (such as HR, Finance, Operations, Legal, Risk and Compliance)	• Many traders, enabled by technology, have already exited traditional trading floors. But cyber security concerns and insider trading threats will likely curtail additional workplace flexibility for traders. • Bank branches, though declining in numbers, will continue to exist as the key interaction point for customers with more complex banking needs. As a result, the potential for these roles to embrace flexibility will be limited. • While some financial institutions are embracing flexibility for internal support personnel, in many organizations, management by "face time" and a lack of trust of employees working remotely remains prevalent. Internal support roles currently require employees to be present to support the customer when needed. For example, a large global bank recently reversed its work from home policy for tech and operations staff in order to foster collaboration and teamwork. • We anticipate that internal support functions will have increased flexibility options as the industry feels the pinch of talent shortages. To access the best talent, leaders should trust their employees, manage employees by outcomes, and provide a culture that supports flexibility. Additionally, technology such as cloud- and software-as-a-service (SaaS)-based systems is making it easier for employees to access the appropriate systems from remote locations while maintaining security protocols—further supporting flexibility.

Key considerations when evaluating financial services' roles for their ability to accommodate flexibility

Key requirement	Example roles/functions	Outlook for flexible working—Examples
High level of responsiveness; need to respond to customer inquiries 24/7.	• Shared service centers (such as internal IT help desk, HR service center employees) • Customer service/call center representatives • Business continuity/ disaster recovery personnel	• Globalization, technology, and a common business language have enabled large global financial institutions to offer flexibility to employees in shared service and call centers. In fact, customer service centers are one area where flexibility has already been embraced as companies get creative on costs. We anticipate large global financial institutions will continue to operate follow-the-sun shared service and customer call centers, enabling multiple offices to cover service at all hours via a coordinated schedule, using enabling technology (for example, case management systems). • There is an opportunity for shifting of call center work from office to home as companies look to reduce real estate costs, specifically for those employees who have demonstrated proficiency and trustworthiness. For example, some insurance companies have already shifted call center work to employees' homes by installing secure infrastructure within the homes so that employees can manage their work queue remotely, just as if they were at their desks. • Business continuity teams must be "on call" to handle critical emergencies. Technology enables some emergency response to be carried out remotely; however, we anticipate these employees will continue to physically be onsite when called upon, given the crisis nature of their work.
Demanding productivity requirements and/or employee population requiring close monitoring.	• Processing roles • Customer service/ call center reps • Paralegals • Entry-level staff	• We believe that the majority of call center employees will continue to work onsite because management needs to monitor how representatives talk to customers and how they spend their time. Managers must be able to observe and provide feedback directly. Increasingly, productivity will be tracked through systems, so in-person management will primarily be related to leading by example, coaching, answering questions, and triaging issues. • While most processors will need to work onsite, financial institutions may offer flexibility options to transactional employees who have demonstrated a high level of productivity. For example, an institution might offer flexibility to high performers or implement milestone programs that grant increasing levels of flexibility after a certain number of months or years of employment.

Key considerations when evaluating financial services' roles for their ability to accommodate flexibility		
Key requirement	**Example roles/functions**	**Outlook for flexible working—Examples**
Collaboration, problem solving, and idea generation.	• "Business as usual" leadership and management teams • Strategic functions and/or product development teams • Employees involved in strategic transformation initiatives (for example, M&A, regulatory response)	• Leaders and managers who are triaging issues and solving problems should primarily be onsite. But they also should lead by example in order to create a culture of flexibility. We anticipate that leaders will increasingly honor their vacations, take intermittent work-from-home days, and alter their workload to reflect their flexibility requirements, especially as companies look to keep women in management and leadership roles. • Transformational initiatives require employees to take on additional responsibilities for a fixed period of time. These employees will have less flexibility because of the need to collaborate, generate ideas, and create solutions. Increasingly, teams will have to collaborate closely under tight deadlines, such as responses to regulatory requirements.
Travel and/or remote offsite.	• Claims adjusters • Sales reps	• The role of claims adjuster is shifting due to technology that puts documentation of small claims in the hands of consumers. Using smartphones, customers can document and submit claims easily via Web portals. Over time, the role of adjusters will evolve from documentation to audit and investigation, and these employees may be able to enjoy more flexibility—for example, working some days from a fixed location reviewing claims and being on the road other days investigating suspicious claims. • Though technology is increasing the ability to engage customers remotely and to conduct due diligence virtually, there is nothing like face-to-face collaboration for sales personnel. These employees already have flexibility in the timing of their work but will likely continue to be "on the road" in order to have face-to-face interaction with customers and prospects.
Working across borders.	• Within global financial institutions, employees working for markets outside of their region/time zone	• The trend of collaborating across borders will continue to increase, and employees who work in global roles will flex their own personal schedules in order to do their jobs. For example, US-based traders covering Asian or European markets will continue to arrive and leave early to cover the markets.

