

BEWARE OF THE CLIFF AHEAD

WHY THE CONVERSION ON HOME OFFICES IS MORE COMPLICATED THAN IT FIRST APPEARS AND WHY HOME OFFICES MOSTLY WORK ONLY IN APPEARANCE



Before we launch into this article, we want to make it absolutely clear that we have nothing against decentralized working. Quite the opposite. Globally, there are some excellent and successful examples of teams whose members are spread all over the world. But you can be sure that the entrepreneurs in question have implemented careful and proven measures to encourage remote leadership. With that in mind, let's discuss.

The pandemic has taught us a lot. For one thing, it refutes the old wives' tale that home office employees don't do anything. On the other hand, we firms have begun to see teleworking as an enticing, cost-effective alternative to expensive office spaces.

Win:Win, right?

But no, it's not. After 9 months of pandemic, many managers are still not fully aware of the risks associated with the quick, so-called switch, to home-offices. We don't yet know the actual long-term effects of a change from in-office to home-offices. We don't know yet whether employees will be able to continue to work productively and efficiently once the shock of the pandemic has subsided.

We don't know.

To believe that after a few months of operation outside the usual office structures, we understand everything there is to know for successful restructuring is an act of sheer hubris that is nonetheless tripping up many entrepreneurs. MagnoliaTree has spent years dealing with digital management. We know that it takes much more than equipping employees with ergonomic office furniture and eye-saving monitors. The real key words are communication, structure, culture, and performance. But more about that later.



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A GOOD COMPROMISE

BLENDED OR HYBRID WORKFORCE

Our reality in the future will mostly be a blended or hybrid workforce. This is a model in which part of the team is always present in the home office and part in the office. Most companies work according to a 2-3 day concept - i.e. 2-3 days in the home office, 2-3 days in the office.



IS THERE A PROBLEM WITH THE ATMOSPHERE AT YOUR OFFICE?



TIME FOR SOME CRITICAL REASONING

The Gallup Institute¹ has asked remote workers about their preferences on how to conduct business after the pandemic: 49% of all respondents would still prefer to work from home. In many companies known to us, the verdict is even clearer: over 90% of the workforce would like to work from home permanently. At this point, entrepreneurs and strategy decision-makers should reflect on why the majority of employees do not want to be physically present in the company. Is it really only because they want to save themselves a long commute and thus money and time; or because of a bad working climate; the working conditions, the management and/or the prevailing structures?

In short: is there a problem with the atmosphere at your office?

We can assume that not all employees find the working conditions in their work place optimal. A quiet, undisturbed environment and as few distractions as possible in their home. Nevertheless, many strategy decision-makers can't help getting excited when they consider the massive cost savings that can be achieved by converting to teleworking. They blindly trust that working in virtual space will continue to be a promising model, reciting the mantra: *'it's worked the last few months.'* But are our managers taking the necessary steps to guarantee the long-term success of working from home?

The current conversion to working at home had to happen fast because of COVID-19. It was not without initial difficulties and incidents, but nevertheless it worked quite well. Certainly, this is largely due to the collective 'stick together' attitude firms have had; all parties involved were honest and made extraordinary efforts. Thanks to these special circumstances, many firms have successfully made the transition to working from home. But what if the special circumstances no longer exist?

However, the underlying issues are beginning to bubble to the surface. *'The biggest problem I have right now is an astounding exodus of employees in recent weeks'*, says Ajinomoto Althea CEO David Enloe, adding that a wave of layoffs is having a detrimental effect on the morale of the remaining workforce. *'The remaining employees are beginning to question the company's organizational structures.'* We believe that this is not just the result of ordinary attrition. Many companies are struggling to retain their employees. One

¹ <https://news.gallup.com/poll/311375/reviewing-remote-work-covid.aspx>

reason is that many workers have lost confidence in their employers is due to restructuring programs and part-time work agreements (especially at highly profitable companies that would not have needed them). "During the first wave of turbulence in spring 2020, many entrepreneurs failed to instill confidence and stability within their company and thus lost the loyalty of highly qualified employees who are now increasingly willing to leave".

A sustainable and efficient switch to home-offices can only work if the following questions are addressed

- How do we promote teamwork at a distance?
- How can we create a corporate structure outside the usual office space?
- How does one remain a serious and, above all, good leader as an "absent manager"?
- Which tools help to create a promising performance?
- How do you implement team building measures when everyone is separated?

