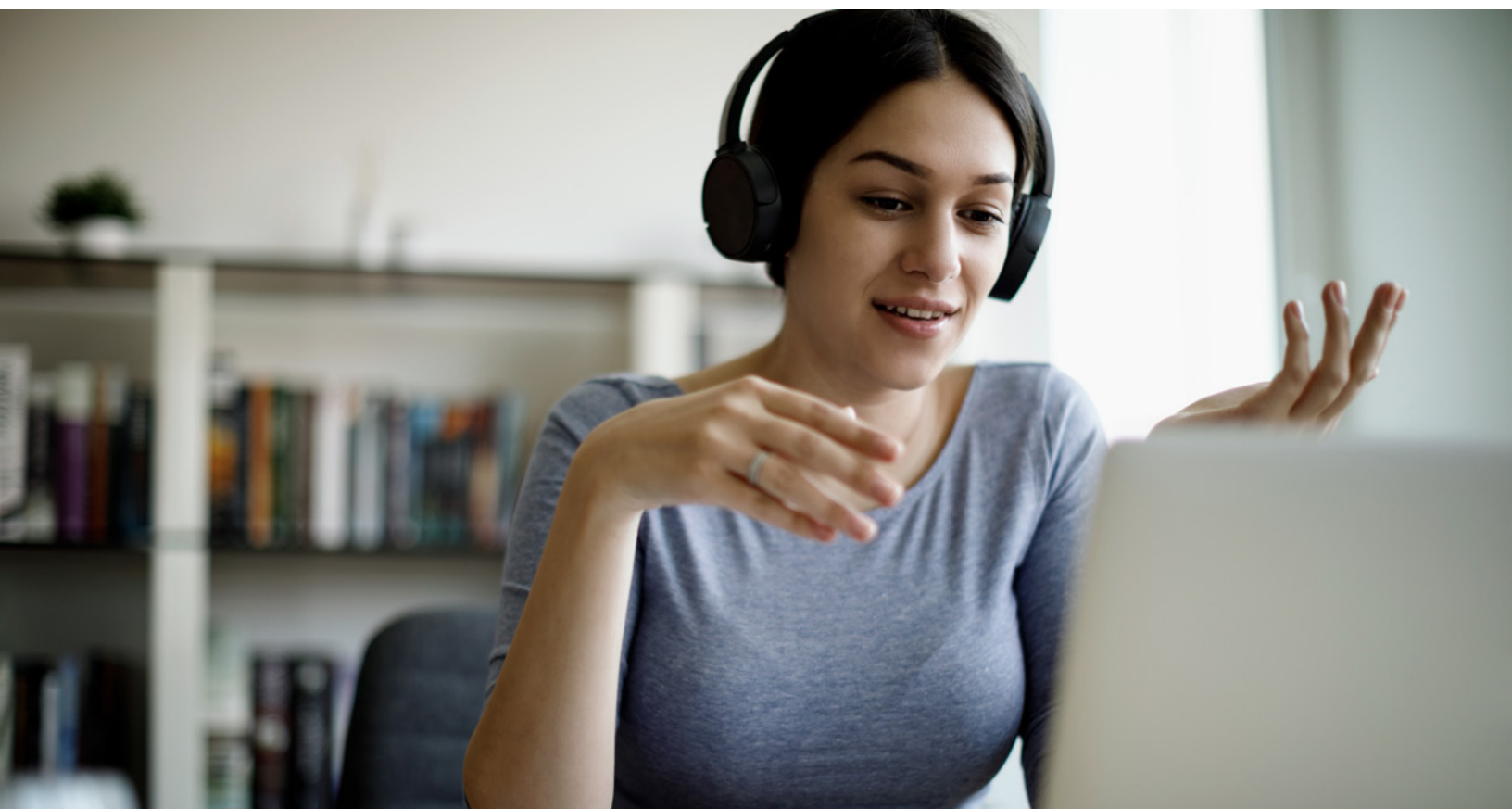


Operations Practice

Virtually possible: Getting remote work right for G&A functions

Companies are weighing permanent shifts to remote working. For general and administrative (G&A) functions, such arrangements offer advantages—and drawbacks. To find the right model, let form follow function.

