

Remote Working and the Platform of the Future

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Executive Summary

The COVID-19 pandemic has prompted a vast, sudden, and unforeseen global experiment in remote work. In the face of government lockdowns and social distancing protocols, companies around the world sent employees out of the office. In fact, nearly 80% of white-collar employees have worked remotely at some point since the beginning of the pandemic.

To date, the results have been positive. More than 40% of managers report that productivity has actually increased among their remote workforce, and a similar percentage believes their overhead costs will decline. Employees have also seen benefits, including a greater focus on the task at hand, increased flexibility in their working hours, and a significant improvement in their work-life balance. Society as a whole benefits, too, thanks to the potential for greater workplace diversity, income equality, and environmental sustainability.

Yet this unexpected shift has not been without challenges. Managers worry that remote working can lead to a loss of control over employees' activities and say it makes ensuring team engagement more difficult. Furthermore, some employees say they struggle to maintain a sustainable work-life balance if not managed carefully, and many lack the adequate training and tools necessary to work outside the office efficiently.

These insights come from a survey on the future of work, recently conducted with thousands of managers and employees in companies across Europe. Our survey found that despite their recent experiences, the large majority of European companies have a considerable amount of work to do to gain the full benefits of remote work. Their success will depend on seven key factors, including a transparent remote-working vision, selecting the right operating models, promoting trust-based management, and establishing the technological foundations and solutions needed.

In this report, we delve deep into the results of our survey and offer detailed suggestions for ensuring that managers and employees alike succeed in working remotely. After all, the managers we surveyed expect almost half of their workforce to continue to work remotely to some degree even after the pandemic subsides. It is our sincerest hope that the insights, recommendations, and solutions offered in this report will help guide companies in their journey to the hybrid future, ensuring they thrive in and come out as leaders of the new reality.



The Point of No Return

In February, the World Health Organization declared the coronavirus a pandemic, changing the nature of work immediately, and perhaps forever. With governments across the globe mandating lockdowns and social distancing rules, companies closed their offices, people everywhere were forced to stay home, and the world embarked on an unprecedented remote work experiment.

The speed and extent of the shift to remote work has been startling. In Europe, almost 80% of office workers have been working from home since the beginning of the pandemic, up from less than 20% prior to the crisis. As the pandemic subsides, many workers will likely return to their offices in some form, yet these past months have undoubtedly marked a turning point in the future of work.

The “new normal” has shown companies, employees, and society at large that the broader use of remote working is not only possible but beneficial, if done right. Some companies will insist that all their employees return to the office; others will allow everyone to work remotely. The most probable outcome of the pandemic-enforced experiment in remote working, however, is likely to be a hybrid model, which at its best will combine the virtues of both.

There will be a long-term adjustment to how we think about our employee location strategy.

– CEO of a leading British bank

To better understand how organizations are shaping—and being shaped by—the sudden shift to remote working, BCG surveyed, in collaboration with KRC Research, more than 1,500 managers and 7,500 white- and blue-collar employees across 15 European countries in a broad range of industries, and interviewed numerous European business leaders at major companies. This Future of Work Survey allowed us to assess how remote working has evolved in recent years and is likely to evolve in light of the pandemic; examine the motivations of business leaders and the challenges they face; and map the journey to the robust hybrid working platform of the future.



The State of the Remote-Working Art

Remote working has been around for over 50 years, yet despite advances in the tools and technology that enable it, its adoption has been limited and slow until very recently.

The idea of remote work with the aid of digital technology dates to 1973, when Jack Nilles of NASA, using a telecommunications system to work from home, coined the term “telecommuting.”

The use of such systems to work remotely, however, grew slowly prior to the pandemic, accounting for just 16% of the working time of the average European white-collar worker, according to our survey. Indeed, a large proportion of employees did not have access to remote work at all—nearly 80% of white-collar employees did not work remotely prior to COVID-19.¹

1. A respondent is considered to be working remotely if she/he reports spending one day or more per week working somewhere other than the physical office.

Historically, media, telecommunications, and technology companies have been at the forefront of the remote-working movement, largely to win the “war for talent,” especially in highly competitive jobs such as software development and research and development. Remote working spread slowly to other sectors with similar challenges, including finance and energy, and particularly in knowledge-intensive occupations. (See Exhibit 1.)

Before COVID-19, the share of time employees spent working remotely also varied widely across European countries. Denmark and the UK led the movement, followed by the Netherlands and Belgium. (See Exhibit 2.)

The COVID-19 Experiment

With the onset of the pandemic, the nature of work changed swiftly. To control the spread of the coronavirus, most European governments implemented a range of stringent contingency measures, including lockdowns, stay-at-home orders, and social distancing measures. In some countries, hospitality-related businesses and restaurants were ordered to close down completely. Despite varying degrees of success, the message was clear: everyone who could stay at home, should. To ensure business continuity, virtually every company was forced to deploy a variety of work-from-home policies.

As a result, nearly 80% of white-collar employees have worked remotely at some point since the beginning of the pandemic. The number of workers in operations and customer-facing roles, jobs traditionally carried out almost exclusively onsite, who were sent home at least one day a week more than doubled. Overall, the amount of time European workers of all types have spent working remotely has tripled.

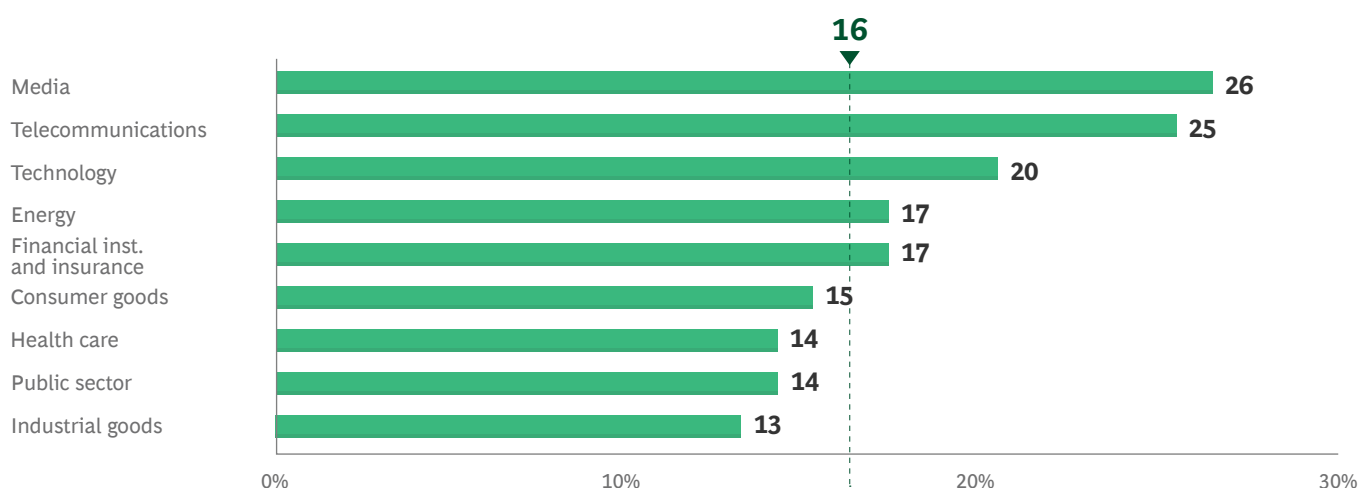
In short, the pandemic has been the greatest catalyst for remote work in history.

The Future of Work Is Hybrid

While it is unlikely that employees will continue to work outside the office to the extent they’ve been forced to since the onset of the coronavirus, our survey shows that the pandemic will transform the nature of work permanently. Most companies will likely move to a hybrid model of work, partly remote and partly in the office. Remote working is not without real challenges—managerial, operational, and technological—but our research suggests that the benefits, for managers and workers alike, outweigh the drawbacks, and the comfort level with hybrid working will improve with experience.

Exhibit 1 - Media, Telcos, and Tech Companies Lead in Adoption of Remote Work

Time European employees worked remotely, pre-COVID-19, by industry (%)

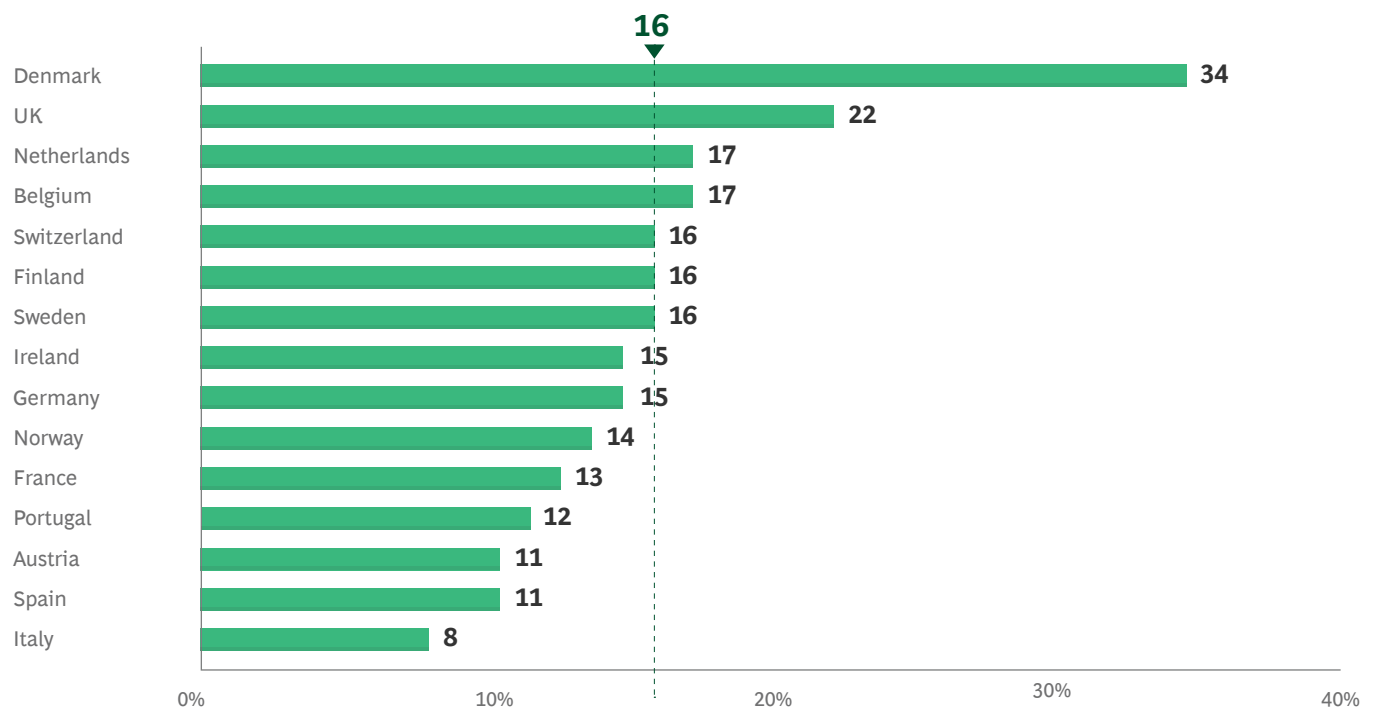


Sources: KRC; BCG analysis.