The case for flexibility

There's ample evidence that offering flexibility can yield significant benefits for financial institutions and their employees. Among the key benefits: flexibility can help institutions attract top talent, engage and retain valued employees, boost productivity, and reduce costs.

Attracting top talent: Offering flexibility can help financial institutions improve perceptions of their industry, making it easier to recruit millennials and others who value flexibility and work-life balance. Increasingly, we hear from clients' recruiters that they are losing talent when they don't offer flexibility.

Engaging and retaining talent: A 2013 survey by WorldatWork found that flexibility has a positive impact on employee engagement. The survey also revealed a positive correlation between flexibility and low turnover rates.[10] PwC's own research reveals that a lack of flexibility makes millennials more likely to leave an organization.[11]

"How do we continue to attract our fair share of talented people? I would say the key is offering people the opportunity to learn, grow, and succeed on their own terms. It's all about opportunity and a commitment to develop our people regardless of where they are in their careers, and to give them the flexibility to work in a way that suits their lifestyle."

Dennis Nally, Chairman
PricewaterhouseCoopers International Ltd.

When it comes to engagement, a little flexibility goes a long way. According to a study by the Gallup organization, engagement peaks when employees spend 20% of their time working remotely. [12]

Increased productivity: Flexibility can also boost productivity, according to the Gallup study cited earlier, which found that remote employees worked on average four more hours each week and were slightly more engaged than their on-site colleagues.[13] And 72% of firms participating in a global study by Regus in 2012 said there's a direct link between flexible work practices and increased productivity.[14]

Reduced cost: Flexibility can yield cost savings in several areas. Remote work and hoteling environments can reduce a financial institution's real estate footprint and related costs (some large institutions are saving tens of millions of dollars annually through this approach). Video and teleconferencing can reduce travel expenses. Flexibility can also reduce the rate (and cost) of absenteeism, according to a UK study that found flex employees are less likely to call in sick when they're not.[15] Finally, because flexibility can decrease turnover, it also can reduce the considerable cost of finding, hiring, and training new workers.

[10] WorldatWork, "Survey on workplace flexibility 2013," October 2013, www.worldatwork.org, accessed October 29, 2014.
[11] PwC, "PwC's NextGen: A global generational study: Evolving talent strategy to match the new workforce reality," 2013, www.pwc.com.

[12] Gallup, Inc., "State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders," 2013, www.gallup.com, accessed October 29, 2014, Copyright © (2013) Gallup, Inc. All rights reserved. The content is used with permission; however, Gallup retains all rights of republication.
[13] *Ibid*.
[14] Annabel Palmer, "Remote working: A new approach to 9-5; An increasing number of companies are embracing it, but the security issues are worth considering," January 31, 2013, www.factiva.com, accessed October 29, 2014.

[15] CIPD in partnership with Simplyhealth, "Absence Management: Annual survey report 2013," 2013, www.simplyhealth.co.uk, accessed October 29, 2014.

Overcoming barriers to flexibility

Despite the compelling business case for workplace flexibility, many financial institutions do not offer flex options to their employees. Why do they fail to embrace a concept that could help to bolster the bottom line?

In our experience, there are four key obstacles that prevent financial institutions from offering flexibility: fear of the effects of reduced face-to-face collaboration; increasing regulation; bias around face time; and concerns over coordinating and transitioning work among employees.

Reduced face-to-face collaboration.