By Ryan Hamlin, Abhishek Shirali, Samir Singh, and Edward Woodcock



With startling speed, companies have learned that they can shutter offices and plants on virtually a moment's notice, with millions of workers abandoning the daily commute to work from home. Now organizations are recognizing the advantages that remote working offers—in cost savings and convenience, to themselves and to employees. They see that there is no turning back. They are experimenting with different models to strike the right balance between offsite and office-based work arrangements for different segments of their workforce.

Functions such as operations and manufacturing are too company-specific to formulate general models, yet traditionally office-based G&A functions lend themselves quite well to remote working. However, a one-size-fits-all approach will most likely fail. That's because the degree to which remote work is feasible depends not only on established culture and shared working conventions, but also on the nature of the tasks associated with any given role.

Beyond the obvious advantages, like cost and time savings, companies must weigh the implications on such issues as long-term productivity, ease of collaboration, the ability to sustain employee competencies, and employee development. They must also take into account capabilities (both the organization's and employees') as well as employees' access to infrastructure, such as a suitable physical space for working and adequate internet connectivity.

In this article, we identify four basic role “archetypes” within G&A functions that companies need to consider in order to design the most effective remote working models. We then examine the opportunities and risks of various remote-work arrangements for G&A functions. Finally, we summarize models for each archetype, presenting a decision approach that can help companies ask the right questions to determine the optimal arrangement for G&A staff.

The biggest C-suite challenge?

The shift to remote work gave organizations the opportunity to pilot and refine remote-work

practices for the long term. Yet relatively few have taken advantage of it. Before the pandemic, most companies lacked a well-defined work-from-home (WFH) policy; workers typically negotiated arrangements with their line manager on a case-by-case basis. While most companies have since implemented temporary arrangements, by the fourth quarter of 2020, only one-third of organizations in our quarterly survey of 300 global CxOs had established a long-term policy in the previous 12 months. Among the few companies that had already adopted a policy before the pandemic, three out of four increased its flexibility, allowing for more days offsite each week and expanding the scope of employees who could work remotely.

Remote working is attractive on many counts. Companies enjoy lower indirect costs (for instance, from a smaller real-estate footprint and reduced travel) and wider access to talent as proximity to the office becomes less important. But the sudden, forced shift to remote work has highlighted the complexities and trade-offs that must be mitigated.

In the Q3 2020 edition of the survey, two out of three responding CxOs called the shift to a remote-working model their “top challenge” during the pandemic and in its aftermath. These executives said they expected that in the future, between 50 and 70 percent of their G&A employees will work remotely for a substantial portion of their work time.

One quarter later, the Q4 follow-up survey reaffirmed this finding: 30 percent of the respondents said that their G&A personnel would be in the office fewer than a couple of days each month, and 50 percent planned to adopt a hybrid work model, requiring workers to be in the office two to four days each week. Only 20 percent expected their workforce to return to a full on-site model.

In making such adjustments, companies have recognized that to be sustainable and effective, these policies need to account for both capability and culture. Initially, the executives we surveyed ranked technology as the biggest challenge in

implementing WFH, while acknowledging that “soft” issues—employee collaboration, coaching, talent development, a strong culture—are equally challenging. In our view, these soft issues may be even more daunting to maintain with the requisite consistency and quality. The same holds true for managing a highly distributed workforce (and one that may include more independent or flex-time workers) and adapting to a different cost mix. What worked for six months in mid-lockdown may not hold up longer term.

Consider four main G&A roles

To understand the optimal model for remote versus office-based work for G&A functions, we simplified roles into four archetypes based on the nature, frequency, location, and complexity of interactions those personnel have with other company staff. Exhibit 1 depicts a few sample roles in different G&A functions that align to each archetype as a starting point.

Exhibit 1

G&A staff can be classified into several ‘role archetypes.’

The archetypes are based on the nature, frequency, location, and complexity of interactions involved in each role.