Note: Includes white-collar roles (i.e., not in operations or customer service roles) working remotely at least one day per week.

Exhibit 2 - Denmark, the UK, and the Netherlands Are at the Forefront of Remote Work

Time European employees worked remotely pre-COVID-19, by country (%)



Sources: KRC; BCG analysis.

Note: Includes white-collar roles (i.e., not in operations or customer-service roles) working fully or partially remotely.

65%

Management expects 65% of the workforce to follow a partially hybrid remote model after COVID-19, of which 18% are expected to be fully remote

According to our findings, managers and employees agree that remote work is here to stay. Overall, managers expect that almost half of their workforce will work in a hybrid remote model in the future, and an additional 18% will work fully remotely. Half of all surveyed employees expect to have remote-working options once the pandemic subsides, rising to two-thirds among white-collar workers. Employees enjoy the increased flexibility remote working offers and how it accommodates their family and personal needs. At the same time, however, they report difficulties maintaining cohesion among teams and other cultural aspects of working.

**We may never return to working as we did before.
Client and employee behavior has changed in
lasting ways.**

– CEO of a global bank

Given the expectations of managers and employees for the future of work, key questions remain for business leaders seeking to capture the maximum benefits of hybrid working.

- What will the future of work look like?
- What value can be unlocked by enabling a hybrid of remote and onsite work models?
- What are the main challenges to overcome?
- How should a remote-working platform be set up to support the transformation to hybrid work?



The Hybrid Value Proposition

While the exact nature of the future of work remains uncertain, the results of our survey show that a hybrid model, if implemented correctly, can create a “win-win-win” for companies, their employees, and society at large. Balance is a key success factor, as this vision of working will be sustainable only if all three parties benefit from it.

A Source of Value for Companies

The results of our survey indicate that managers foresee three main benefits to remote working. Just over half expect cost savings, 43% expect improvements to talent attraction and retention, and 42% expect productivity increases.

Cost Savings. Among the key benefits—and long a factor in promoting remote work—is the potential for reductions in office space and, thus, overhead costs. More than 40% of managers expect a reduction in overhead costs, and 40% of them expect reductions of over 20%.

Savings will come from the need for fewer individual workspaces, as companies adopt hot-desking policies. At the same time, other types of office space, such as social and learning spaces or meeting spaces to promote collaboration between remote and onsite workers, may increase, if to a lesser extent. Some companies may choose to redesign their office footprint, moving office space to smaller satellite locations. Besides increasing flexibility and convenience for employees, this model could also offer savings if these new workspaces are located in lower-cost areas.

More than half of managers also expect remote-working policies to deliver payroll savings, primarily by adjusting compensation to account for where remote employees are located.

People now perceive remote work as an employee right.

— Head of a Spanish multinational food company

The War for Talent. Our survey suggests that remote working can be a key driver for recruiting talent and reducing attrition among workers. During pandemic-enforced lockdowns, employees experienced firsthand the benefits of remote work, such as less commuting. Many became accustomed to the advantages of this new way of working and will likely keep demanding flexibility in the future. Indeed, about half of surveyed employees, across all age groups, would like to work remotely at least one day a week.

These results suggest that policies promoting remote working can help attract more diverse and skilled talent. Jobseekers will be more likely to apply to firms with remote-working policies—more than half of respondents rated remote-working policies as important when seeking a new job. This is especially the case for staff with skills in areas that are in high demand, including IT and technology, research and development, and finance and accounting.

Remote-working policies may also lead to lower attrition. According to our survey, companies with remote-working policies are almost 50% more likely to be rated as an attractive workplace. Finally, these policies allow companies to access new talent pools across geographies.

A Productive Workforce. The global economy is still at the beginning of a large-scale remote work experiment, but early signs suggest that remote work could have the potential to improve productivity. Fully 80% of surveyed business leaders who work remotely say their teams are at least as productive when working remotely as they are when onsite. Indeed, more than half believe their teams are even more productive working remotely, and one-quarter of them expect productivity gains of over 20%. Our findings suggest that these gains come from three sources: increased focus on work, greater flexibility and fungibility, and reduced absenteeism.

- **Increased Focus.** At the individual level, working remotely can reduce the distractions of a busy office environment, helping employees concentrate. Surveyed employees report that individual tasks requiring limited collaboration are more efficient when done remotely. One-third of employees reported that remote working increased their productivity when executing a specific solo task, such as coding or analyzing data, or thinking and strategizing. Remote working also minimizes interruptions from coworkers, which employees say is the main reason for lost time.

These findings are supported by studies conducted prior to COVID-19. A 2015 study, for example, tested the impact of working outside the office on productivity. The results showed that remote working led to a 13% performance boost, driven by a combination of greater efficiency and longer working hours.²

- **Greater Flexibility.** Productivity can be further enhanced by the flexibility remote allows. As workers are not as constrained by location or time, they can rebalance their workloads more easily, and at lower personal cost. This is especially relevant in functions with variable peaks in demand, such as customer service.

Employees who work remotely can also be reskilled more quickly, boosting workforce fungibility. Companies are now recognizing and prioritizing this opportunity. For example, Bank of America trained close to 3,000 employees to shift to customer service roles during the pandemic.

- **Reduced Absenteeism.** Finally, studies suggest remote work can reduce absenteeism, thanks to increased engagement.³ Employees appreciate the fact that they can work from home even if they or their children have mild health issues, for instance.

2. “Does Working From Home Work? Evidence From A Chinese Experiment,” *The Quarterly Journal Of Economics* 130 (1): 165-218, 2014.

3. Gallup, *State of the American Workplace*, 2017.

The Employee Benefit

The ability to work remotely offers two major potential benefits for employees: increased well-being thanks to greater working flexibility, and a lower cost of living.

Work-Life Balance. Working remotely can allow employees to enjoy a better lifestyle, with more time for personal pursuits and more flexibility to work when they want to. More than 40% of surveyed employees say it is easier to manage their work-life balance when working remotely, and another 30% believe it is about the same.

Working remotely allows employees to avoid commuting and gives them significantly more free time. According to one study, half-time remote workers can save the equivalent of 11 working days per year.⁴ Employees put this time into fulfilling personal activities: almost half of survey respondents who work remotely say they have more time for their family, friends and pets, and hobbies. (See Exhibit 3.)

Employees also say they enjoy more flexibility and control over their work when working remotely and that they take full advantage of it. Almost 70% of respondents, for example, enjoy wearing casual clothes at home, and almost half appreciate having a personalized workplace.

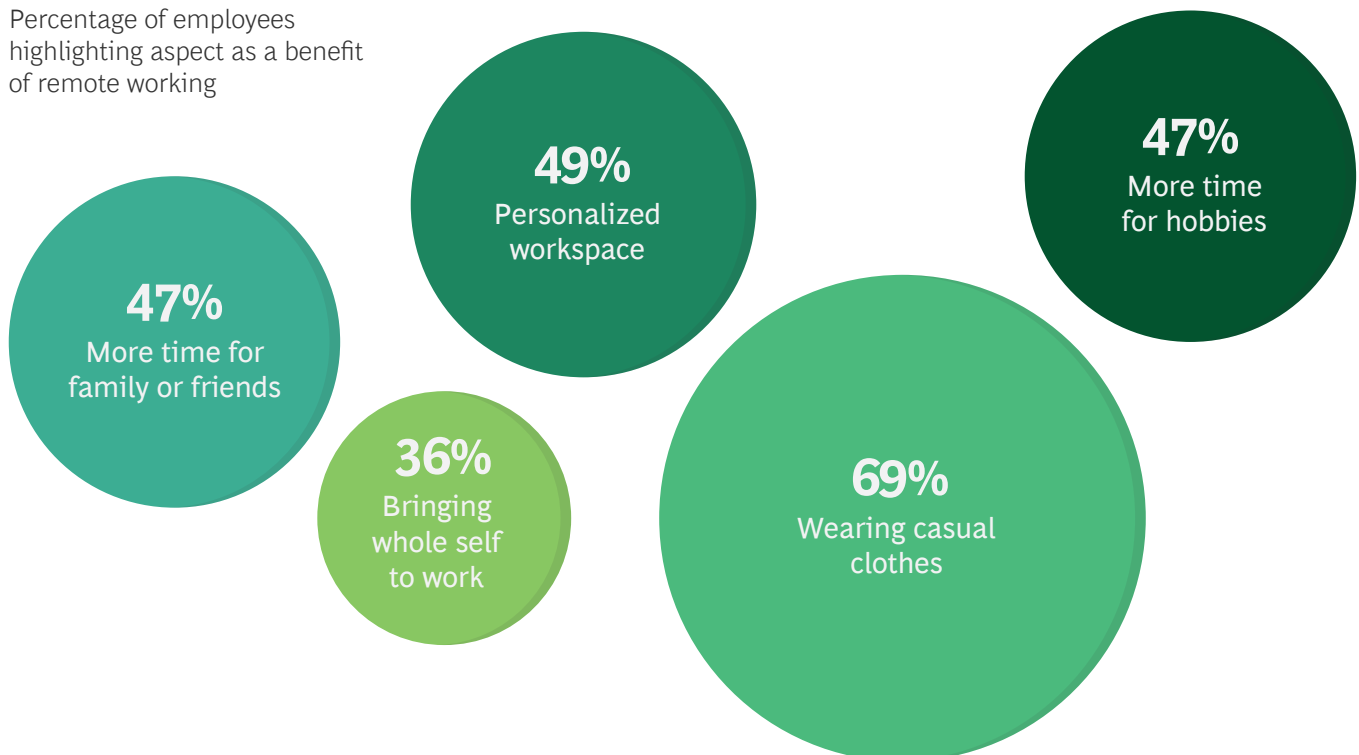
Fully 80% of surveyed business leaders who work remotely say their teams are at least as productive when working remotely as they are when onsite.

The potential improvement in lifestyle largely explains why remote-working options have become such a crucial factor in attracting and retaining top talent.

A “Free” Compensation Boost. Remote working can also improve employees’ lives by reducing their cost of living, without any additional cost to their employers. Because they can work from home, they can avoid the cost of commuting and meals. In London, for instance, a monthly travel card can cost up to €150, while a basic dinner can cost up to €30 per person in Zurich.⁵

Exhibit 3 - Employees See Multiple Benefits of Working Remotely

Percentage of employees highlighting aspect as a benefit of remote working



Sources: KRC; BCG analysis.

Note: Includes all workers (white- and blue-collar) working fully or partially remotely.

4. Global Workplace Analytics, [Latest Work-At-Home/Telecommuting/Mobile Work/Remote Work Statistics](#), 2020.

5. Deutsche Bank Research, [Mapping the World's Prices 2019](#).

Our analysis of the potential savings across ten European capitals suggests that even in a hybrid remote setting, employees can save between €1,000 and €4,000 per year. (See Exhibit 4.) These savings may be even greater if working remotely enables workers to avoid owning their own vehicle. Employees could also save money by swapping their business attire for more casual attire.

Working remotely can even be life-changing if it allows employees to move to areas with a lower cost of living and perhaps save thousands of euros in rent. In Stockholm, for instance, the difference between the average monthly rent in the city center and in rural areas amounts to €920, which adds up to a potential savings of more than €10,000 a year.⁶ Moving outside the city can improve people's living standards and reduce other living expenses, as well.