The biggest concern our clients express is that flexibility will reduce face-to-face collaboration, which could lead to a loss of communication and stifle innovation. Some clients worry that when employees work from home, the institution won't benefit from the spontaneous "water cooler" conversations and informal brainstorming that occurs when employees work in close physical proximity.

We believe this is largely a generational issue. Technology today enables virtual collaboration, and millennials are often more comfortable with remote communication (via text and instant messaging) than face-to-face interaction.[16]

Many projects do not require in-person collaboration on a regular basis. While virtual collaboration may not be quite as effective as the face-to-face variety, due to technology limitations, in our experience the benefits usually outweigh the costs.

To mitigate the potential negative impact of remote working on collaboration, financial institutions can do the following:

- Provide guidance to help employees navigate flex work arrangements and understand when they may need to forego flexibility in order to meet business goals (for example, during major launches, annual business planning).
- Invest in videoconferencing technology and online social collaboration tools, including video chat, instant messaging, and applications that enable content management and sharing of documents.
- Establish periodic formal team gatherings to help employees maintain close working relationships and enable in-person brainstorming, idea generation, and innovation.

[16] Paula Aven Gladych, "To get millennial clients, get inside their heads," April 9, 2014, www.factiva.com, accessed October 29, 2014.

Increased regulatory requirements.

While regulation is a driver of flexible working, it can also present a barrier to flexibility. In particular, banks in the US face a significant increase in regulatory requirements in response to the most recent recession. This has led to a higher volume of work, and tighter deadlines for employees who are responsible for risk and compliance activities, and has made it more difficult for banks to offer flexibility to these workers.

To mitigate the impact of increased regulatory requirements, financial institutions can take the following steps:

- Leverage flexibility during down times to offset the demanding requirements employees face during busy seasons.
- Increase hiring of risk and compliance talent.
- Emphasize flexibility as part of the employee value proposition to make the organization more attractive to job candidates.

Bias around face time.

Managers need to trust their flex employees to work remotely and take on challenging assignments. But some managers are biased toward having their employees physically present. Bias around "face time" may result in flex employees being overlooked for projects or skipped over for promotions.

Managers may not even be aware of their unconscious bias. A study by the University of Washington showed that in companies offering flexible work schedules, supervisors had an implicit bias toward employees who worked from 7 a.m. to 3 p.m.–an earlier and more traditional workday—and against those who chose a flexible schedule, working from 11 a.m. to 7 p.m.[17]

As with concerns over face-to-face collaboration, bias around face time appears to be mainly a generational issue. Baby Boomer managers who are unaccustomed to remote working may view millennials' desire for flexibility as a sign that they're less committed and effective on the job. Some managers may confuse presence with productivity—for instance, noticing which employees arrive early and leave late, without considering the results they produce. Others may feel threatened if their direct hires are not in the office, perhaps worried that their own value as managers might be called into question.

[17] Yam, K. C., Fehr, R., & Barnes, C., "Morning employees are better employees: Employees' start times influence supervisor performance ratings," Journal of Applied Psychology, June 2014.

Financial institutions can take five actions to address manager bias around face time:

- Demonstrate leadership support for flexible working. The CEO sets the tone for the rest of the management team. Bias trickles down from the top of the organization, and so does a supportive attitude. Leadership should regularly communicate support for flexibility and ensure that these messages cascade down through the organization.
- Hire and promote managers in part on their ability to manage employees based on the outcomes they produce.
- Provide training in how to manage flex workers. Managers must learn to focus on outcomes, not appearance, and adopt new techniques to manage remote teams, such as weekly scheduled calls and periodic instant messaging check-ins.
- Review and modify performance and promotion programs to accommodate flex workers, ensuring that these employees have compensation and career paths similar to those of non-flex employees.
- Use online collaboration tools to partner with and engage flex workers.

Coordination/transitioning of work across employees.

Job sharing, work-at-home programs, flexible hours, and other flex policies can make it more difficult to coordinate employee activities. This can lead to problems such as inability to access critical information when needed as well as redundant tasks or omission of critical tasks.

For example, without clear communication between two employees who share jobs, both might perform the same task. Or neither may perform the task because each believes the other has completed it. In addition, unless responsibilities are clearly defined, there may be friction over who is accountable for mission-critical tasks.