FOUR THINGS TO KEEP IN MIND WHEN TRANSITIONING TO WORKING FROM HOME

Communication **C**ulture

Structure **P**erformance

COMMUNICATION

We believe that the ability to communicate messages in a way that resonates with the workforce is the most powerful tool in a company's talent arsenal. At MagnoliaTree, we know from experience that competent communication with employees is often difficult. It is undertrained and undervalued. But it would be so simple to implement a basic, effective system: regular weekly (if not daily) check-ins, hopping in a zoom call rather than sending an email, or even just talking on the phone. Speak from the heart about what you know and listen when you don't know.



Here you will find an excellent and comprehensive overview of virtual tools: <https://www.collaborationsuperpowers.com/tools/>

Attention: The use of means of communication requires technical skills that not all employees always have. Technologies for teleworking structures in particular also entail risks in terms of cyber attacks, the privacy of the people involved and the breach of confidentiality agreements. Be prepared here and consult qualified personnel.

STRUCTURE

A company that relies on remote working needs an especially clear and understandable structure in which everyone can independently find their way. In order to achieve this, companies require a well defined and visible distribution of tasks and a strong and accessible leader. Average to bad managers may be able to muddle through their shortcomings in classic company structures, but in the long run they will find it difficult to survive in virtual management. Studies show that there are more bad managers than good managers. 67% of all employees say that their superiors are their biggest demotivation factors! Therefore, you should take a good look at possible management mistakes in your company structure in advance and avoid them consistently and from the beginning.



Remote Manager must be one thing above all: available. Regular team meetings in virtual space are essential. At this point we send you back to the keyword communication. Forget rigid unchangeable structures and make room for a flexible and reactive structure.

We have to be cognizant as leaders of the way we – and our managers – represent our companies, because the biggest magnet for retention is how people feel about coming in to work for your company.

Jim A. Scarfone, CHRO of MidOcean Partners



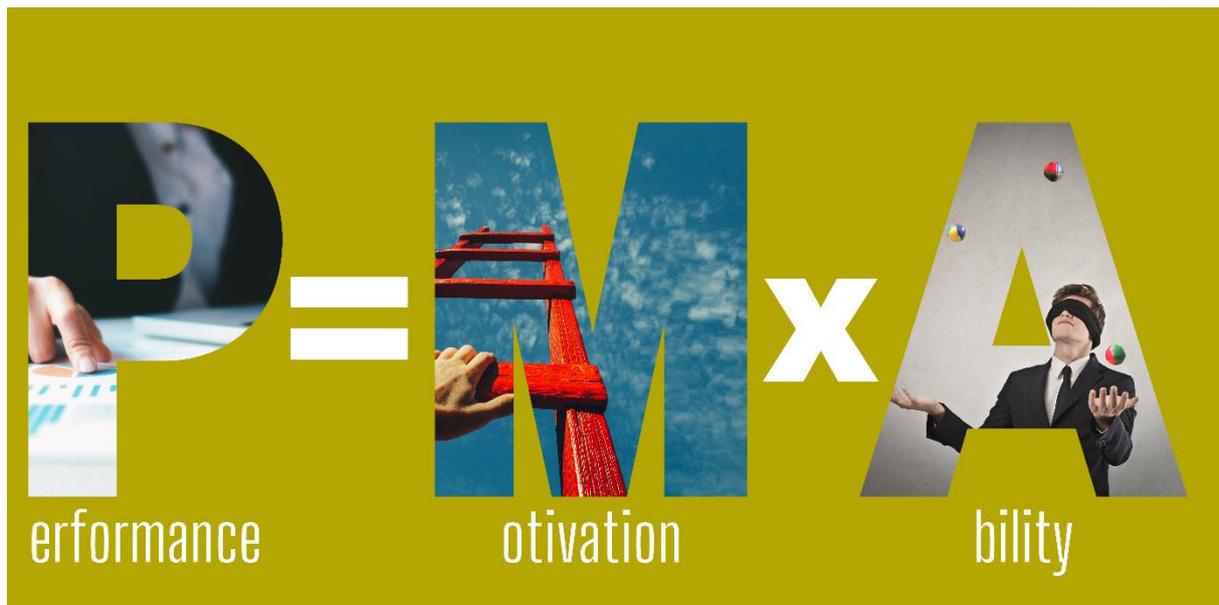
CULTURE

Working from home blurs the boundaries between professional and private life and presents a great challenge. The much-demanded work-life balance is particularly at risk among remote workers. This is where managers are needed who have an extra portion of support and understanding. A disturbed work-life balance will sooner or later harm not only the team members, but above all the company. It is essential for the well-being of the employees to create a team culture in which, especially in the lonely working environment of the individual, common and connecting things must be created. For entrepreneurs it should be at the top of their to-do list to create a work culture of shared understanding and responsibilities in the digital workspace. In remote-working models, don't forget personal, private exchange and strengthen the sense of community.