A Force for Good in Society

In the wake of the COVID-19 pandemic, the pressure is on for politicians and business leaders around the world to “rebuild better” and to be held more accountable for positive environmental and societal outcomes. According to our survey, more than 70% of managers believe their companies seek to create value for all stakeholders, including society at large. Remote working can make a real difference here, too, by helping companies achieve sustainability targets, promoting regional diversification, and unlocking new talent pools.

The Sustainability Imperative. Sustainability has become one of the most critical issues of our time, and businesses are increasingly under pressure to respond. Governments around the world, and the EU in particular, are putting considerable pressure on companies to work toward achieving the Paris Agreement goals on climate change. Additionally, consumers and investors alike are increasingly pushing companies to commit to and deliver on a variety of sustainability goals, including climate action and sustainable economic growth. More than 90% of managers say that becoming a sustainable enterprise is an important objective, according to our survey.

Remote working can make a significant contribution to environmental sustainability. More than 50% of surveyed managers rank sustainability as an important reason to adopt some form of remote working. In the words of a Group PSA company statement, “Remote working will contribute to our Group's environmental performance by reducing our carbon footprint.”

Transport is the greatest source of emissions in Europe, responsible for one-quarter of CO₂ emissions, with the majority coming from light-duty vehicles.⁷ According to our analysis, Europeans who work remotely just two days a week can lower their CO₂ emissions by 700kg per year, on average, or 5% of their total carbon footprint. If just 1 in 20 European workers adopted such a schedule, the reduction in emissions would be equivalent to taking 5.8 million cars off European roads.⁸

6. Statista, [Average Apartment Rental Cost In Europe 2018](#); NationMaster, [Cost Of Living>Real Estate Prices>Rent Per Month>3 Bedroom Apartment>Outside City Centre: Countries Compared](#).

7. “CO₂ Emissions from Cars: the Facts,” European Federation for Transport and Environment.

8. European Environment Agency, Statista, and BCG analysis.



>40%

More than 2 in 5 managers believe productivity can increase and costs can decrease under remote working

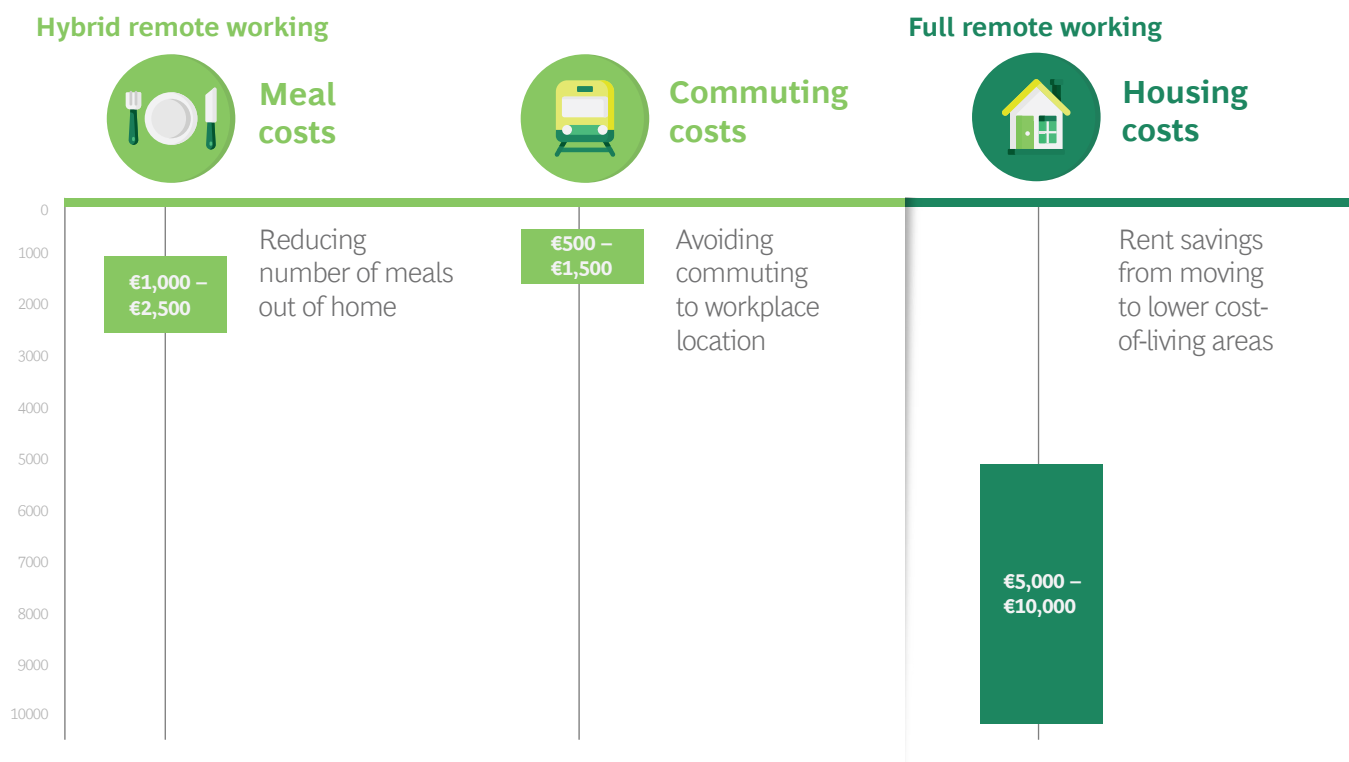
Remote or hybrid working could have a similar impact on air travel. The COVID-19 pandemic grounded almost all business air travel—European airline capacity declined by more than 95% in April 2020.⁹ While business travel will pick up, airlines are bracing for reduced long-term demand. A Global Business Travel Association poll revealed that 70% of companies have already instituted stricter travel policies. Further reductions may come from the employee side: research by O2 Business suggests that 39% of workers in the UK want to scale back on nonessential business travel. By forcing companies to reduce travel, the pandemic has demonstrated the viability of remote collaboration through a variety of technologies, and its potential for reducing the impact of business travel on the environment.

Regional Diversification. Because remote working allows people to move out of large metropolitan areas, it has the potential to reduce pressure on transportation, housing, and schools in major cities. Housing prices, for example, have skyrocketed over the past decade; the European House Price Index has increased over 25% in just the past five years.¹⁰ By lowering demand for housing, remote-working policies would make cities more affordable for all.

Suburban and rural areas, too, would benefit from this exodus—especially locations with an aging and shrinking population. This has become a crucial issue across Europe, where the share of the population living in rural areas has decreased from 41% to 25% over the past 60 years.¹¹

Exhibit 4 - Hybrid Working Can Give Employees a Considerable Compensation Boost

Potential annual savings across ten European cities



Sources: Statista; NationMaster; SilverDoor; Eures; Numbeo; BCG analysis.

9. "Industry losses to Top \$84 Billion in 2020," International Air Transport Association.

10. Eurostat, House Price Index, 2020.

11. The World Bank, Rural population statistics, 2019.

Some countries are already seizing this opportunity. Following COVID-19, the Portuguese government set a minimum target of 25% of civil servants working remotely and encouraged many to move to rural areas. Similarly, a coalition of Irish political parties has agreed to allow public servants to work from home one day a week, in an attempt to promote decentralization and rural development.¹²

A Key to Unlock New Talent Pools. Finally, remote work can contribute to diversity and inclusion by providing access and opportunities to workers typically locked out of existing job markets. And diversity matters—workforce diversity can be a key ingredient for innovation, according to BCG studies.¹³

The statistics are revealing: as of 2018, more than one-third of European workers have caregiving responsibilities, an overwhelming share of whom are women.¹⁴ These include 12 million people who care for the elderly and disabled, as well as the 27% of European workers who had to somehow adapt their work due to child care responsibilities. And one-quarter of European workers say their caregiving responsibilities are not compatible with inflexible work schedules, long working hours, and business travel.

These demands significantly limit companies' access to a large proportion of the available talent pool. The result: lost value and increased inequality. By enabling employees to more flexibly balance their work constraints with their personal responsibilities, remote-working policies can open up new opportunities for millions of workers. And by enabling companies to find and employ talented workers across the globe, remote working can contribute further to diversity.

12. "Parties agree public servants could work from home one day a week," Irish Examiner.

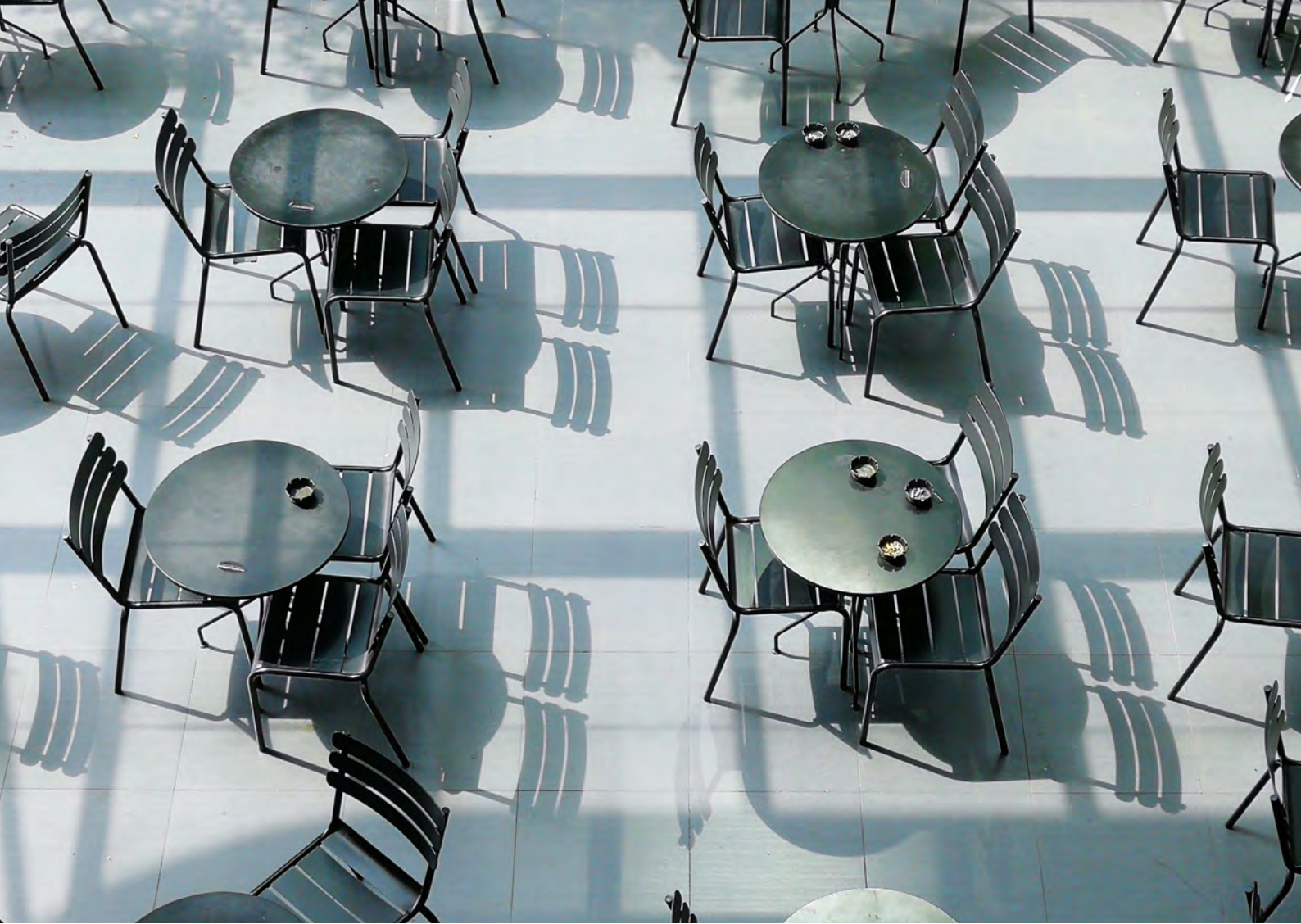
13. *How Diverse Leadership Teams Boost Innovation*, BCG report, January 2018.

