

## RETURN TO WORK, A BADGE OF HONOUR?

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According to polls, [44 percent of Americans](#) working from home would like to continue that arrangement. In Canada, while two-thirds of those polled indicated they missed their work colleagues, roughly 80 percent said they would like to [continue working from home](#), at least part of the time.

### Implications

As countries approach herd immunity, some form of return to work will be expected, required, and in some cases, desired.

The media has highlighted cries of inequity over vaccine distribution in both Canada and the US. Companies run a similar risk when/if they adopt different working options for different parts of their workforce. For most, jobs in the field and “on site” will require physical presence. Of course,

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customer-facing roles have continued throughout the pandemic; remote work is not an option. If your

business is staffed with a combination of remote work optional and non-remote work optional roles, you'll want to consider your expectations, practices and policies in advance. In the UK, EU and Canada, most areas remain in lockdown, so you have some time to prepare for return. In the US, the return to work has commenced and time is of the essence.

As directors, it is not appropriate for you to prescribe a plan for return to work; that is management's responsibility. It is incumbent upon you to consider the risks accompanying the return to work, in what may be a different work environment, with different employee expectations than in the past.

### Considerations

In Canada, the average female employment rate plummeted to rates not seen since 1966. Employment and labour lawyers have seen spikes in women pursuing legal action. The complaints are related to wrongful terminations, refusals to accommodate flexible scheduling needs, and negative performance reviews which impacted compensation.

Legal activity can be costly. Even if you have in-house legal counsel, responding to employment complaints is time consuming. It can be damaging to your reputation. If you are seen as an unsupportive employer, it may be a barrier to attracting and retaining top talent.

As ESG gains prominence, there has been an

increase in related shareholder proposals. In December 2020, [Johnson & Johnson responded](#) to such a proposal:

“Resolved: Shareholders request that Johnson & Johnson publish annually a report assessing the Company’s diversity and inclusion efforts, at reasonable expense and excluding proprietary information. At a minimum the report should include:

- the process that the Board follows for assessing the effectiveness of its diversity, equity and inclusion programs,
- the Board’s assessment of program effectiveness, as reflected in any goals, metrics, and trends related to its promotion, recruitment and retention of protected classes of employees.”

Some reports suggest as much as a [35 percent lift](#) in GDP when more women are more equally represented in the workplace. Other studies cite increased productivity, greater collaboration and higher levels of commitment. Every company and its shareholders can benefit from such elevated performance.

**Client Expectations.** Many of us have embraced virtual healthcare; in some cases, it will remain preferable to crowded physicians’ waiting rooms with coughing patients. However, medicine is not a one-size-fits-all service. Patients and healthcare providers still need face-to-face interaction to resolve many issues.

The same is true for professional services. High-net-worth clients may not be satisfied with virtual interactions for all meetings with their lawyers, accountants, and financial advisors. The same is true for the bulk of middle-class customers of financial planners and other professional

services. If you govern a company that provides professional services or other relationship-based business, you may want to probe to see if management is assessing and evaluating client expectations.

### **Different leadership and management practices are required with a remote workforce.**

What has management reported to the board on security, leadership practices and performance metrics?

**Risk assessment.** When acting in my capacity as a corporate director, I and my colleagues pay particular attention to our risk matrix. Some risks are amplified with remote work. Employees working from home may well be slouched on a loveseat, at a dining room table, etc. It is important to consider the ergonomic implications and what training and support will be provided, if any. The company retains a legal and ethical responsibility to employees’ health and safety.

**Cyber security** can be even more tenuous with remote work arrangements. Some employees have been working from cottages, resort properties, etc. This is always a high-risk area, and one that is increasing all the time. Ensure your board has adequate expertise in the area of cyber-security. You may ask the CIO to speak to the board more frequently. Ask management what metrics they have adopted for measuring work output and productivity. I never espouse micromanagement and I always promote measuring outcomes, not activities.

**Financial opportunities.** Members of the finance and audit committee should be asking about the impact of unplanned expenses such as PPE, expense savings resulting from less office space utilization, subsidized parking, reduced expenses for often overlooked items such as care of plants, in-office coffee and tea, etc. Has management considered new expenses that may result from altered work arrangements? These could include provisioning office space for employees on their in-office days. These are typically cubicles or shared offices with connections for laptops, charging stations for phones, etc.

**Succession planning, talent development and mentoring.** Well-run companies have well-established succession plans and robust employee development programs. I consider workplaces living organisms. Effective talent management is grounded in consistent practices, led by the executive. It also requires many opportunities for observation, feedback, mentoring, relationship building and influence. This cannot be led or conducted remotely. To develop your next leaders, executives and CEO, you need to spend time with swaths of your workforce. Members of the Human Resources committee will want to ensure they are holding conversations with management to sustain effective succession practices.

**Tax implications.** The large accounting firms figured out early the implications of employees working from Maui or the Caribbean. And they clearly communicated to employees that remote work must be conducted within specific geographic boundaries. While it is certainly appealing to conduct business from beside a sunny swimming pool in the middle of February (for those of us who work in parts of the northern hemisphere), when travel opens up again, it may not be a viable alternative. Many companies are aware of the tax implications of employees working remotely in another country. But not all are. This is an opportunity for the Finance and Audit committee to check in with management.

The end of lockdowns and restrictions and the return to work may be simple and straightforward for your company. People have altered their work schedules and their work practices for long enough now that new habits have formed. As noted, the majority of those polled do not want to return to their past work practices and environment. Some companies have had their eyes opened to new work practices that may generate financial benefits, increase employee engagement or retention and/or reduce absenteeism. As your management team considers the path forward, I hope this overview has provided food for thought. I am supporting many of my executive and board clients with the transition.

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- Defines the choices a company is making about who is and who is not a customer
- Doesn't serve as a rationalization for budgets
- Challenges assumptions
- Seeks to reduce risk, not avoid it
- Serves as a framework in which adjustments are expected and can be accommodated

We advise on any unaddressed issues to help the board and the company move forward. If you have any questions about The Board Mindset, visit [www.theboardmindset.com](http://www.theboardmindset.com) or [contact us](#).