1	<p>Locally deployed <i>Supporting a location</i></p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • HR generalist for a particular site • Local IT end-user support analyst • Country financial controller <p>Frequent interactions with a large number of colleagues</p>
2	<p>Business partnering <i>Supporting executives in a specific business area</i></p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Finance business partner • HR business partner • Attorney for a business unit <p>Complex and interpersonal interactions on a regular basis</p>
3	<p>Center of excellence <i>Offering policy-setting and subject-matter expertise</i></p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • HR compensation specialist • Cybersecurity manager • Procurement category manager <p>Complex but less frequent interactions</p>
4	<p>Shared-services center <i>Supporting business processes organization-wide</i></p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Accounts-payable associate • Payroll specialist • IT help desk analyst <p>Rule-based activities, often requiring repetitive transactions</p>

- *Staff in locally deployed roles* interact with a broad mix of employees (within and outside of their own function) at a single location, whether at headquarters or in plants, service locations, or branch offices. Interactions are frequent and involve many people.
- *Staff in business-partnering roles* are functional professionals connected to specific business or functional units. These individuals provide planning and decision support, as well as thought partnership and relationship support. Their interactions often involve complex problem solving and collaboration, but those interactions are usually with a handful of executive-level colleagues connected to the business area that they support.
- *Staff working in centers of excellence* develop enterprise-wide policies and programs in their particular area of functional expertise. These employees tend to interact with a small number of colleagues within their own function. However, much of their work is performed independently, so they have less frequent interactions. Given the global nature of these roles, many interactions can be virtual even when the work is performed on-site.
- *Shared-services center staff* provide standardized services throughout the enterprise. Unlike those of the other archetypes, most interactions of these personnel involve applying rules-based and repetitive actions as defined by well-established norms, expectations, and operating procedures.

The opportunities and risks of G&A remote working

Given the differences among archetypes, it's important to consider the pros and cons of remote working within each—and not only how remote working affects each role but how it affects staff overall. In examining the opportunities and risks, it's worth noting that some could have even greater impact than what companies have experienced thus far.

Remote working's benefits

Discussions about the benefits of remote work tend to focus on the cost efficiencies companies can achieve and the flexibility it affords employees. But many of the less visible benefits offer long-lasting, strategic advantages.

Exhibit 2 provides an at-a-glance picture of the more significant opportunities across each role archetype.

More firepower per professional

Traditionally, location size and proximity to internal stakeholders have governed where G&A professionals are situated. Remote models make those factors less relevant, which allows G&A professionals to expand their impact throughout the enterprise.

Business partners can more easily serve multiple business lines—in effect, being in several places at once. For example, an industrial company has begun shifting most of its business partners from headquarters and regional offices to a less expensive location, while also implementing periodic in-person joint working sessions. This shift is helping to reduce the company's overall cost structure, while providing high-potential employees in their support centers more opportunity for career growth.

Access to a broader talent pool—and the ability to deploy people more effectively

By relaxing geographic constraints, remote work dramatically increases the number of potential candidates a company can draw from. Over time, this allows companies to gain access to skills that are not available in local talent pools. Furthermore, the ability to locate staff anywhere gives companies the ability to hand off work across time zones, extending the hours support can be provided to critical initiatives.