For example, with a zoom serenade when it's someone's birthday or weekly coffee calls where you can talk about everything but your job. New employees in the digital workspace need a different team introduction than new office employees. As a manager, you can rely on an appropriate introduction and create opportunities for optimal integration into the existing team with feel-good effects for everyone.

PERFORMANCE

Last but not least, we also want to address the productivity of a system with remote management. After all, it is the favorite topic of all entrepreneurs and strategy decision-makers and the main reason why they have resisted the desire of employees to work from their home offices. This is no accident, since the performance of individual team members will decline in the long term if all the general conditions are not optimally coordinated. Working from home usually causes more distractions than working in the office. As a result, the performance of employees inside the office is significantly lower than in the office. Here it is particularly important to take care to improve the home working environment. Furniture, technology, training are the keywords here. To keep the performance at a top level, you must not leave the employees alone in these matters.



The definition of performance has 2 ingredients: Motivation and skills (Ability). We have already talked about motivation under Culture. In fact, motivation is only 30% of the decisive factor for performance. Over 70% of performance comes from the abilities of the employees. Let's put it another way: an extremely motivated employee who lacks the tools for the (developing) profession will still be an underperformer. For you as an entrepreneur this means:

- Invest in further education of all your employees. Give priority to your management team, but also make learning libraries available to all employees. How about giving each employee 2 hours off per week for further training? Platforms like [Pluralsight](#) are great places to go.
- REALLY institutionalize coaching and feedback as habitats in your organization. We know many organizations that claim this but the reality is still a six-monthly and annual meeting. That is clearly insufficient. Create buddy systems among colleagues. Peer coaching and reverse mentoring are some of the most effective ways to develop skills and grow together.
- Be twice as clear today about your priorities and the task at hand. A good assignment answers the following questions:
 - Who, when, why, and how?
 - How does it look good?
 - How does it look bad?
 - What is the decision-making framework (who signs off, who should be informed ...)?

CONCLUSION

The pandemic may have shown entrepreneurs that teleworking is an effective contingency plan to ensure productivity, business continuity and job retention. But it has not taught us how to actually make the transition successful in the long run. Virtual work requires a shared responsibility and commitment from both employer and employee. This may work after a test phase of several months in companies with well thought-out and well-oiled structures, but companies with potential for improvement in terms of working conditions and leadership qualities should intensively address the improvement of entrenched deficiencies before implementing such a demanding model as teleworking. Our tip: Before you get carried away with a complete switch to virtual working, consider a model with voluntary rather than mandatory remote working. Offer employees who would like to work from home an opportunity to do so, but don't force them to move out of familiar office structures. After all, the second half of the respondents mentioned at the beginning of the survey prefer to work in a classic office setting.

All, however, you create structures that minimize already known risks of remote working and that engage and motivate your employees. Grant your employees a say in shaping a new way of working together, because there is not a single sustainably successful corporate change that has not relied on participative co-creation. Because success in remote working spaces begins where we succeed in creating a connecting virtual community across physical borders.



MagnoliaTree is a leader in the field of digital leadership and has already successfully prepared and accompanied divisions and teams for an efficient and successful transition to remote working for all parties in 2012.

We differentiate very precisely what knowledge is needed at the different hierarchical levels, because the requirements for virtual leadership vary depending

on the position. A team leader needs tangible management tools, a divisional manager needs to become more visible, make clear demands and point the way on a strategic level. The board of directors must ensure trust and consistency and strengthen communication channels.

As part of our training in Virtual Leadership, we equip managers with the appropriate leadership tools and knowledge to lead consistently, clearly and without loss of efficiency even in the remote working space. A steady hand, reliable communication and having a good panoramic view of all employees at all times are essential.