There are four ways to overcome this obstacle:

- Assign clear accountability for key tasks and projects.
- Define standard operating procedures (SOPs) for transition periods between employees who share responsibilities but work different schedules. Train employees in SOPs and communication procedures for hand-offs.
- Ensure that someone is always available to answer critical questions or provide key information, or that the required information is readily accessible and up-to-date. For example, make sure that all employees store the latest version of content on a shared space (for example, a content management platform, or an online application for creating, editing, and storing documents and spreadsheets).
- Leverage technology, such as project or case management tools, to help in assigning, tracking, and managing tasks of employees who share jobs (for example, in insurance and bank call centers).

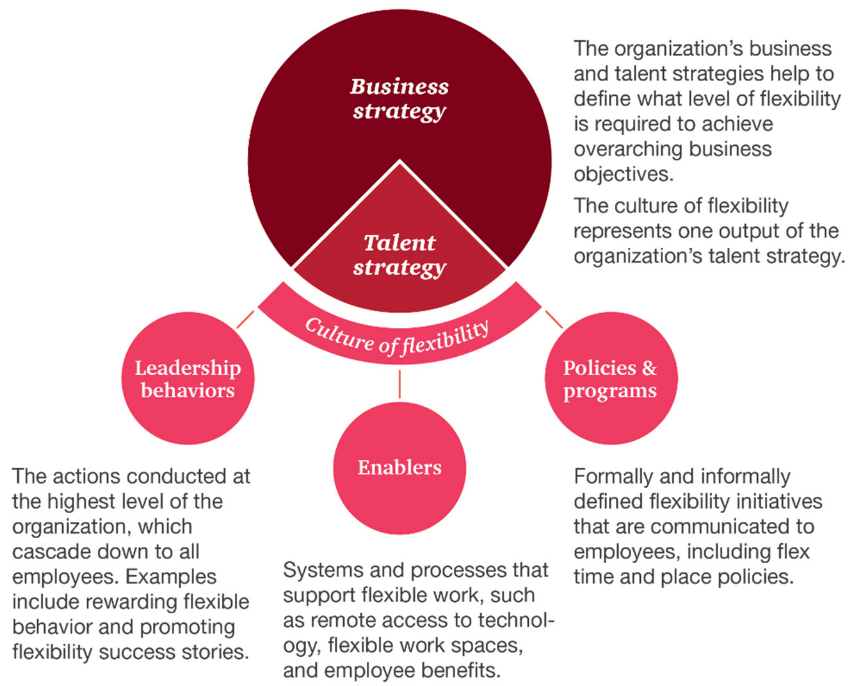
Building a culture of flexibility

In our view, to achieve their business objectives, financial institutions should apply a strategic approach to flexibility—one that supports the organization's business and talent strategies, has the strong support of leadership, is enabled by the appropriate systems and processes, and includes well-designed policies and programs. Flex policies and programs can be implemented across the organization but should be customized to meet the needs and unique requirements of different functions.

However, introducing flexibility into an organization's way of working is not as simple as drafting a policy. Rather, as described in Figure 1, it requires a balance across three critical components: leadership behaviors, flexibility enablers (systems and processes), and policies and programs. These components are akin to three legs of a tripod; if any is missing, a flexibility initiative won't stand. The more closely the three components are aligned with the business strategy, the more effective a flexibility strategy will be.

Figure 1: Culture of flexibility.

The practices and behaviors that manifest in an organization around flexibility are based upon three components: leadership behaviors, systems and processes enablers, and policies and programs. The more closely these three components are aligned with the organization's business and talent strategies, the stronger the culture of flexibility.



Leadership behaviors.

Leaders have the greatest influence in establishing a financial institution's values and driving them throughout the organization. If leadership is not truly supportive, flexibility initiatives will not gain traction.

To develop or maintain a culture of flexibility, leaders should be prepared to do the following:

- *Lead by example.* Executives should take advantage of flexible workplace policies themselves, encourage their teams to do the same, and frequently communicate their support for flexibility.
- *Incorporate flexibility into organizational objectives.* Building a flexible workplace does not have to be an explicit objective, but an institution's flexibility programs should support the organization's overall business objectives.

