CFA Institute | Is a Hybrid Model the Future of Work-

LAUREN FOSTER: Hi, everyone. Welcome to *Take 15 Podcast.* I'm Lauren, and today we're bringing you a conversation all about the future of work. Like many of you, it's something I've been thinking about a lot. And it's not surprising that two of the topics that were trending recently on LinkedIn were #RemoteJobs and #WorkFromHome.

So to help us all make sense of this, I have Rebecca Fender here with me today. She's co-author of a new report, "The Future of Work in Investment Management." It's the first in a series that will continue throughout the year. Rebecca is also a CFA charter holder and leads the Future of Finance Initiative here at CFA Institute.

We talk about some of the findings of the report and probe two interesting questions, whether there is a certain tension between employees and employers on what the future looks like, and what to make of the claims that working from home is not conducive to a high performance culture. We finish up talking about trust, and in particular, the challenge of building trust when employees are remote. I hope you enjoy the conversation.

Rebecca Fender, welcome back to the show.

REBECCA FENDER: Hi, Lauren. It's great to be here.

LAUREN FOSTER: So this is actually not your first time on the show. I was looking back. You were actually in the studio about almost exactly a year ago. And that was before lockdowns and COVID and the pandemic. We were actually sitting in the studio. This time we're doing this virtually and what a year has happened in between.

And I'm really excited for this conversation because I think it really touches on pretty much everyone who's in the workforce. We're all thinking, what will the office look like when I go back? Will I even go back to an office? And the future of work is something that you've really had a front row seat on because you have just co-authored and released a new report, "The Future of Work in Investment Management." So I would love to dig into that a little bit.

So CFA Institute surveyed something like 4,600 members in March and April, and that formed the basis of this report. What were you trying to find out? And what were some of the most interesting things that you learned?

REBECCA FENDER: Yeah. It's certainly the topic of the day, and something that is, of course, important to all of our members and people across the investment industry. So every day as I look at the news, I see that there are leaders in our industry trying to figure out what are the policies we're going to put in place, how are we going to make things work when we get back to normal, or what will normal be.

And so as people are asking those questions, and people are starting to make decisions, we recognized we have access to a great network here to see what are investment professionals are thinking about not only what they've experienced in this all remote work situation, but what do they think would be best going forward. So it was really through that, and thinking about the career element of this. Many people join CFA Institute as a way to further their career. So how do you think about it when a lot of the assumptions you might make about what it means to have a job have kind of changed, at least in terms of some of the practical aspects?

So certainly the conversation around hybrid work environments is a motivator, but it's really about all the long-term implications from that. So I think we've been sort of fortunate as an industry that as the market has continued to do pretty well during this time, there's been some resiliency in the job environment. But longer term, again, a lot of the changes, they were already starting to happen around the types of work, how much is done through technology. We've really seen that accelerate.

So I guess I would note that some of the most interesting things were that some of the roles where we really just couldn't even imagine things being done remotely, or in an asynchronous sort of way, we've really had to reimagine that. And so if you ask people what was possible before, you get a range of answers that don't even overlap with the new range of answers. Everyone thinks they can do things more effectively. But I'd also note that a hybrid environment is not the same as all remote. And so what we want to get into are what are some of those nuances that will make this very effective.

LAUREN FOSTER: So maybe one thing we should do is actually clarify what we mean by a hybrid environment. So my understanding is it's a bit of both, right? You spend some time in the office, some time at home. For some, it'll be mandatory. For some, it'll be entirely voluntary. Is that your understanding of what the hybrid model really means?

REBECCA FENDER: Yes. That's a good description. So when we surveyed, again, these 4,600 CFA Institute members, about 80% of them said they would like to work remotely part of the time long-term. And so it was interesting then to look at did this vary by region. It was pretty similar across regions. Maybe a little bit lower in Asia-Pacific, but across the board people wanted to consider new ways of working. Women were slightly more interested, about 87% of women versus 80% of men wanted to work remotely some of the time. But again, pretty high numbers across the board.