14. Eurostat, *Reconciliation of work and family life*.



99%

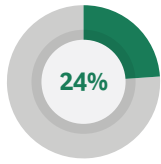
Almost all remote employees
recognize at least one benefit of
remote working



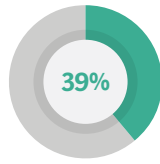
Four Unique Challenges

As beneficial as it can be to companies, their employees, and society at large, remote working can quickly become a nightmare if its unique challenges are not fully addressed. If executed poorly, it can lead to productivity loss, team disengagement, poor employee onboarding, and a decline in innovation. Judging from the results of our survey, business leaders are wary of these risks, especially given the uncertainty surrounding when the pandemic will finally end or what life will be like afterwards. Based on our interviews and survey, business leaders identify four main challenges to address in the journey to remote working. (See Exhibit 5.)

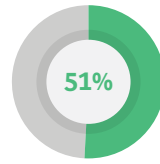
Exhibit 5 - Remote Work Is Not Without Challenges



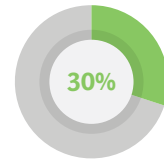
of managers feel it is harder to **control and drive productivity** while remote



of managers believe it is harder to **ensure team engagement and connection**



of employees believe remote makes it **harder to maintain work culture**, especially **onboarding**



of remote managers believe they are **innovating**, down from 40% of managers in 2019

Sources: KRC; BCG analysis.

The Threat to Productivity

According to managers, the greatest hurdle they face when employees work remotely is maintaining and improving productivity. Productivity, of course, is always a challenge, even in more traditional office settings. But one-quarter of responding managers say that controlling and driving productivity is harder when leading their teams remotely. “Performance management is especially complex in a virtual setting if teams or team members underperform,” noted the head of digital transformation at a leading European bank. There are four sides to this complex issue: managing and driving individual productivity, facilitating remote collaboration, managing workload, and enabling teams to work remotely.

Driving Productivity. Many managers are still significantly biased toward input-based productivity, such as tracking face-time when employees are working remotely. And they have even less transparency when teams are forced to turn to lower-bandwidth communication methods such as email and chat. This can result in an instinct to micromanage tasks; more than 60% of managers say they have not mastered the art of remote team delegation and empowerment.

Facilitating Remote Collaboration. Managers say they find the effort to measure and drive productivity for more collaborative functions particularly challenging. Employees, too, feel less productive in tasks requiring collaboration; almost one-third feel this way when working in large groups and contacting external stakeholders remotely, while almost one-quarter say they struggle to get timely information from coworkers. A BCG study suggests that four factors are key in driving productivity in collaborative tasks: ensuring social connectivity, supporting mental health, encouraging physical health, and providing the required workplace tools and technology.¹⁵

Managing Workload. Survey results suggest that quite a few employees compensate for their managers’ perception of lower productivity by working longer hours. In some cases, this can lead to burnout, especially as managers have less visibility into workers’ mental states. Close to 30% of surveyed employees feel maintaining a sustainable work-life balance is harder when working remotely, and fully half say they often feel exhausted and unable to manage their work-life balance properly.

Promoting Teamwork. The potential adverse impact of remote working on productivity can be compounded by a lack of training and sufficient enablement. Employees and managers alike say they traditionally are not equipped to work remotely, both in terms of having the tools and the soft skills, such as empathy and the ability to delegate responsibility, that they need. On average, surveyed managers say that just 41% of their staff is trained for remote working.

We think productivity has been impacted, but we can’t quantify it.

— HR director of a worldwide infrastructure provider

Delivering superior productivity will be possible only if managers and employees are able to overcome these challenges. Failure may lead to a drop in morale as workers try to compensate for declining productivity by working longer hours. This effect may be exacerbated if team engagement suffers as opportunities for informal get-togethers disappear.

15. “What 12,000 Employees Have to Say About the Future of Remote Work,” BCG article, August 2020.

A Loss of Team Spirit

Maintaining team spirit is an often-understated factor in companies' success—a contributor to company culture, a boon to employee well-being, and a key aspect of working dynamics. When implemented poorly, remote working can adversely impact team spirit by weakening relationships, creating a sense of disconnection, lowering trust, and creating walls and silos between teams. Almost 40% of managers and close to 50% of employees say that ensuring team cohesion and a sense of belonging is a challenge when working remotely, according to our survey.

When physically together, people naturally build bonds by taking part in random “watercooler” interactions and sharing meals. When working remotely, these interactions cannot happen spontaneously, which can weaken informal bonds, reduce empathy, and lead to feelings of loneliness. More than one-third of the managers we surveyed noted this weakening of work relationships and say they have a harder time relating to colleagues on a personal level.

Engaging with external stakeholders can also be challenging; more than one in four employees said they have more difficulty keeping in touch with clients, customers, suppliers, and other stakeholders when working remotely. If new ways of working are not designed to support interactions with customers and suppliers as well as among employees (by reengineering customer-facing processes and rethinking client acquisition and onboarding, among others), business continuity may be at risk.

Without the proper training, the physical distance generated by remote working can also lead to a loss in the quality of communications. In our survey, 30% of managers and employees reported that remote working makes it harder to avoid communication silos. This can then lead to misunderstandings and loss of trust, both among peers and with leadership. Remote working can also endanger company-wide cohesion, by decreasing alignment and communication across teams.

The Onboarding Challenge

Onboarding is an essential moment for new employees and organizations alike. Under normal circumstances, new hires get the invaluable opportunity to spend time with more-senior peers, learn the company's ways of working, and absorb the organizational culture through a variety of social interactions. While most companies have well-documented onboarding processes and routines, a large part of the experience is informal.

Translated to a remote context, onboarding and coaching new employees become real challenges. Spontaneous social interactions and “over-the-shoulder” coaching are far more difficult, if not impossible. In time, this can potentially weaken the company's culture, as new hires adopt different values and ways of working compared with peers. Fully half of employees say that maintaining work culture is harder under remote conditions, especially for new hires.

Remote working makes it more challenging to manage new hires than existing employees. Similarly, it can be more difficult for a company to innovate and change than to maintain business-as-usual in remote working.

Slowing Innovation

Remote working has been essential in maintaining business as usual and ensuring continuity during the COVID-19 pandemic. But as the pace of change accelerates, innovation becomes ever more critical. Some business leaders fear remote working could limit their companies' ability to change and innovate. In fact, only about 30% of the remote managers we surveyed this year say their company is innovating in areas such as products and services, customer experience, operations, and ways of working, down from 40% of managers in 2019. Said the general manager for HR at a multinational construction company, “Promoting innovation and the use of new processes and technologies is one of the challenges of remote working.”

Without co-location, ideation sessions, brainstorming, and whiteboarding become harder. And without the right tools and staff training, those activities can become impossible. A multinational Spanish food company CHRO stated, “Launching new projects, products, and initiatives is much more difficult than keeping ongoing work.” Companies that want to adopt remote working will need to provide the right tools and training to drive change and maintain an innovation culture.

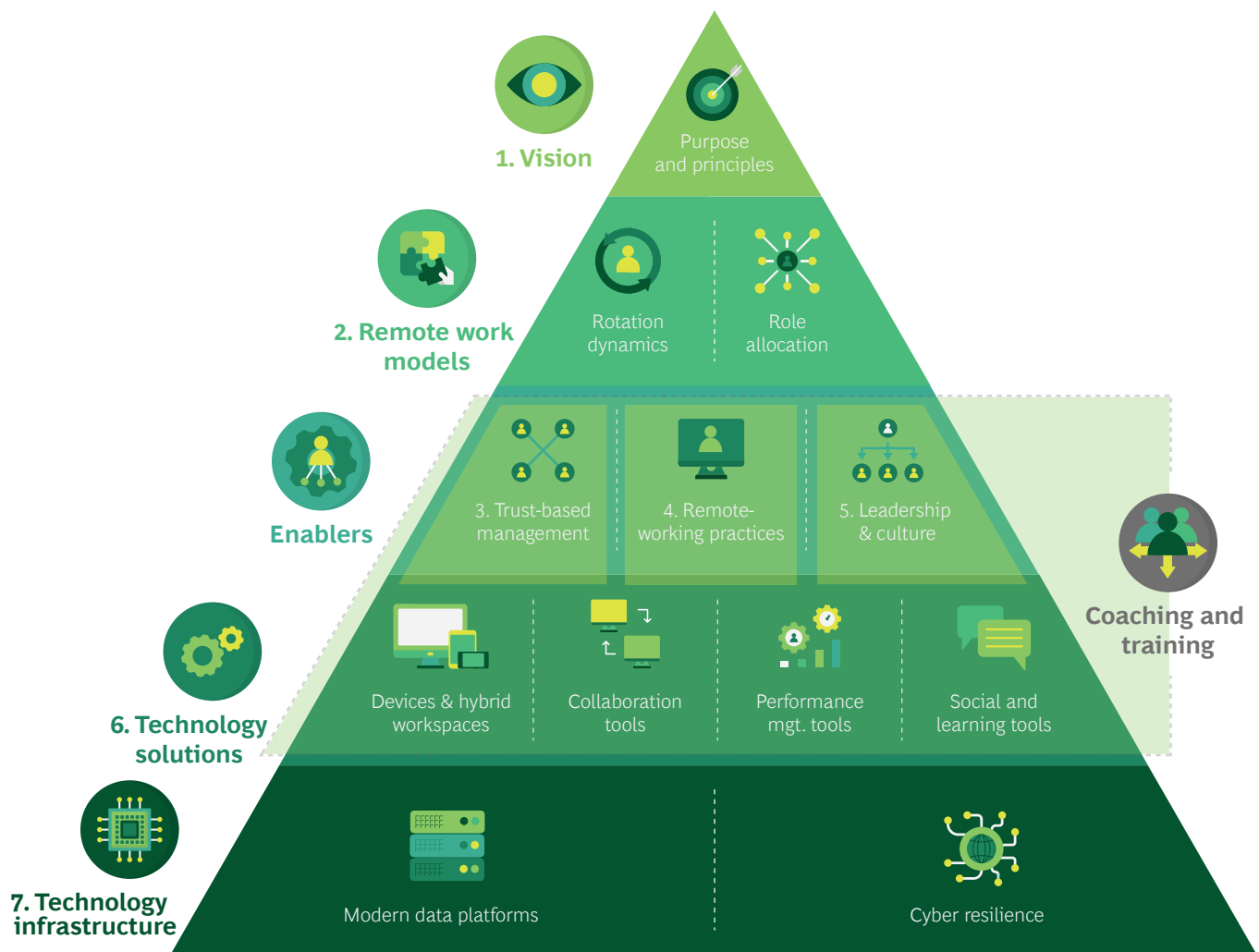


The Journey to the Hybrid Future

To ensure that the benefits of hybrid work outweigh the potential downsides, companies will need to follow a coherent and well-organized path to the future of work. We have identified a framework of seven dimensions integral to the remote-working platform of the future—dimensions that must be thoughtfully considered on the journey to hybrid.