- *Recognize and reward flexible behavior.* Executives should consider spot bonuses or other recognition for managers who promote flexible working and simultaneously exceed their business goals. They should also reward successful flexible teams, monetarily and/or via celebratory events.
- *Highlight and promote success stories.* To communicate support for flexible working, leaders should recognize teams that have embraced flexibility—for instance, by acknowledging them in team meetings and/or via more formal channels, such as intranet publications.

Flexibility enablers.

Enablers are those systems and processes that support and reinforce flexible working. Flexibility enablers fall into four categories:

- *IT/technology systems* that enable remote working and collaboration. Examples include remote access to email, remote desktop sharing, mobile apps, videoconferencing and meeting software, and internal social networking platforms.
- *Real estate/office space* that supports flexible working, such as hoteling systems, which enable employees to reserve desk space when needed; conference rooms with videoconference capabilities; modular space designs that enable collaborative work; and rejuvenation spaces, such as sleeping pods, meditation or serenity rooms, and rooms for new mothers.
- *Talent process and tools* that support flexible working. These include career paths that accommodate flexibility; training for employees and managers in how to work effectively remotely and how to manage flex workers; and recruiting messaging that emphasizes the organization's flexibility practices.
- *Employee benefits and perks* that support flexible working and help employees to balance or blend their business and personal lives. Examples include free or discounted services and amenities, such as an onsite gym; dry-cleaning and salon services; free or subsidized food and beverages; and onsite medical, pharmaceutical, and child care services.

Flexibility policies and programs.

There's no standard blueprint for building a flexible workplace. Flexibility policies can be formal or informal, and programs can vary widely from one organization to the next, depending on the business strategy and needs of the workforce.

Formal "flexible work arrangements" (FWAs) are typically negotiated between employees, their managers, and HR. Flexibility policies may also set the boundaries for less formal practices that employees and managers can request, permit, and enforce on an ad hoc basis.

Flexibility programs typically revolve around three components: time of work, place of work, and/or how work is done:

- *Flex time:* Examples of flex time include compressed work schedules (for example, working 40 hours a week in four days rather than five); and part-time, part-year, or irregular work schedules (for example, extra hours at insurance call centers in the wake of major disasters, or in client service at bank centers when market volatility leads to an increase in call volume). Other options include flex days, leaves of absence, sabbaticals, and rotational "in office" schedules, whereby teams decide who will be in the office when. Some organizations also offer reduced work schedules, such as phased retirements and phased re-entry (for example, for new mothers).
- *Flex place:* The term flex place refers to remote working (for example, from home or satellite offices). Working from home is perhaps the most common example of workplace flexibility. Many organizations have also implemented hoteling, "couch rooms" for brainstorming and informal meetings, and various other collaborative work spaces for employees who share jobs or only work in the office occasionally. Some organizations have established satellite offices as shared spaces to be utilized as needed by employees who live nearby. As urban centers become more crowded and traffic increases, we expect to see a corresponding growth in the use of flex places to work.
- *Flexible ways* to *work:* Many flexible ways of working are already embedded in the day-to-day experience of employees, such as checking emails from home on smartphones. Other common examples include job sharing; conference calls versus face-to-face meetings; and the use of collaboration technology.

Variations in the maturity of flexibility initiatives

Illustrative examples from three industry segments

	Global asset management firm	Global property and casualty insurance provider	Global bank
Leadership behaviors	Leaders emphasize the value of in-person collaboration and catching up at the water cooler. They see remote working as a risk to innovation, and they generally do not support flex work arrangements.	Leaders are a barrier to flexibility. They have an "old school" mentality and do not embrace flexibility at the highest levels. Mid-level managers embrace flexibility within their teams. Flexibility cultures are formed in pockets of the organization, driven by managers responding to younger employees.	Commitment to flexibility varies and tends to follow local policies and regulations. There are pockets of leaders who are leading by example, encouraging employees to take advantage of flexibility programs.
Flexibility enablers	Videoconference technologies allow offices across the world to collaborate in a more personal way. Videoconferencing is primarily available from offices, not homes.	The company has invested in advanced IT systems and office infrastructure, which it continues to enhance. Technology enables virtual collaboration via one-on-one video chat capabilities, video conferencing, etc.	Technology enablers, such as videoconferencing, are used extensively in order to reduce the time that employees spend on the road. Emergency childcare arrangements, and in some locations, onsite childcare, are provided.
Policies and programs	Policies are informal and typically are implemented "under the radar," and often are rewarded only to high performers.	Policies are formally defined at and communicated to managers via manager toolkits and other materials. Policies exist, but are not communicated broadly to the entire employee base. At-home workers are set up with a desk as well as a computer and phone with the appropriate security protocols.	Policies and programs vary from country to country, but there is a global emphasis on work-life balance. Informal flex arrangements are in place, usually on an ad hoc basis and in parts of the organization where employees are not required to be in the office.