I think one of the things that's also interesting is as you look at people's career stages, the people that perhaps have had a more difficult time during this environment have been those that are either newer to the industry, or just getting into a new organization. And so as we think about the learning curve and how you learn from colleagues, that's a lot of what we do that's had to be a little bit different now.

LAUREN FOSTER: So your report focused on the investment management industry. And I'm quite curious. I tend to think of that as a cohort that are hard-charging, high performance in the office long hours. What did they tell you when you surveyed them about whether they want to stay hybrid, or stay remote, or go back to the office?

REBECCA FENDER: Well, the really high numbers around wanting to do some remote work might have been surprising, given that that really wasn't culturally typical. But we have had this sort of forced experiment where people had to learn new ways of working. So one of the things that we wanted to consider, too, was not only what do people want, but what will organizations do in terms of policies, and then also what will be most effective. So we did find that amongst the organizations we surveyed-- again, about 40 organizations, representing 230,000 employees-- we found that only about 15% to 20% of them had remote or flexible work policies in the past, but about 3/4 expect to do that in the future.

So I take that as something where in the past it might have been that people only had those arrangements by a special situation. And now it's much more the norm that you should consider all these different aspects. And also, think about what your work entails, and how you can do it well. So there's a lot more detail, too, in the report about job structure. So you could actually say, does it matter if I'm a portfolio manager, or if I'm a research analyst, or other roles? And we do see that there's time that people need uninterrupted work time. And then there's also time that they need teamwork.

So maybe one other note is that in McKinsey's study across industries, they find that finance and insurance is the best industry for doing some hybrid work. So it's very well structured for that.

LAUREN FOSTER: That's very interesting. As I was sitting here waiting for us to connect, I was just looking through a list of companies that have gone either sort of completely virtual or sort of hybrid. And there's some really interesting names. I scribbled down Slack, and Twitter, and Facebook. Here in Charlottesville, we have a tech company, Willow Tree, that really is encouraging their staff to come back into the office.

So one of the questions I sort of wonder about is whether there's going to be a sort of a tension between what the employees want and what the employers want. Do you think that there's a little potential for, I guess, tension there? And if so, how does it get resolved?

REBECCA FENDER: Yeah. Well, I think that that is a potential tension. And we've seen a few firms be pretty outspoken about 100% one way or the other. But I think we've also heard over the years in some of our diversity work, for example, that being more creative about the way people work is a differentiator in terms of getting talent. And so I think that that is something that is really front and center now.

So some will say that you need to have a lot of time together in person. But we find even the roles that are client-facing, a lot of them are expecting to forego travel, and spend much more time in video calls. So I think that that means it will be a little more complex. People will have to make the decision about when it's worth it. But it's giving that additional level of maybe autonomy and flexibility to say, this is how I can do the job best. I know what I need to get done. And when it's an important decision to be made with a client, I'm going to get on a plane. When it's not, we'll all benefit by the fact that we can be more efficient about things.

LAUREN FOSTER: So speaking of travel, actually, there are lots of really interesting points in the report. But there were two things that I'd love to ask you a little bit more about, because they were somewhat surprising. So one of them was around travel, and the other was about sort of extrinsic versus intrinsic motivators. Since we're talking about travel, maybe you can just tell us again what you found in the report about travel in terms of future and the work. And then perhaps we can talk about the motivators.

REBECCA FENDER: Sure. So on the travel side, we looked at those who were heavy travelers before and how much that would change. So I guess one thing to note is at least the majority of those we surveyed don't travel a ton. So there are a lot of rules across the industry that aren't heavy traveling roles. But of those who do, basically, the number halved in terms of those who expect to be traveling half the time, or even one week a month.

So that's pretty consistent also with what we found from the employers. When we asked them about expectations for travel going forward, we know that this has been an area of budget savings for a lot of people. So most of those leaders said they expected about 50% to 75% of the level of travel in the past to continue.