Vision is at the top of the framework, with an emphasis on vocalizing the purpose and principles driving the shift to remote working. Next are remote work models, including rotation dynamics and role allocation, that must be evaluated for effectiveness. These models are followed by three critical enablers: trust-based management, remote-working practices and routines, and leadership and culture. At the foundation are technology solutions (including devices and hybrid workspaces, collaboration tools, performance management tools, and social and learning tools), as well as the required technology infrastructure (including a modern data platform and the necessary cyber resilience and security systems). (See [Exhibit 6](#).)

Exhibit 6 - The Remote-Working Platform of the Future Has Seven Dimensions



Source: BCG analysis.

While not included among the seven dimensions, coaching and training are essential elements of success within the management, practices, leadership, and technology dimensions.

This framework is designed to help companies plan and structure their remote-working platform, and to evaluate the current maturity of their remote-working platform.

Defining the Vision

The first step toward a robust remote-working platform is to define a sharp target vision of what remote work should look like at your company. This decision is critical, as it will serve as the North Star that will guide the construction of the platform and shape the way the organization operates for years to come. This involves making six key strategic decisions in consideration with a company's specific circumstances and ambition.

- **Purpose and Objectives.** Leaders need to be clear as to exactly why they want to encourage remote work if they are to successfully tailor their remote-working platform to their target vision and goals. Their purpose should be aligned closely with their company's overarching business strategy and properly embedded in its underlying operating model. Companies whose purpose for offering remote work focuses on providing a strong employer value proposition, for example, will likely prefer an employee-centric model, while those looking for cost savings will likely require an approach involving more top-down management. (See the sidebar "New Visions.")
- **Ambition.** Having set the high-level purpose, companies must define measurable targets for achieving that purpose. This will provide clarity about their goals, demonstrate their commitment to the change, and energize the entire organization in its effort to get there.
- **Diversity of Models.** Managers need to decide how many different remote-working models they should offer to achieve their company's end goals, while balancing the trade-off between simplicity and customization. In our experience, a small set of three to five models is a good starting point for most companies.
- **Role Eligibility.** Remote working can have a significant impact on a company's operating model. Therefore, before defining specific goals for each function, it is crucial to assess and settle on the principles behind offering remote options, depending on the function's intrinsic features and interdependencies with other functions. Some functions cannot be carried out remotely, while remote working offers proven and measurable productivity benefits for others. But some roles will likely be in a grey area, where how best to manage remote workers isn't obvious and business leaders may be wary of reduced control.
- **Potential Impact on Compensation.** Companies should also consider how their new working models will affect the value proposition they offer employees and whether compensation should depend, in part, on the cost of living in a given employee's location. If a company decides to vary compensation by location, it needs to determine how best to adjust each compensation component, such as salary and benefits, without discouraging employees from working remotely. These decisions will depend on a variety of issues, including the nature and location of the work, the company's culture, and the industry in which it operates.
- **Time Frame.** Finally, leaders must define the model to be used in deploying the remote-working vision across the organization. A cautious approach is well-advised, given the uncertainty surrounding the short- and long-term impact of remote working on the operating model and productivity of different functions. A "test and learn" mindset will enable companies to progressively scale up successful models and prioritize the rollout in areas with clear productivity advantages or retention needs, especially leveraging the experimentation window of opportunity presented by COVID-19.

Designing the Hybrid Model

Once the vision is defined, companies need to craft the most effective remote-working model. For many people, remote working evokes employees who rarely, if ever, visit the office, but the reality is more nuanced. As our survey indicates, European managers expect that almost half of employees will be working in some form of a hybrid model in coming years. (See Exhibit 7.)

There are three key elements to define in a hybrid remote-working model: rotation dynamics, role allocation, and policies.

Rotation Dynamics. In order to approach this heterogeneous reality, BCG developed the Remote Work@Scale model matrix, shown in Exhibit 8. This matrix lays out the four types of remote-working models, depending on the amount of time spent away from the office and the degree of flexibility it gives workers. Each type of rotation involves specific goals and trade-offs, and can be offered to different groups of employees, so they must be carefully aligned with the company's vision for remote work.

- **Remote Perk.** Allows for one or two days of remote work per week, with flexibility. This model is particularly suited for collaborative or mostly physical roles for which only a relatively small portion of work can be performed at a distance. Functions whose productivity is difficult to measure are also good candidates. This model boosts employee satisfaction by enhancing flexibility while limiting the potential disruption to collaborating teams. It is also a good candidate for piloting remote-working programs in settings where the benefits remain uncertain, as well as in hot-desking scenarios.

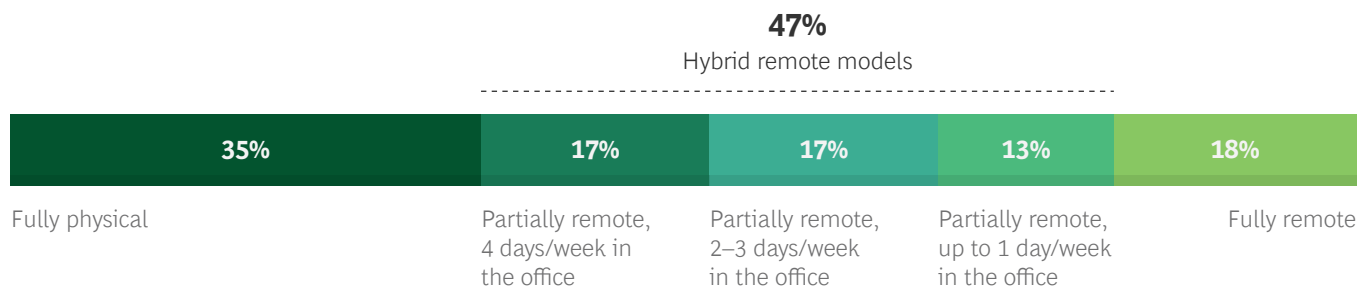


New Visions

In response to the coronavirus pandemic, a number of major companies have already announced significant policy shifts for their global workforces and have begun experimenting with new ways to create value in the future:

- The board of directors at Siemens has approved a new model allowing employees to work from wherever they are most productive, for two or three days per week. It is the first large German company to make permanent changes in how its staff operates, covering 140,000 employees in 43 countries and 125 locations.
- To “boost innovation and work-life balance,” Fujitsu is set to introduce a permanent remote-working policy for 80,000 global employees. The company will allow employees to manage their schedules according to workload, role, and lifestyle, with the goal of promoting a smart working style unconstrained by time and location.
- At Group PSA, 18,000 employees were already working remotely, either regularly or occasionally, in 2019. In light of the pandemic, the company has since decided to extend remote work in all its non-production activities and plans to reduce employees’ onsite presence to just one to one-and-a-half days a week. The goal is to offer a better work-life balance, provide location flexibility, and promote a more responsible use of energy and resources.

Exhibit 7 - Managers Expect Almost Half of Employees to Be Working Partly from Home in the Next Two to Three Years

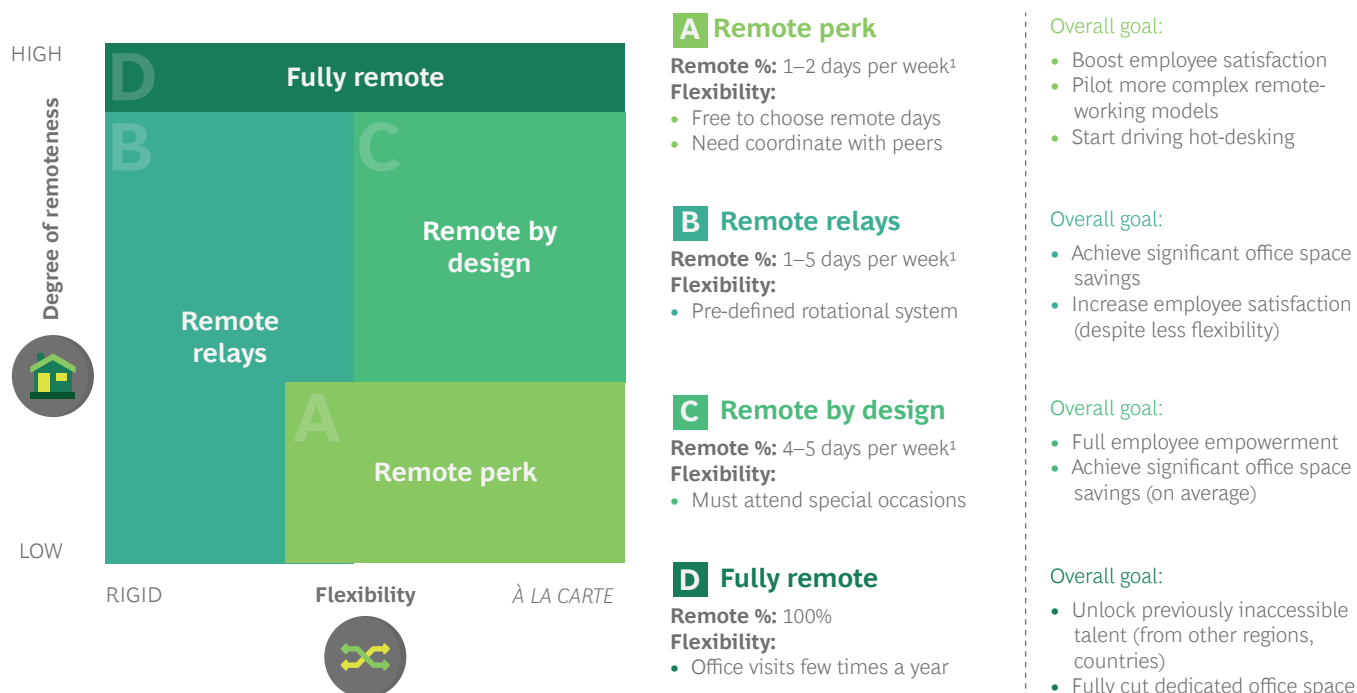


Sources: KRC; BCG analysis.

Note: Includes all managers (white- and blue-collar).