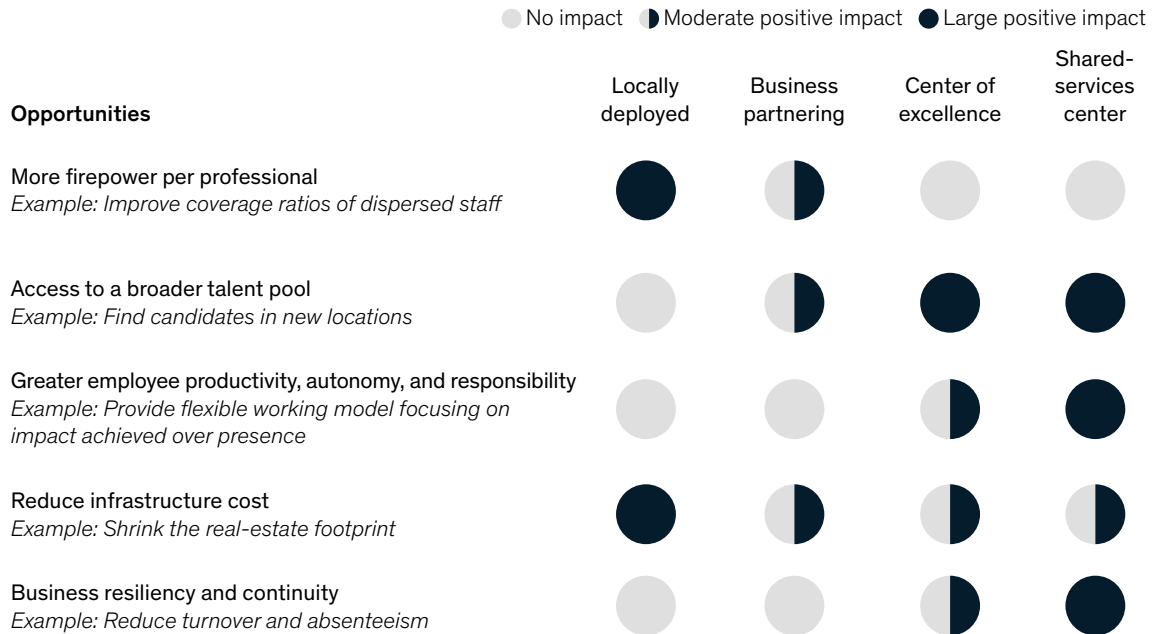
Greater employee productivity, autonomy—and responsibility

Reduced commuting time, along with fewer interruptions, can increase productivity while offering greater personal scheduling flexibility. Both results can enhance employee satisfaction. As virtual interactions become more of a norm, remote working can offer more chances for junior employees

Exhibit 2

Remote work offers opportunities across G&A roles.

Impact is especially high for center-of-excellence and shared-services roles.



to shadow supervisors in customer and high-level decision-making discussions—activities that accelerate learning.

Reduced costs for infrastructure and workplace services

Companies can streamline fixed costs such as real estate, utilities, and workplace services (including cafeterias, security, and transportation). A US-based advanced industrial manufacturer, for example, estimates that it will reduce its annual office footprint by 20 percent and real-estate costs by 40 percent. While a portion of such savings will inevitably be offset as companies help employees adapt to working from home, those costs will likely be dwarfed by the potential savings.

Greater business continuity, enhanced resilience

As the pandemic has amply demonstrated, a decentralized workforce provides built-in business continuity and greater resilience when dislocations or crises erupt. One noteworthy example: an aerospace and defense company successfully

executed its first-quarter close in 2020 with its staff working remotely across multiple time zones, on time and without compromising the quality of its financial reporting.

Remote working's risks

Although remote working presents many opportunities, sustaining a remote model comes with risks. It is possible to mitigate most of them, but such measures need to be part and parcel of the transition to remote working, whether under a full-time or hybrid approach. We see seven major risks.

Erosion of culture and relationships

With no chats at the water cooler, after-hours socializing, or impromptu problem-solving interactions, cultural cohesion and trust can suffer, especially for newer hires. It's easy to forget that these informal channels and mechanisms are often vital sources of change and innovation in organizations. Local staff may lose a sense of what is going on in their local office and community. Even if these effects have not yet manifested themselves,

they can nonetheless affect individual and company performance in many profound, if less visible, ways.

Furthermore, while remote work holds the promise of increased diversity through access to a wider talent pool, it may result in less inclusive outcomes. This is in part because of the uneven demands remote work places on certain groups of workers who have childcare, elder-care, or other similar responsibilities; it's also because of the different levels of access some workers have to the infrastructure and support necessary to effectively perform work remotely.

McKinsey's study of COVID's effect on workplace gender equality showed a disproportionate impact on working women, with millions exiting the workforce in order to fulfill the extra demands of childcare, online schooling, and caregiving to ill family members. The impacts on women of color and those in multigenerational households were even greater. Yet over the long term, if the necessary resources are provided—whether through government- or employer-sponsored programs—remote work might prove to favor diversity, by expanding the available pool of workers and giving those workers more work-life flexibility.