So then, of course, we zeroed in a little bit more on those people that are the most client-facing, and we found that they are expecting to substitute the Zoom call for a lot of things that might have otherwise required travel. I still think that once there's more opportunity for travel, you'll see a burst of activity there, where people need to reconnect.

And I think there's a bit of a risk that we've undercounted the cost of weakened relationships. There is something really beneficial to having the conversations on the side of the business meeting. And I think people are really hungry for that.

So I guess you asked also about motivations. And this was an interesting point as we compared to a survey we did in 2019 for the investment professional of the future. So we asked, what are some of the key motivators for you as an investment professional in your work? And also, what keeps you in roles? So sort of the attraction to a role, and then retention elements.

And what we found before was it was very much those intrinsic motivators of, I love learning about the market. It's the passion for the markets. It's learning new things every day. That's what drove people.

And then-- and of course, well, compensation and benefits are part of that as well. So that's always-- you need that, but there's also these intrinsic motivators. And now what we found, as we repeated this question just a couple of years later, a lot of those intrinsic motivators have decreased in importance. And we found more of the extrinsic motivations, whether it's financial compensation, or having a good team and a good supervisor, or working with-- having the ability for flexibility. Those are the things that became more important.

So I guess if we think about that, one question I have is, is that a long-term thing or is it just temporary? You could sort of think of Maslow's hierarchy, that at the bottom, those basic things you need, people had had some job security, so the financial side, they've really, really benefited from the ability to be flexible during this time when many support systems, dependent care, and everything haven't been available. So I think those are just that much more appreciated.

Yeah. And I think people's time has been squeezed in terms of the ability to learn new things. So some people have had more time. They've said, I don't have to commute. I've got more opportunity to do things. And they've learned a lot of new things. But other people, they're working a lot more hours, and so forth. So I think we have to kind of just watch that and see if it's going to persist.

But I also think we have to realize that learning can come in a lot of forms. So there's topical learning, and then there's the way of working that we've been learning about. How many different platforms have you learned in the last year in terms of how to connect with people?

LAUREN FOSTER: So speaking of learning, if we assume that the hybrid model is here to stay, it makes me wonder whether there are new skills that workers need to acquire in order to thrive in this new kind of environment. Was that something that you addressed at all in the survey? Or do you have any thoughts about the kinds of skills workers need?

REBECCA FENDER: Yeah. Well, I think this has certainly, again, made it much more important for people to be comfortable with technology. And so one of the things I found surprising was that there are a lot of organizations that have said, it's been a great time to recruit, because you can just do a virtual interview, and help people get into your organization.

And also, on the HR side, people have said it's really great to understand if people are comfortable with technology and communicating through a screen. That's one of those skills that will be important. Also, for many years, we've seen that one of the top areas that people are working on is soft skills. And so if you think about the way you need to build trust in new ways when you're not always with someone, this is, I think, something that people need to consider much more.

And so there's the technical side of skills, which will always be important. And we see some kind of continued trends there. But it's the soft skills also that come to the fore here as you're trying to build good teams, have good team dynamics also.

And even as you think about a move from remote to hybrid, we have to realize that there was an evening of the playing field essentially when everybody was remote. You could see everybody in a same size box on your screen. And when we have a mix, people will really need to think intentionally about how do you bring people into the conversation, and how do you make your point.

LAUREN FOSTER: Yeah. So I definitely want to return to the trust element, but before we go there, I just want to probe a little bit more on this idea of potential conflicts between those who see sort of a high performance culture being the equivalent to sort of always being in the office. And a high performance culture can't exist with a hybrid model. And so here I'm thinking, in particular, of Larry Fink of BlackRock, who's been very vocal, in fact, and the back of your report, one of the articles that you linked to has the headline, "Work From Home Not Conducive to, quote, 'High Performance Culture,' BlackRock CEO." so what do you think?