- **Remote Relays.** Increases remote work range to one to five days a week, but in a predefined rotational system. Remote relays are suited to a wide variety of roles, as the proportion of remote days can be adjusted to meet different needs. Still, it can be most effective for roles with some degree of measurability. This model has the potential to generate significant savings on office space and can improve the employer value proposition, despite its relative lack of flexibility.
 - **Remote by Design.** Provides a high share of remote work—four or five days a week—and offers employees the flexibility to choose their schedule, requiring mandatory attendance only for special occasions. It is especially appropriate for knowledge-intensive, white-collar employees with considerable experience who work alone or whose output can be measured. This model fully empowers employees, maximizing the employer value proposition, and may allow for attractive office space savings.
 - **Fully Remote.** Offers 100% remote working, with just a few office visits a year. This model is best applied to highly self-motivated employees who require a low degree of control. It is the recommended model when looking to attract talent with skills in high demand, as it allows companies to hire employees who live far from work sites. This model also maximizes office space savings.
- These different models offer a wide range of options and must be systematically allocated to each role in the company, rather than making them available to the entire organization. When considering role allocation, companies should review the following criteria:
- **Eligibility.** Assess which roles can be performed remotely, even if only partially. Our findings show that less than 25% of surveyed managers believe all roles should have the option to be remote. Still, managers should take the opportunity to reimagine how each function can be performed, even considering how automation could allow some blue-collar employees to work remotely.
 - **Teaming.** Assess the degree of collaboration each role involves. Customer service representatives, for example, typically work by themselves, unlike most research and development teams.
 - **Trackability.** Review the performance management process for each role, comparing the relative ability to measure output through productivity KPIs or other measurable outputs. Account managers tend to have straightforward KPIs, such as sales increases, while other roles, such as HR employees, are harder to measure.
 - **End Goals.** Determine target outcomes and goals for each role, such as improving efficiency or boosting talent attraction.
 - **Maturity.** Evaluate the level of maturity of the remote-working platform and other enablers for each role under consideration.
 - **Employee Proficiency and Preferences.** Measure the level of experience and motivation of each employee to perform tasks without guidance or help from others. Consider also whether the employee is new to the company or the function, and take into account his or her willingness to work remotely and location and day preferences.

Exhibit 8 - The Remote Work@Scale Model Matrix Can Help Business Leaders Determine Their Remote-Working Plan



Source: BCG analysis.

¹Can also be scaled to a monthly basis, e.g., two weeks per month.

41%

Over three-quarters of employees claim they are prepared to use remote-working tools—yet surveyed managers estimate that just 41% of their employees are trained to use them

Finally, it is important to note that no combination of remote-working models, no matter how carefully designed, will work unless it is implemented as policy transparently and fairly. (See the sidebar, “A Range of Models.”)

Changing the Performance Management Paradigm

Remote working creates significant new challenges for managers. Time and distance can reduce transparency, making it harder to keep track of work and eroding trust. That’s why one-third of surveyed managers believe that only roles with explicit, measurable KPIs should be remote. While this solution avoids some of remote working’s pitfalls, it also significantly limits its impact. If companies are to unlock the full potential of remote work, they must completely rethink how they measure and drive performance. Trust-based management, the first of the three enabling dimensions, should be implemented by companies. This means shifting from the measurement of worker inputs, such as hours worked and time spent in the office, to measuring worker output, such as the achievement of preset goals alongside the quality and timeliness of the work. And it means trusting employees and teams to deliver on their work rather than trying to exert full control over their activities.

Making the transition to a trust-based management model is not a trivial exercise. The first step is to make the desired outcome apparent, by clearly defining roles, responsibilities, and goals. Companies should use KPIs and Objectives and Key Results (OKRs) to objectively measure the performance of individuals and their teams, both qualitatively and quantitatively. Managers must ensure that outcomes are comparable to those of onsite workers and can be fairly assessed, not just among remote workers but between remote and onsite employees as well. Companies must also provide the tools, detailed below, that remote employees need to perform at their best, without direct managerial control.

Finally, developing and refining a regular and formal pace for coaching and feedback is critical in driving employees’ personal development and managing employee expectations. This is particularly important for employees working remotely; more than 30% of surveyed managers say it is harder to develop and train remote workers.

At the center of the new management paradigm is trust. Teams that work together in the same location build trust naturally. Teams that work virtually, however, find it more difficult to pick up on the contextual cues that promote

trust, increasing room for misinterpretation and the amplification of perceived slights.

To overcome the potential lack of trust among remote teams, leaders and employees alike must learn to share information freely and focus on the successful delivery of results. They must meet their commitments, behave in the best interests of the group, inform others when there are setbacks, and be willing to see their teammate’s point of view. Finally, team members must make themselves available to each other, ensure that everyone feels included, share the difficult jobs, help one another, and show cultural sensitivity.

Implementing Agile Practices

If not organized properly, remote work can disrupt the dynamics of employees and teams, resulting in poor alignment, low transparency and engagement, and increased difficulty in collaborating and innovating. To mitigate these risks and build a robust remote-working platform, companies must rethink their practices and routines, the second of the enabling dimensions.

So-called agile ways of working were initially created by software development companies to deliver high productivity, with improved team engagement and less need for management control. Practices and routines inspired by agile can be highly effective in mitigating some of the challenges of working remotely. Our survey showed that companies with remote-working policies that had already deployed at least two agile practices were 40% more likely to report an increase in productivity among remote teams. Examples of agile practices include:

- **Daily “stand-up” sessions** to review backlog and align on process and priorities, structure work for the day, and discuss potential roadblocks
- **Asynchronous communication** using functional collaboration tools, ensuring that information flows to all stakeholders regardless of time and space constraints
- **Weekly team meetings** to review each week’s deliverables and to define upcoming priorities
- **Demo days** for sharing the latest results and collecting feedback from key stakeholders to ensure alignment and timely delivery of work output



A Range of Models

Companies are deploying remote-working policies best suited to their specific circumstances:

- ING began piloting remote work across different teams soon after the onset of the pandemic. The results were positive, and the company has decided to go with a fully remote, flexible option. It is now testing out a plan to allow its employees in Spain total work/home flexibility, beginning in September.
- BP is planning to shift 50,000 employees to hybrid remote-working models once the COVID-19 crisis passes. Office workers will be asked to adopt flexible working arrangements, alternating between working from home and office hot-desking.
- Telstra, Australia's leading telecommunications and technology company, adopted a flexible model it calls "All Roles Flex." Recognizing the need for variable hours and different working models for different roles, employees are allowed flexible working locations and schedules.

While companies need not adopt every practice associated with agile to reap the benefits, it is essential that once agile practices have been established, teams use them rigorously. Managers must ensure full team attendance at meetings, preferably using collaboration tools (such as video) so that they are present and engaged.

It is also crucial that companies complement work with opportunities to socialize, such as virtual team lunches or drinks, and offsite events, where teams can celebrate successes and reinforce team cohesion. These routines are an ideal chance to build empathy and engagement, promote creativity, and replace some of the serendipity that comes from watercooler interactions. It can be hard for remote teams to set aside the time for such activities, especially when working flexible schedules. Managers must continuously check for signs of breakdown in team spirit and the rise of an “us versus them” mentality, and counter them quickly.

Developing the Caring Remote Leader

Remote working brings with it unique challenges, new ways of working, and different performance management models. In response, leadership and culture, the third and final enabling dimension, must be adapted, with the adoption of new leadership styles, values, and onboarding processes.

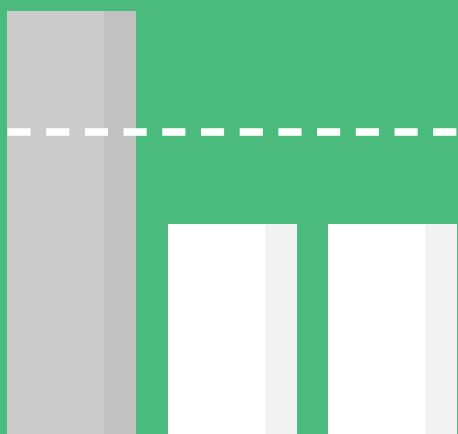
According to our survey, almost 80% of managers say they are responsible for promoting a sense of belonging among employees and for proactively listening to their team, while 69% say they should be empowering teams and removing roadblocks. At the same time, however, managers believe their role is to lead from the front; more than half say they

should take on the most important work. Yet one-third do not think they communicate goals to their teams clearly, and one-quarter say they do not encourage their teams to seek new perspectives on their own.

While this kind of leadership may have worked in the past—if poorly—it does not suit the demands of remote teams. Virtual environments require managers to give employees more autonomy and to be more empowered, so leaders will need to develop a new set of soft skills at all levels of the organization. In short, the remote leader of the future will need to be inspiring, caring, and empathetic. (See Exhibit 9.)

Judging from the results of our survey, managers are fully aware of remote working’s new leadership demands and expectations, and they agree that they do not have the skills required. When asked which skills they have not yet mastered in adjusting to a remote environment, more than 60% highlighted creating a strong team culture, and 57% say they struggle with delegating responsibility and empowering teams, and teaching and enabling employees.

This skills gap may be even wider than managers realize; surveyed employees perceive leadership styles even less positively than do managers. Only one-third of employees agree that their managers tolerate failure, and half feel their managers do not provide the direction and enablement needed to allow them to do their work. Communication is another hurdle: half of employees say that management does not seek their input in important decisions, and a majority say their managers do not create a safe environment in which to voice their opinions.



2 in 3

Two out of three companies spend less than €1,000 per full-time employee on tools and training

Exhibit 9 - Leadership Styles Need to Adapt to the New Remote-Working Reality

	 From	 To
Direction	Long-term goals developed and understood by managers, but far from workers' day-to-day tasks and objectives	Inspiring leadership, where vision and purpose are communicated often and workers feel like a part of the journey
Performance management	Close control, heavily focused on inputs such as facetime, and lack of clear KPIs or objective goals	Trust-based leadership, providing more autonomy, setting clear objectives, ensuring alignment, and fostering accountability
Problem solving	Problem solving led by managers; employees execute tasks with little incentives to be proactive	"Servant" leadership, where teams take initiative and lead efforts, while managers coordinate and help remove roadblocks
Feedback	Late and infrequent feedback, with little or no feedback about managers or team dynamics	Encouraging and empathetic leadership, where managers and teams coach one another with regular two-way feedback
Training & enablement	Sporadic, classroom-based training sessions focusing on delivering content rather than acquiring skills	Continuous learning environment with a focus on learning by doing, complemented by focused and engaging training sessions

Source: BCG analysis.

Business leaders and managers have a major role to play in instilling the right hybrid working culture, and as such they need to understand that leadership styles must adapt accordingly. Additionally, companies must make the necessary investment in managers to enable them to work and lead in this new setting, communicating and reinforcing such values as ownership, accountability, trust, and empathy. (See the sidebar, "Cultural Enablement.")

Instilling a company's culture in new employees is especially challenging when they will be working remotely and have limited opportunity to interact directly with more-senior colleagues. Consequently, leaders must find ways to strengthen and formalize the onboarding process for new hires. Spending more time in the office early on will certainly help, but companies should also take the initiative to improve onboarding through new techniques, such as virtual office tours or virtual coffee chats.

Building the Technological Foundations and Solutions

Remote work at scale, as many companies have discovered during the COVID-19 pandemic, would not be possible without modern tools and technology. While a variety of solutions predate the crisis, companies were forced to adopt them quickly, making it all too clear just how vital digital solutions are in making remote work a viable option.

Over the past year, for example, the number of daily active users of Microsoft Teams more than tripled to 75 million, while the number of daily participants in Zoom meetings grew more than 30 times. In both cases, the time spent on video conferences increased tenfold. Additionally, sales of notebooks targeted to business grew more than 70% in the second quarter of 2020 over the same quarter in 2019.¹⁶

To ensure that companies forced to work remotely during the pandemic can sustain and build on the experience, they must continue to optimize their workplaces and processes. The digital workplace of the future must deliver

16. "Covid-19-Driven Notebook Momentum Continues in Q2 2020," Context, August 2020.