Mitigation measures: Companies can reduce the erosion of trust and social bonds by thoughtfully reexamining their purpose and values, and making sure that the actions they take reflect and reinforce those values—such as for inclusive communications strategies that help everyone feel heard and respected. Specific actions could include familiarizing new hires about the company's values through orientation and ongoing learning programs; embedding periodic values-reflection and discussions into weekly, monthly, or quarterly meetings; celebrating when people live up to desired behaviors, and inserting nudges into day-to-day tasks (for instance, reminders on laptop login screens). By deliberately reinforcing norms, companies can clarify expectations (such as when a phone meeting is preferable over a video meeting, or and when it's acceptable to turn video cameras off)—and strengthen company culture.

Because managers of virtual teams play a disproportionate role in their employees' exposure

to company culture, it is also important to emphasize their role in communicating and reinforcing values. This may require changing training and performance assessments to ensure that managers are able to act as mentors, embodying and reinforcing values in their daily virtual interactions with their staff.

Burnout and mental-health issues

Less face-to-face interaction in business partnering and influencing roles may yield unintended psychological effects. Even before the pandemic, some companies already recognized that remote-working arrangements can instill an “always-on” mind-set that can increase employee burnout and mental-health issues. The less structured work schedules common among locally deployed, business partner, and center-of-excellence G&A staff make them particularly prone to these risks.

Mitigation measures: Companies can counter these risks by encouraging employees to take dedicated meal and exercise breaks—and by supporting them in taking steps to engage regularly with colleagues. For example, a global business-process-management company has deployed an AI-based chatbot to track employees' state of mind, with enhanced check-ins for those showing signs of mental-health issues.

Poor onboarding, development, and performance management

For new hires, the lack of in-person mentoring can lead to higher attrition. Moreover, among less experienced or less motivated staff, the gap between high and average performers can grow significantly without regular in-person connection.

Mitigation measures: Remote-first organizations have devised creative ways to mitigate the risks of onboarding new hires in a remote-work environment. Among them: setting up daily check-ins with direct supervisors, assigning employees a buddy for support, scheduling time for team introductions, and providing a library of orientation resources. Companies can also transition from performance-management methods that focus primarily on quantifiable results to ones that also reflect qualitative outcomes and results. Quality, not just quantity, is a determinant of success; and metrics for remote workers should reflect that fact. It's not

so much about punching the clock, for example, but about achieving project-based results.

Frequent and planned coaching, along with informal check-ins, can help maintain employee development and surface any morale issues that may be brewing. A financial institution is including new hires in virtual client meetings so that they can shadow experienced sales managers and leaders. To preserve sound performance-management practices, managers can set explicit outcome-based performance goals and schedule formal check-ins with employees for feedback and coaching.

Difficulty adapting to new ways of collaborating

For previously co-located employees, the transition to online management practices—many of them adapted from lean and agile, such as daily check-ins, huddles, visual management, and standard work validation—may be difficult. Although digital collaboration tools have improved, the inability to read body language can make virtual communication and coordination difficult. Real-time feedback can be limited and collaboration may become less fluid, and thus less effective. Session leaders can't always perceive when participants are not aligned or not comprehending the subject matter. Ultimately, the lack of "face" time may impair a company's ability to maintain consistent standards in how work is executed, eroding the benefits of process improvements.

Mitigation measures: Digitizing processes and workflows so that standards are embedded in the way work is performed can minimize some of the limitations of virtual interactions. For complex online interactions, managers and staff who lead meetings need training in agile practices and rituals, as well as in the use of online platforms (including video conferencing) and work-management tools. Equally important is to pay attention to the structural aspects of meeting management, such as establishing ground rules and a clear set of shared objectives.

One global energy company experienced problems early on with its hybrid model, in which some team members worked remotely while others worked at

a single office location. At meetings the remote employees were often excluded from the main discussions, which their on-site colleagues dominated. Rather than mandate that all staff return to the office, leaders reworked the meeting cadence. Only the most critical meetings (which occurred quarterly) required everyone to attend in person. All other meetings were held via video conference for all employees, even those on-site. In that way, every team member had an equal voice in all discussions.