REBECCA FENDER: Well, I think that people are going to be experimenting with this. And I think that there are so many elements of a good culture that you really have to know yours. And this is a great opportunity for leaders to spend the time to think about what's core to your culture.

If you think about the role a leader has also in that, I think that the past year and the ways that leaders have dealt with the situation, and all the various stresses that their employees have had, that's going to either pay off, or depending on whether it was a positive or negative experience, I think there will be continued effects from that.

And so it's a good opportunity to say, OK, this is who we are as an organization. This is what our culture is. This is our purpose. And how can we do that well? I think it's going to look different company by company. But I also-- I worry a little bit that we're overly optimistic from the all remote experience. And people are going to have to figure it out a little bit along the way.

LAUREN FOSTER: So let's go back to this topic of trust. And we started this whole program saying that a year ago we were sitting here talking about a report that you had just put out about trust. And that's something I think about a lot, especially in the building of culture, and over the past year, how some firms have really set examples in terms of sort of deeply entrenching their cultures, and others have really done a really poor job of keeping those relationships really sort of warm and flourishing.

And I heard Simon Sinek say something the other day that really sort of struck me. And I'll sort of quickly read that. He said, "It's very difficult to build trust while teleworking." And the analogy he used that Isaac Stern would tell students, "Anyone can play the notes. The music is what happens between the notes." And his point is, similarly, we build trust in those hallway meetings, or after meetings, or sitting down at the cafe. So I wonder how can organizations help or start to rebuild trust, especially those that might have breached some of that trust in the past year. How do they rebuild trust with their employees?

REBECCA FENDER: Yeah. I think one of the factors here, too, is just time. So I've heard some people say, we've sort of missed a whole year of people's lives. Even if you have a little bit of small talk at the beginning of your meetings, which is probably a good technique to find out what's going on, I think that it is these personal connections that help with trust. And it's about trust over time. So there will be a little rebuilding work there.

I also think that we've been rightly looking for those sort of silver linings about the pandemic. But I would also caution that just because we've seen people's Zoom backgrounds and maybe a little bit of their personal lives doesn't necessarily mean that we know everything that's been going on. And so it's a good time for a lot more listening. It's a good time to think about ways to strengthen those bonds within teams.

So I will note that I think that organizations that are more global probably had a little bit of an advantage. If you have a team that is already used to working very remotely, this wasn't as different. But then I think as you consider those teams that depended on being together, there's just a lot more work to be done to recreate that same feeling.

And as you talked about the conversations in the hallway, it also makes me think about opportunities for innovation. So I would like to think that perhaps we'll have a burst of innovation as people get back to seeing people more. Some interesting research from Microsoft, actually, the team that works on the Teams platform, they've looked at patterns of communication. And they found that people tended to get pretty siloed.

So in this time when it seems like you have to prioritize your time and be pretty careful with it, you've really reached out to the people who you had to reach out to you. You had to get stuff done together. But those other conversations you might have had, a little more distant out on your network, those tended to fall off. And so I think it'll be really great when those come back and you're able to get ideas from people who aren't necessarily just in your day to day.

LAUREN FOSTER: So I'm curious about your experience over the past year. You had a very full travel schedule. You were on the road a lot, lots of meetings both sort of online and in person, lots of speaking engagements. What has been perhaps the biggest bonus of having been home for the past year? And on the flip side, what have you missed most about coming to the office?

REBECCA FENDER: Yeah. Well, certainly taking the time to just not be on a plane has been nice. I think many people will relate to the idea of a lot more good quality dinners with the family. And I certainly would be part of that. And I would also say that for-- well, maybe two other things. One, a little more personally, I think it's an opportunity to get to know your neighbors more. If you're doing a big commute and if you don't connect as much to those right around you, this has been a good opportunity to do that.

And then the other part, I would say on the professional side is from a research standpoint, this has been great because in the past, if we wanted to get qualitative input to a paper, we maybe would have picked four or five cities to go have a roundtable. And it costs a lot. It takes a lot of time, that sort of stuff. But we did a paper on the future of sustainability and never got on a plane. And we did probably four times as many roundtables all virtually. And we covered a lot more ground in terms of different viewpoints and how people are thinking about this. So it really has helped us think about the model of how can we get more voices into research and so forth.