Cultural Enablement

Companies are embracing a variety of new performance measurement practices and leadership styles.

- In implementing a new working model for its 140,000 employees, Siemens recognized the need to transform its performance measurement and leadership style, and has pledged to create a culture that focuses on outcomes rather than on time spent at the office.
- Thanks in part to their use of different methods to connect and share information, teams at VodafoneZiggo, a joint venture of Liberty Global and Vodafone with 14,000 employees, had separated into dysfunctional silos. With new ways of working and better technology, VodafoneZiggo has improved the way departments work together. It also reviewed its onboarding processes, leveraging remote technology to foster the company's culture among new hires.

a consistent employee experience across time and space, enabling employees to create the same value whether working onsite or remotely, and effortlessly work together in teams, at the same time or asynchronously.

Making this vision a reality will require companies to set up a complete and carefully designed suite of solutions. These should include:

- **Devices and Hybrid Workspaces.** Provide employees with the portable technology needed to enable remote work, and equip physical premises with smart displays and other features to provide an integrated physical-digital experience.
- **Collaboration Solutions.** Use cloud-based productivity apps, videoconferencing, and other tools to improve communication, teamwork, and engagement across time and place.
- **Performance Management Solutions.** Deploy project and workflow management, business intelligence, and shared dashboards tools to optimize employee and team performance, and implement individual and team performance measurement incorporating advanced analytics.
- **Social and Learning Solutions.** Promote socializing routines and informal bonds to reinforce culture through company-wide broadcasts. Enable continuous learning and development in remote settings with ongoing learning tools, enterprise social networks, and other solutions.

To ensure employees can use these technologies safely, securely, and to their full potential, companies must put in place two foundational technologies:

- **Modern data platforms** that provide broad access to high-quality data, supported by advanced infrastructure and data management tools that have the capabilities to generate real-time insights at scale
- **Cybersecurity solutions** that can mitigate the increased risk when employees go remote, including secure access, data protection, and network security tools

Exhibit 10 illustrates what a complete suite of technological solutions and foundational elements might consist of.

The digital workplace of the future must deliver a consistent employee experience across time and space.

Maintaining the optimal remote-working platform is a continuous effort. The technology for remote and hybrid working is evolving rapidly, and new solutions, functions, and features are appearing every day. These include, to date:

- **Ambient Computing.** These systems, including features such as badge-free access, can power smart work environments that offer real-time insights into real estate use and contribute to a better working experience.
- **Zero-Touch Hardware Provisioning Solutions.** These allow computers to provision themselves at employees' remote locations, based on their specific user profiles, allowing rapid device deployment and substitution without overwhelming IT resources.
- **Self-Service and "Low-Code" Programming Solutions.** These enable teams to develop their analytics and programming needs on their own, mitigating the potential delays in waiting for others to build these tools for them. Low-code tools are particularly useful in the transitional period to remote working, by accelerating process digitization, such as the procedure for requesting a new device.
- **Workplace Analytics.** Moving beyond the analysis of individual performance, these tools, powered by artificial intelligence, can help teams track and optimize their team dynamics, enabling them to derive insights on team performance.

Exhibit 10 - Remote-Working Tools Combine to Create a Single Physical-Digital Workplace Across Time and Space

Collaboration

Productivity



Cloud productivity applications for real-time collaboration



Cloud storage and sharing



Self-service/low-code solutions



Virtual assistants/
service BOTs



Devices and hybrid workspaces



Mobile modern devices



Smart displays in the workplace



Remote device management and provisioning



Virtualized desktops



Ambient computing

Social and learning



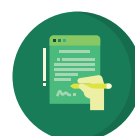
Continuous learning tools (e.g., MOOCs)



Enterprise social networking platforms



Virtual events broadcast platform (e.g., townhalls)



Internal feedback tools for peer reviews

Source: BCG analysis.

Solution

Communication solutions



Video-conferencing



Virtual whiteboarding



Asynchronous messaging



Unified communications and display systems

Performance management solutions



Project and workflow management platform



Time management optimization tools



Business intelligence and shared dashboard tools



Workplace and collaboration analytics tools

Cyber resilience



Data and information protection tools (e.g., backups, data loss prevention)



Secure ID and access management tools (e.g., VPN, conditional access)



Data strategy and governance solutions



Consolidated database and infrastructure



Real-time big data analytics solutions



Biometric authentication and hardware based security



Cyber monitoring and defense tools (e.g., anti-malware, threat management)

Modern data platforms

Must-have tools

Advanced tools

The proliferation of new remote-working systems and tools makes it critical that companies provide adequate and continuous training. The experience of remote working during the pandemic shows why. As these tools were rapidly deployed across organizations, many employees were forced to learn how to use them on their own, resulting, all too often, in frustration and a return to the old ways of working.

According to our survey, over three-quarters of employees claim they are prepared to use remote-working tools—yet surveyed managers estimate that just 41% of their employees are trained to use them. This highlights the need for managers to upskill employees to get the most out of their remote-working tools, many features of which they may not even be aware.

Upskilling the workforce in the full, efficient use of remote-working tools is a must, but it is only the tip of the iceberg. Workforce upskilling in hybrid working models should go one step further, focusing on training employees on new working dynamics and collaboration models. It is essential to define the cornerstones of the new hybrid model and to put in place the proper solutions and technological enablers, but it is just as important to dedicate sufficient resources and time to ensuring that all employees have the capabilities needed to capture the full potential of the new model.

The full range of solutions and technological foundations are the base of a robust remote-working platform. They allow people to collaborate safely, learn, socialize, and leverage the power of data at a distance. They can also be powerful agents of change, driving changes in behavior and cementing new practices, leadership styles, and new ways to manage performance. (See the sidebar, “Enabling the Remote Worker.”)

To successfully navigate this change, however, business leaders must avoid the underinvestment trap. Our survey shows companies spend vastly different amounts on remote-working technology: the average is €533 per employee, but more than one-quarter spend less than €100 per employee and 20% spend over €750. As companies around the world recover from the economic effects of the pandemic, they may be tempted to reduce costs, but such cuts can have a real impact on productivity. Managers and employees alike say they are concerned about underinvestment—only 43% of employees working remotely feel their companies offer them all the tools required for their job, and just 27% of managers feel they have all the technology in place to manage their teams.



Enabling the Remote Worker

Technological solutions are at the heart of the productive remote workforce.

- Prior to the pandemic, BMW Group had already begun shifting to modern, collaborative workspaces. Recognizing the need for technology to support secure, global teamwork, it implemented a “choose your own device” strategy and installed large virtual whiteboards throughout its work sites, as well as a new operating system and collaboration platforms tailored to each function. At the same time, the company established cybersecurity as a top priority, reinforcing data privacy, and instituted state-of-the-art device managers.
- Realizing the need to improve communication among worldwide teams, Repsol deployed collaboration platforms, data visualization, and low-code workflow optimization solutions. It also fully integrated its remote-working tools and promoted access on mobility-friendly devices, such as laptops and mobile phones. Since the transition was completed, Repsol reported improved communication and productivity.



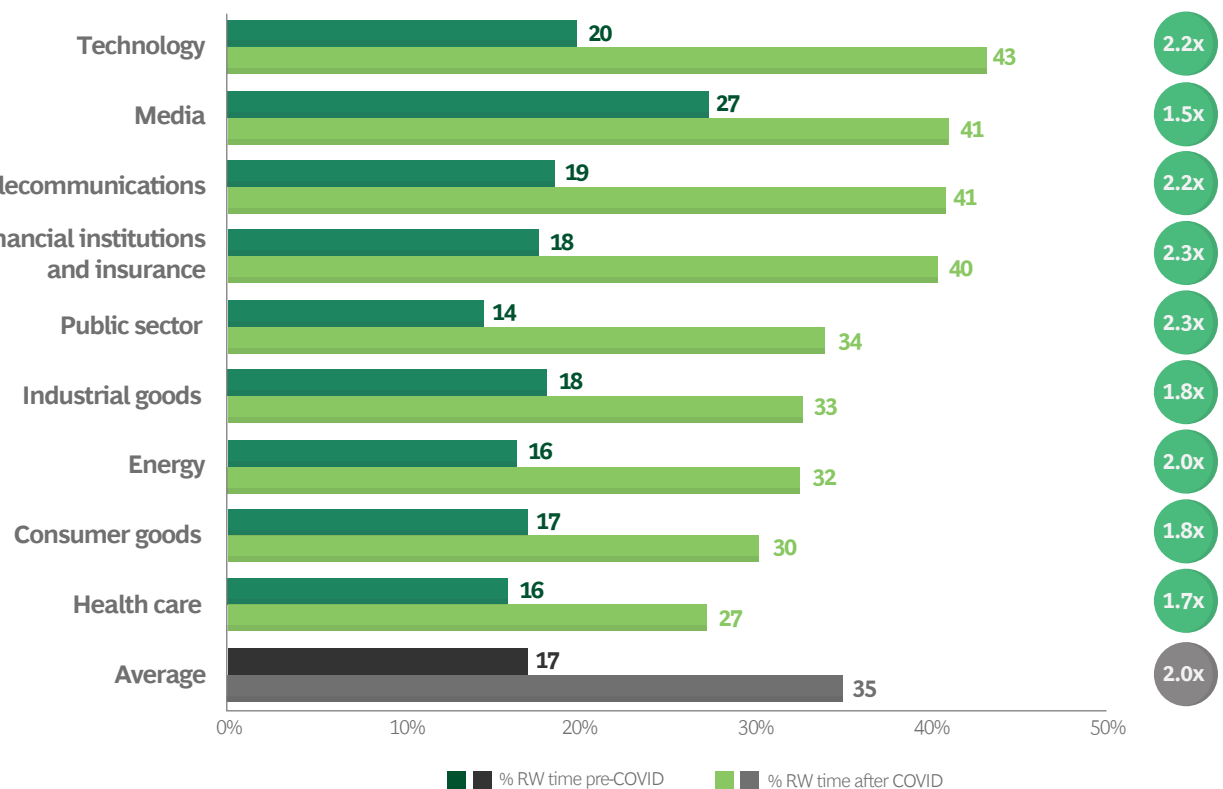
Gaining Maturity

The COVID-19 pandemic has been the greatest catalyst of remote working in history, and its impact will transform the nature of work forever. According to our survey, European managers and employees alike expect the time spent working remotely after the pandemic to increase by a factor of two or more from pre-COVID-19 levels. Unsurprisingly, respondents expected the largest increases in industries where remote working adoption was already strong prior to the pandemic, but even respondents from traditionally physical industries expected that growth would nearly double. (See [Exhibit 11.](#))

Exhibit 11 - Companies in Every Industry Have Ambitious Remote-Working Plans for Their Employees

Time managers expect European employees to work remotely after COVID-19 (%)

Growth vs. Pre-COVID



Sources: KRC; BCG analysis.

Note: Includes all workers (white- and blue-collar) working full or partially remotely.

The maturity in each of the seven remote-working dimensions presented previously is key to help companies evaluate their starting point. More important, it can provide powerful insights on how to move ahead. To help understand what challenges European business leaders will face in this journey, we assessed the maturity of our respondent companies across these dimensions.