Leading On par Lagging

PwC's approach to building a culture of flexibility

There is no one-size-fits-all approach to building a flexible workplace, but flexibility policies and programs should support the business and talent strategies, address the unique needs of the workforce, and meet the requirements of each job. We have developed a five-step approach that financial institutions can apply to begin building a flexible workplace.

Step 1: Assess the current state.

Determine where your financial institution lies within the flexibility maturity model (see Figure 2). Maturity levels range from "traditional" (institutions that have no flex policies or programs in place) to "strategic" (organizations in which flexibility is integrated into business objectives and embedded in the organizational culture).

Assess your institution's strengths and weaknesses, focusing on the three key components required to build a culture of flexibility (leadership behaviors, flexibility enablers, and policies and programs). For example: Are the institution's leaders committed to flexible working, or reluctant to embrace the concept? Do you have FWAs in place, and if so, what enablers exist to support them? How robust are your flexibility policies and programs compared to those of your closest competitors for talent? Exploring questions such as these will help you evaluate the maturity of your organization with respect to flexibility.

Figure 2: Flexibility maturity model

	Traditional	Non-committed	Limited	Committed	Strategic
Leadership behaviors	Leaders view flexibility as career limiting and reward 24/7 availability.	Majority of leaders do not actively support flexibility programs.	Support is ad hoc and varies by leader. If flex programs and policies are in place, most leaders do not support them, and employees do not feel comfortable using them.	Majority of leaders are supportive, and employees feel empowered to use all available tools to promote flexibility.	Leadership views and supports flexibility as a strategic advantage. Leaders lead by example, reward flexibility, and promote success stories.
Flexibility enablers	Limited or non-existent.	Limited and not uniformly provided (for example, smartphones only for staff who must travel).	Available in some departments.	In place to support all programs and policies offered.	Strong enabling infrastructure in place in technology, HR, real estate, etc.
Policies and programs	None, other than exceptions to the norm.	Employee-driven, with relatively low participation.	Basic and primarily in relation to life events.	Wide range provided to all employees and connected to the organization's talent strategy.	Provided to all employees and tailored to different roles. Connected to talent and business strategies.

Current state self-assessment quiz.

As shown in Figure 3, a self-assessment quiz can help you quickly assess the maturity of your organization's flexibility model.

Figure 3: Self-assessment quiz

To what extent do you agree or disagree with the following?	Fully agree	Partially agree	Disagree
Leadership behaviors			
Leadership supports and enables flexibility across the organization.	☐	☐	☐
Several leaders within the organization "walk the talk" with regard to flexibility.	☐	☐	☐
The organization actively promotes key messages around flexibility.	☐	☐	☐
Our flexible culture enables us to retain talent who might otherwise leave.	☐	☐	☐
Job applicants are attracted to our company's flexibility policies.	☐	☐	☐
Managers feel equipped to manage remote staff members.	☐	☐	☐
Flexible work has the potential to support our strategic business objectives.	☐	☐	☐
Flexibility enablers			
We have the tools, systems, and processes required to enable collaboration in a more virtual workforce.	☐	☐	☐
Employees who work remotely still feel connected and engaged.	☐	☐	☐
We offer training for employees/managers on effectively working in a flexible environment.	☐	☐	☐
Our recruiting messaging emphasizes our flexibility practices.	☐	☐	☐
Our existing career paths are supportive of flexible work arrangements.	☐	☐	☐
Flexibility policies and programs			
My company has a formal flexible work program and policies in place.	☐	☐	☐
Our flexibility strategy is competitive in the financial services marketplace.	☐	☐	☐
Our flexibility model is built on a country-by-country basis, with flex practices tailored to local preferences.	☐	☐	☐
Employees of all demographic segments utilize our flexibility programs.	☐	☐	☐

Note that you do not need to "fully agree" with every statement in order for your flex policies and programs to align with your company's business objectives.