I guess you also asked about what I miss about coming into the office. And I would say that I guess the commute time is a good time to learn things. And so squeezing in the additional podcasts or audio books, I miss that, and hope to catch up before long.

LAUREN FOSTER: So just a side note to the audience, Rebecca just mentioned a report on sustainability, and the report that we're all talking about right now, we will make sure to put links in the show notes. So if you've heard a report being mentioned, you'll be able to find a link and actually find that report.

And I was just sitting here this morning, waiting for us to connect. I just wanted to quickly share something that I thought was kind of a fun take on sort of remote work. And it was about Phil Libin, who's the founder of Evernote. And he is one of those who decided that his company is going all virtual. And he said by doing so, he's given his company three super powers.

The first superpower is the ability to hire talent not just globally, but locally. And he says we're never going to go back to listing a location in a job. And I thought that was super interesting. The second superpower was not commuting. He said, we're giving every person on the team back two extra hours a day. So I was like, that's another great superpower. And then the third superpower was helping employees avoid the extreme expense of living in major cities. And I thought that was kind of a fun way of reframing, I guess, what remote working can do for some people.

So on that note, we're going to now sort of go to the final session of our conversation where I ask our guest the same closing questions that I ask everyone. And the first one is the ray of sunshine question. And that really is just asking you to think about or tell us about one sort of positive, or long-lasting change that you hope to see as a result of the pandemic.

REBECCA FENDER: Yeah. So I think that long-term, this has been an opportunity to rethink a lot. And oftentimes our lives are so busy that we don't do that. And so it's been a time where we've maybe been forced to think a bit more, and have a bit more time on our own. But I think that that's good overall. And I think that it will make us more intentional and effective both in our personal and professional lives.

LAUREN FOSTER: Well, speaking of alone, you're about to go on a long duration space flight, Rebecca. And you can only take with you one object. What is that object?

REBECCA FENDER: So is there anybody else with me?

LAUREN FOSTER: None of your family is with you. I don't know who else is on the crew.

REBECCA FENDER: Well, I think I'd only go if it wasn't alone. I'd have to do it with someone. And so if that were the case then, I would say I'd bring a pack of cards. And I think it's a good way to know people, to play a game, to talk throughout that. And I guess one other maybe little personal bit, of course, you and I were on a flight once together.

LAUREN FOSTER: We were.

REBECCA FENDER: It nearly crashed and had a fire on it. And so I will say that ever since then, I've thought about flying a little differently. And I always make a point to know the people right around me. Just in case there's an issue, I want to know the people that I could help, and that could help me in return.

LAUREN FOSTER: That is a smart decision.

REBECCA FENDER: Hopefully I don't talk to them so long that they're upset about their seat mate.

LAUREN FOSTER: But I'm curious. So you mentioned a pack of cards. Do you have a favorite card game or does your family have a favorite card game?

REBECCA FENDER: Oh, a whole variety. I think it's good to mix it up.

LAUREN FOSTER: OK. So our final question, and maybe given our conversation about flights, you may not choose this answer. So the superpower you'd have to choose is between flight or invisibility. And whichever you choose, you're the only person in the world that has that particular superpower. Which one are you going to choose? And how are you going to use it?

REBECCA FENDER: Yeah. I guess I'd have to go with invisibility there. And I guess I'd note that the last trip I took right before the pandemic was to Harry Potter World. So all about family fun and invisibility cloaks, which we've also discovered works with a green screen if you have a green shirt. So that's been a lot of fun. So I do think that finding creative uses-- invisibility for good is what I would go for.

LAUREN FOSTER: Great. Well, Rebecca, it's always a delight speaking with you. Thank you so much for joining us today.

REBECCA FENDER: Thanks, Lauren.

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