Cybersecurity vulnerabilities

Many G&A personnel have access to highly sensitive company information, such as revenue and profit margins and personal employee records, so a distributed working environment multiplies data-security and cyber risks. For those reasons, certain industries, including healthcare and banking, may be precluded from adopting even a hybrid remote-working model for certain G&A roles.

Mitigation measures: Organizations can bolster end-user training in areas such as threat awareness while beefing up device-security protocols, including new requirements for multifactor authentication, strong-password creation, company-compliant device usage, and software updating. They can also fortify their core computing capabilities by securely digitizing all information exchange, data storage, and cloud access. Machine learning-based artificial intelligence-based surveillance of networks and end points is another important cybersecurity measure, and one that has become critical as more processes get digitized.

Home-office limitations

Many employees—in particular, part-time, low-tenure, or entry-level staff—may lack the ability or means to work from home effectively. Sufficient connectivity may be unaffordable or divided among several household members. Furthermore, the employee's home workspace may not be conducive for productivity or ensure the privacy necessary for conducting sensitive work.

Mitigation measures: Employers may want to invest in providing infrastructure capabilities, such as

high-speed internet access or shared workspace “pods” close to employee home locations, for dedicated work sessions or to ensure privacy.

Over-pruning real estate

As more companies relinquish significant portions of their office space, the aggregate impact could eventually lead to infrastructure shortfalls down the road. Even as companies retain space with a hybrid model, they will likely want to take advantage of more flexible real-estate models, recognizing that their needs or the marketplace itself could change significantly.

Mitigation measures: Companies might consider increasing their use of short-term leased space; for example, they might eliminate half of their office space and reinvest in a much smaller, more localized, piece of temporary space to meet burst capacity needs (albeit at a slightly higher cost) when needed.

What’s optimal? It depends on the role

Each of the four G&A role archetypes is affected differently by remote working. Thus, a hybrid approach appears likely to be the best bet for most G&A staff: it allows companies to shrink their physical footprint without putting all their eggs in one basket.

In general, most G&A roles can be performed effectively in some form of a hybrid remote arrangement. But the proportion of time spent working remotely versus in-office, and the associated cadence, varies by archetype. The key variable is the frequency of in-person interaction that is needed—and that depends on the business context and company culture (Exhibit 3).

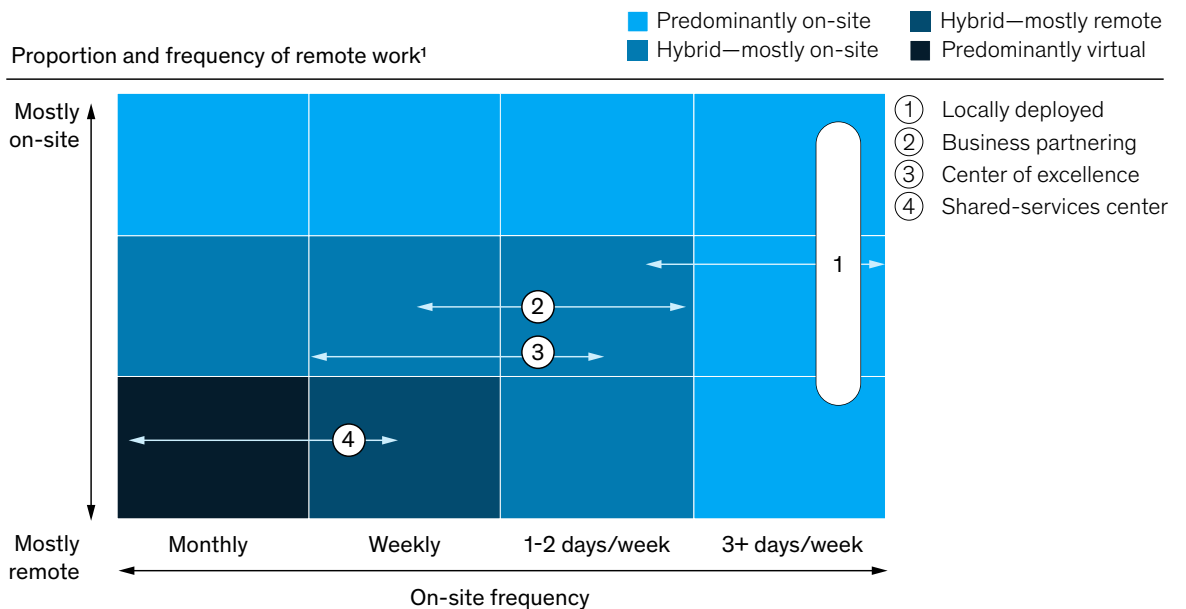
Locally deployed staff: frequently on-site, often part-day