Our findings suggest that European companies show a high level of ambition for remote working. However, there is still room to mature and structure their remote-working platforms across key dimensions, such as trust-based management, leadership and culture, technology solutions, or practices and routines. Therefore, companies at different stages should set clear priorities to build more robust working platforms.

Measuring Maturity

To reap the full benefits of these new ways of working, company leaders must first determine how far along the path to remote working maturity they've come, and how far they still need to go. To provide context for this effort, we have developed a remote-working maturity index, which indicates the range of maturity among the European companies we surveyed.

To create the index, we assessed company performance across the different dimensions of remote-working success discussed previously, then combined the results into an overall score from 1 to 100. Note that we included coaching and training in our analysis, a key element of maturity. Additionally, we excluded technology infrastructure, since the managers we surveyed are unlikely to be in a position to assess this dimension, as it requires considerable knowledge of each company's technology architecture.

This data enabled us to sort the companies surveyed into four categories:

- **Leaders** champion hybrid ways of working, likely beginning even before the onset of the coronavirus, and are leveraging the pandemic to accelerate the transition.
- **Performers** have established a clear vision for remote working and have already put models, processes, and tools in place to enable it.
- **Passives** recognize the immediate benefits of remote working and are implementing new models to some degree, primarily in response to the COVID-19 pandemic.
- **Reluctants** have only limited experience of remote working despite the pandemic and see little or no benefit in making the transition.

As [Exhibit 12](#) shows, the majority of European companies are still at the early stages of their maturity journey—less than two-thirds have reached the level of Performer, and just 1% has combined all the factors into a Leader position.

The index also provides insight into the current status of companies in each dimension. On average, companies rank remote-working models as their most mature dimensions. Trust-based management, leadership and culture, technology solutions, and coaching and training have the most room for improvement. ([See Exhibit 13.](#))

Remote-working maturity varies considerably across industries. According to our findings, the technology and telecommunications industries are the furthest along, while finance and insurance and the media industry are also doing relatively well. However, much remains to be done in the public sector and in the health care and consumer goods industries. ([See Exhibit 14.](#))

Our survey results also show that gains in remote-working maturity pay off. Respondents at companies falling into the Leader or Performer categories say they expect to grow 7% per year over the next five years, compared with 5.5% for respondents at Passive and Reluctant companies. Additionally, respondents at Leaders and Performers are 70% more likely to report increased productivity when working remotely than those at Reluctant or Passive companies.

Exhibit 12 - Most Companies Have Not Achieved Full Remote-Working Maturity

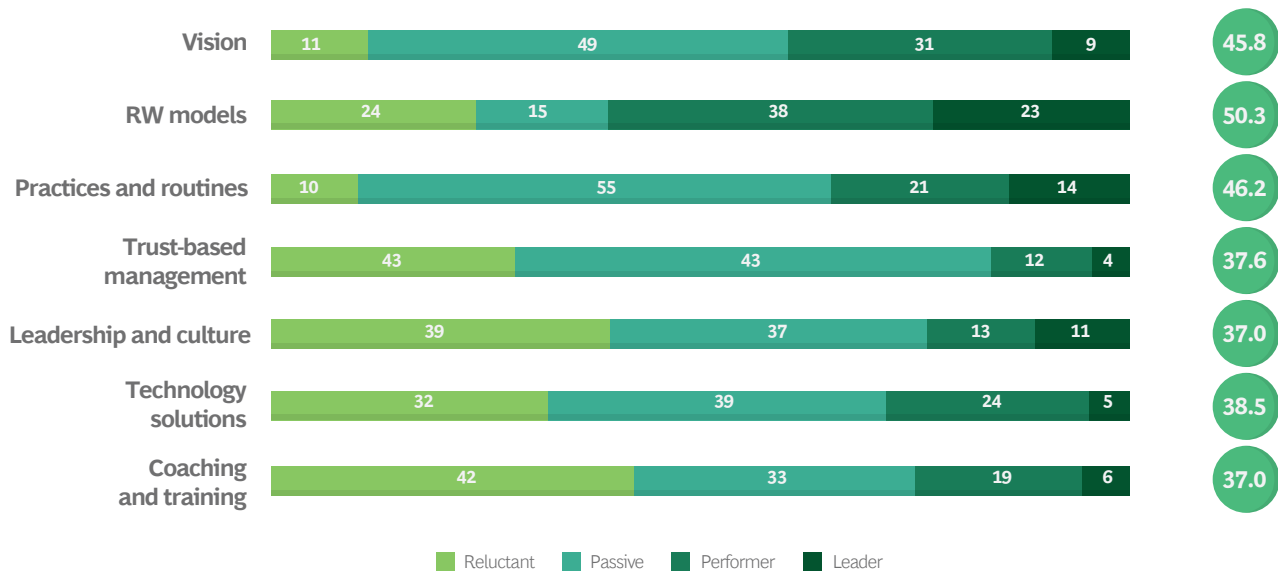


Sources: KRC; BCG analysis.

Exhibit 13 - Maturity Varies Widely Across Remote-Working Success Factors

Respondents in each maturity stage, by success factor (%)

Average RW maturity index (%)



Sources: KRC; BCG analysis.

Note: The maximum value of the remote working maturity index is 100.

Success Factors

The optimal conditions for remote work are a moving target. Remote-working practices and technologies will continue to evolve, and companies will gain further insights into the process. In short, the path to maturity never ends. Every company—even Leaders—must continue on the journey to the robust remote-working platform of the future.

One key success factor is adequate investment. Our survey shows that companies that spend more than €1,000 per full-time employee on training and tools for remote work are 1.3 times more mature than their peers. But increased investment is by no means the only factor. All companies must continuously define and redefine their remote-working priorities as they gain maturity.

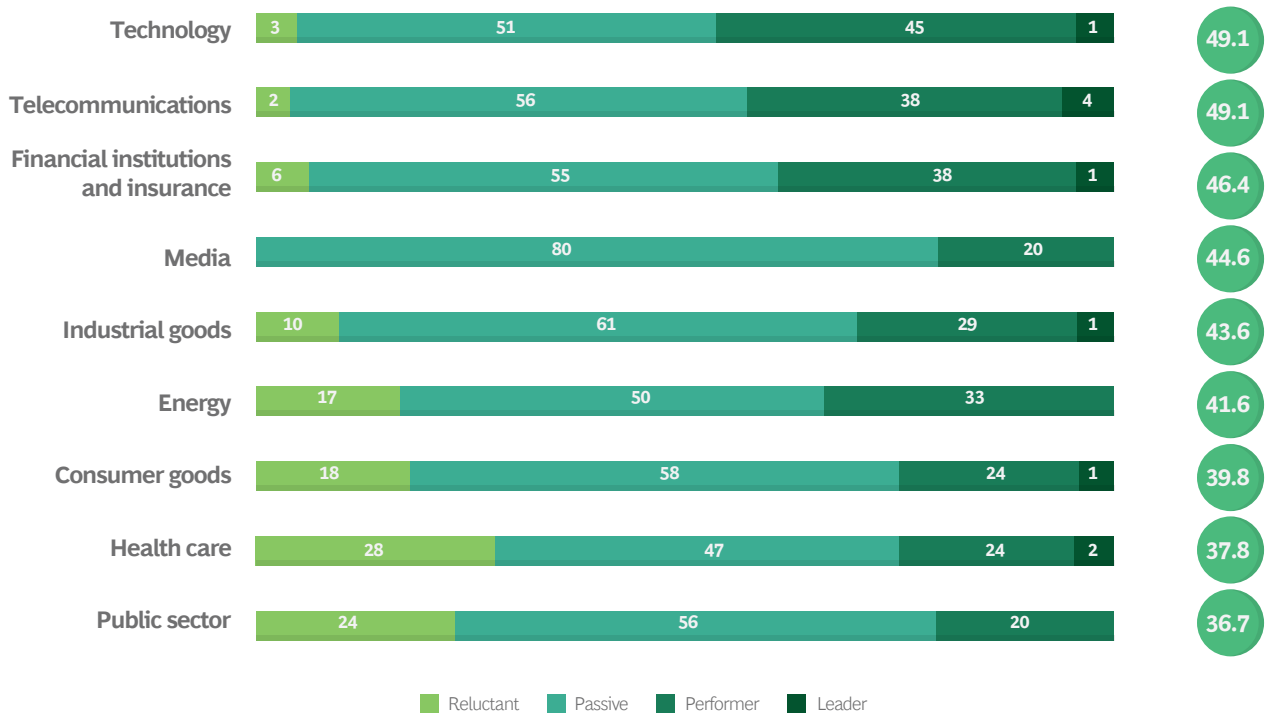
- **Leaders.** These companies must always remember that the optimal remote-working platform will continuously evolve; they must actively search for new ways to boost the value of their ways of working. They can further maximize the value of their platforms—and their company's image—by promoting them to prospective employees and external stakeholders.

- **Performers.** Companies at this stage must keep refining and scaling up their remote-working models, enablers, and technology tools across the organization, regularly experimenting with and implementing new solutions to stay at the forefront of remote-working technology.
- **Passives.** These companies must begin converting their remote-working ambition into clear and systematic remote-working models to be deployed across the organization. They must also continue building the fundamental enablers, focusing on quick wins to build momentum. Finally, they must design and set up a holistic suite of solutions that fully delivers on remote-working needs.
- **Reluctants.** Companies at this early stage must start by defining their vision for remote working. To build trust across the organization, they should test their ambition in pilots across specific teams or business units, ensuring they are equipped with the right tools and enablers. After a period of testing and refining, Reluctants should scale up the most successful models, with the goal of potentially leapfrogging the Passive stage of remote work.

Exhibit 14 - The Technology and Telecom Industries Are the Most Mature, but Health Care and the Public Sector Have Far to Go

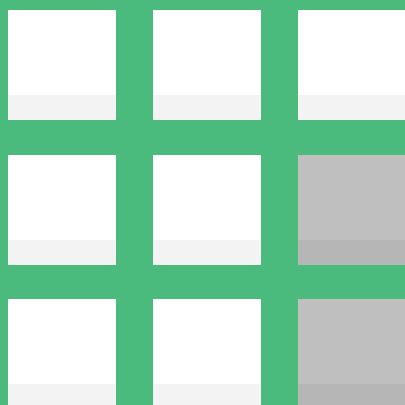
Respondents in each maturity stage, by industry (%)

Average RW maturity index (%)



Sources: KRC; BCG analysis.

Note: The maximum value of the remote working maturity index is 100.



>2/3

More than 2 in 3 companies are still in the early stages of their maturity journey



Moving Forward

Even under challenging circumstances, the universal adoption of remote working imposed by COVID-19 was successful. There will be no going back, and we expect a significant share of companies in Europe to adopt hybrid remote models in the coming years.

Companies can seize this opportunity to improve talent attraction while boosting productivity and lowering costs; employees can enjoy superior well-being and a reduced cost of living; and society can respond to the sustainability imperative and drive regional diversification.

Most companies still have ground to cover in capturing the full benefits of hybrid working. Organizations that fail to build a sustainable and robust remote-working platform will not be able to reap the benefits of new ways of working.

The COVID-19 pandemic has brought about a revolution in the way we work. While it is still early to understand the long-term structural impact of remote working, it is unquestionably time for all companies that wish to emerge stronger to begin testing, learning, and adapting to the new reality.

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