Step 2: Define the future state vision.

Develop a clear vision of the desired future state of your organization with respect to flexibility. We recommend adopting an enterprise-wide view of flexibility, with a clear vision of what the organization believes in, which can then be customized within functions and roles as appropriate.

Define your objectives in building a flexible workplace. Objectives can vary from reducing operational, real estate, and/or other costs to increasing employee engagement and retention. Consider different regions, roles, and other variables when defining objectives, and ensure that the objectives align with the organization's business and talent strategies. Defining your objectives will help you determine where you want to be positioned within the flexibility maturity model.

Once you have developed clear objectives for building a flexible workplace, decide on the key components of your future state vision. For example, will you implement flexibility enterprise-wide or only in certain regions and roles? If the latter, determine where flexibility will be allowed, and why.

Assessing flex potential by role.

Some roles/functions in the financial services industry lend themselves to flexibility while others do not. For example, working entirely from home usually is not feasible because most financial services jobs require some level of in-person collaboration. The requirements of each role will determine the potential for flexibility.

Examining which roles are suited to flexibility and which are not can help ease the envy that some employees may feel when their peers are offered flexibility but they are not. The key is to clearly communicate the organization's flexibility policies and the rationale for them, so that employees who desire flexibility have a clear understanding of which jobs can accommodate it.

After the key details of the future state vision have been documented, conduct a gap analysis to determine the changes required to realize the vision.

To gain leadership support, build the business case for flexibility. Emphasize the benefits of flexibility, focusing on measurable target outcomes that will resonate with business leaders, such as cost savings from reducing the organization's real estate footprint, or a target percentage increase in employee retention. Quantify the projected return on investment (ROI) of flex policies and programs to the extent possible.

Step 3: Create an implementation strategy and roadmap.

Create an implementation strategy and roadmap, including the build-out of flexibility policies, programs, processes, technologies, and metrics to gauge the success of those initiatives:

Policies: Develop an enterprise flexibility policy. This policy should lay out the broad framework for flexibility within the organization, and communicate the organization's commitment to a culture of flexibility. A flexibility policy should be aligned with other talent management policies, such as rewards, and should serve as the guiding post for all flexibility programs.

Programs: Once the overarching flexibility policy has been developed, create programs to reinforce the policy. Organizations typically develop multiple unique programs to accommodate varying job roles and responsibilities as well as employees' differing needs.

In designing flexibility programs, tradeoffs may be required in order to meet employees' desire for flexibility while also addressing business objectives. For example, a business might give employees the option of working from home but require them to absorb some or all of the cost of a home office. Or they may offer flex working during slower times but ask workers to commit to longer hours during critical periods (for example, insurance claims adjustors worked overtime in the wake of Hurricane Sandy). Such details should be clearly spelled out in flexibility programs.

Flexibility programs should be consistent with the organizational culture. While some organizational cultures embrace flexibility and others resist it, we believe that the majority of financial institutions can introduce informal flexibility practices, at a minimum.

Processes: Update existing processes and develop new ones as needed to support the organization's flexibility programs. For example, talent management processes should be reviewed in order to ensure they do not unfairly punish individuals who have flex work arrangements. Training should also be developed to emphasize managing by outcomes.

Technology: Design a roadmap to identify those systems that may be required, or those that may need to be decommissioned, to enable the policies, programs, and processes associated with flexibility.

Metrics: Develop metrics that help executives evaluate the success of flexibility policies and programs, focusing on measuring output/results as well as performance related to the three components of a flexible culture (for example, conduct employee surveys to assess leadership support for flexibility programs).