Because of the need to maintain local relationships and trust, “locally deployed” staff will likely need to

Exhibit 3

The balance of remote and on-site scheduling depends on the G&A role archetype.

Amount of time on-site is largely driven by need for continuous versus intermittent presence



be on-site many days of the week. However, they typically needn't be present for the entire day. The constraints on remote work for these roles, such as the need to respond to local operational issues or engage in intense collaboration, are harder to overcome than the issues involved in other archetypes. For instance, a local HR manager would need to know if discontent is brewing among employees at local plant or retail store, and in finance, a local controller would need to understand the local operational issues that could be causing cost overruns. Exhibit 4 offers a sample picture of a local controller's weekly work arrangement.

Locally deployed staff would therefore likely need to be on-site two to five days a week to support frequent contact with other local personnel. Because the frequency of interaction is what's important for these positions, rather than the criticality of any particular type of interaction, the specific days or hours they work on-site matters less. These employees simply need to maintain a regular local presence.

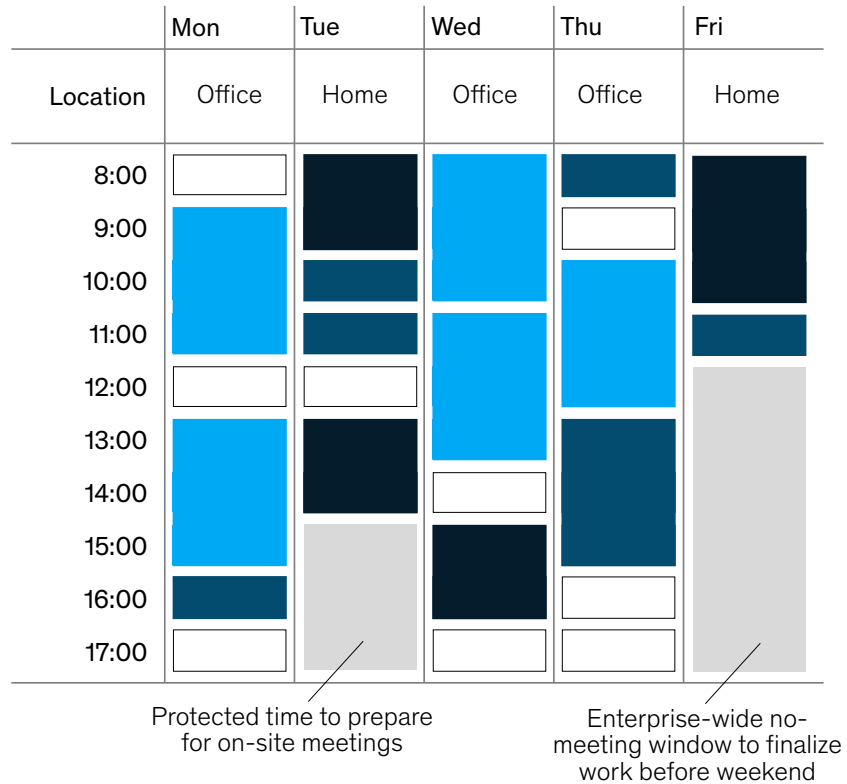
Business partners: a hybrid model

At most companies, those in a business-partnering role will likely adopt a hybrid on-site model. The

Exhibit 4

A week in the life of a local controller shows remote work in action.

- Open
- Highly interactive in-person meetings (eg, local sales meetings)
- Hybrid interactivity meetings (eg, coaching or staff meetings)
- Highly virtual meetings (eg, regional calls)
- Protected time



benefits of face-to-face collaboration and real-time problem solving significantly outweigh the virtual substitute. Moreover, companies will want to be mindful that successfully competing for this type of talent may well depend on how flexible the working arrangements are. Offering more alternative schedules, such as predefined on-site weeks, could make a difference.

Relationships are more important to business partners' effectiveness, so the model (or models) a company chooses may feature more variations across the different functional areas—and certainly more extended periods of remote work. No matter what, achieving the right balance is crucial for maximizing this group's impact and the quality of their working relationships. The following three actions can therefore help this archetype's hybrid remote-working model succeed.

- *Formalize and normalize changes in the working model.* Actively and clearly communicate what the future will hold for this important employee group. Define the expectations for on-site time, which may be different from other working teams. Be sure to maintain an open dialogue on work-life balance to prevent burnout, and provide ongoing development to ensure these professionals receive the coaching they need.
- *Develop existing talent to support a more independent, self-directed working style with clearly defined outcomes.* Organize this group around pursuing key business outcomes through weekly alignment check-ins among themselves and with staff members. Frequent discussions will keep the team aligned and will ensure that critical functional and business problems are being solved and that resources are being allocated to the highest priorities.
- *Accelerate digital utilization.* Take advantage of new and emerging technologies to reduce the reliance on legacy processes, and migrate activities and interactions to a digital context. Push to adopt digital collaboration tools to increase these workers' coverage, enable more one-on-one communication, and boost their overall effectiveness.

Centers of excellence: mostly remote, with regular on-site interludes

Because center of excellence (CoE) roles encompass policy- and direction-setting for the entire enterprise, CoE staff must, from the get-go, have a firm grasp of the issues and requirements relating to their function across the enterprise. As this is a more project-based role, the optimal model for CoE staff could predominantly be remote, punctuated by two- to four-week on-site sprints for specific, periodic tasks, such as kicking off the budgeting process or implementing year-end compensation changes. Above all, organizations will want CoE employees to be able to coordinate and prioritize their work easily with other members of their team, through frequent check-ins, digital workflow, and digital team dashboards. Otherwise, they risk focusing myopically on immediate or tactical matters and neglecting more strategic or more pressing enterprise concerns. For example, the real estate team would probably be better off assessing enterprise office space needs two years hence rather than fixating on selling one or two assets now.

Shared services: two basic remote models.

One option is a hub-and-spoke system, where distributed offices, such as on-demand or shared (co-working) workspaces or satellite facilities connect to main business locations. These distributed offices offer employees workspace and connectivity that is closer to home than the office. The other model is primarily remote, with an option for office-sharing that is pre-booked in advance.

These models are enabled by agile, self-managed service-delivery models, and by the growing deployment of technologies. Important digital capabilities include those supporting collaboration (such as for service-management workflows), data visualization (instead of paper-based reporting), and applying artificial intelligence to help adjudicate decisions (such as supplier or customer claims processing) and manage exception-handling workflows.

Remote working appears here to stay. And as G&A workforces become more and more dispersed, the blanket remote-work policies of yesteryear can no longer do the job. To ensure that companies, functions, and employees work most effectively, hybrid work models that harmonize with the rhythms and interactions of the key G&A roles offer a competitive advantage. What works for an analyst in a Berlin center of excellence may be completely unfeasible for an HR business-unit head in Beijing.

Developing the right model for G&A means, among other things, considering the shifts among

competitors, customers, and suppliers. It means equipping people with the resources that help them stay connected, perform well, and maintain work-life balance.

To be sure, remote working comes with risks. But with prudence and pragmatism, companies can confront and mitigate them. A deliberate, tailored approach—one that matches form to function—will help companies draw on the many powerful (and often unrecognized) benefits remote working can confer.

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