In creating an implementation strategy and roadmap, it's also essential to:

- Clearly define the roles and responsibilities of employees on flexible work arrangements and their managers.
- Consider whether to launch your program(s) formally or informally, depending on your level of confidence around the offering and the volatility of the business. Informal policies allow you to have some flexibility with scaling back efforts.
- Define your roll-out strategy. Conducting pilots is one way to "test the waters" and determine how well flexibility works before committing to robust, enterprise-wide programs.

Step 4: Implement the roadmap.

The pace of rollout should be appropriate for the organizational culture. For example, organizations for which flexibility represents a radical change would do well to implement gradually, to minimize disruption and ensure acceptance of new flexibility policies and programs.

To help ensure success, enlist senior management to communicate regularly throughout the rollout. This effort should include formal communications as well as leaders "walking the talk," or leading by example.

Seven ideas for everyday team flexibility.

The ideas listed below were solicited from PwC engagement and project teams. The teams have applied these ideas to integrate flexibility into their everyday work.

1. **Weekly update meeting/calls.** Each Monday morning the team has a standing 30-minute meeting/call to go over that week's work schedule and communicate key dates and critical deadlines.
2. **Flex day.** Each team member works his or her agreed upon hours in four days and chooses one day not to work. The frequency of flex days (for example, weekly, monthly, quarterly) is determined by the team and work commitments. Flex days are scheduled in advance and agreed to by all.
3. **Remote day.** Team members can choose days to work remotely. The team plans the days in advance, rotating members to allow for adequate coverage of clients.
4. **Early departure night.** The team decides on one night during the week when the entire group can leave the office at a pre-set time that is earlier than usual. Early departure nights are particularly important if weekend work is planned.
5. **Personal night.** Each team member can select nights when he or she can leave at an agreed-upon time. Team members are not required to specify a reason. Schedules should be coordinated at the team level to ensure the requests are feasible and that appropriate coverage is in place.
6. **Administration time.** Protected time is blocked off on the calendar for completing required administrative tasks.
7. **Start/stop time.** The team reserves blocks of time for client meetings and specifies other blocks of time when work will be performed. For example, the team might agree on core hours when everyone works in the office, but offer flexibility in terms of when individuals arrive or leave. The group might also agree that team members can leave once they've completed their assigned work (which helps to break the cycle of staying at the office until the boss goes home).

Step 5: Monitor and measure results to drive continuous improvement.

Ongoing monitoring and measurement are key to the continuous improvement of flexibility policies and programs. Measure and report on progress toward projected outcomes frequently, and modify policies and programs as needed in response to metrics as well as lessons learned during implementation. Continually review the business case to ensure you are achieving the business objectives of flexibility policies and programs.

The following are two primary examples of metrics that gauge the impact of flexible work practices on achieving business objectives. Which metrics you use will depend on the maturity of your flexibility policies and programs.

Foundational metrics: Many financial institutions do not have the ability to measure the impact of flex working because of the ad hoc nature of implementation. At a minimum, these institutions should track the following flexible work practices to create a baseline understanding of how widely flexibility is being practiced across the organization:

- Employees leveraging flex time (such as number of days/hours per week, part-time).
- Employees leveraging flex place (such as number of employees who work from home).
- Employees leveraging flexible ways of working (such as the number of employees leveraging job sharing).

Advanced metrics: Institutions with more mature flexibility policies and programs should measure the extent to which their organizations are realizing the projected benefits of flex working. Useful metrics to track include:

- Cost savings from real estate, reduced turnover (for example, lack of training cost, lost productivity), and other measurable benefits of flexibility.
- Correlation of flex work arrangements with performance, engagement, and turnover.

Conclusion

Attracting, engaging, and retaining talent is one of the most pressing challenges facing financial institutions today. Given the ongoing evolution of employee preferences, flexibility is a critical offering. Financial institutions that fail to offer flex options to their employees risk losing top talent to competitors within and outside the industry.

With strong leadership support, enabling processes and systems, and defined flexibility policies/programs, financial institutions can differentiate their brands from competitors while boosting productivity, reducing costs, and improving the bottom line. In the global market for talent, institutions that embrace flexibility can gain a competitive advantage.

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"A flex-able future: Integrating flexibility at financial institutions," PwC, November 2014, www.pwc.com/fsi