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THE FLEXIBILITY VARIANT

After several false starts, return to office is back with a new look – and plenty of risk

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It's been more than two years since Covid-19 forced businesses to transition to remote work, and many employers are now formulating their third or fourth iteration of return-to-office policies. The delta variant delayed plans to return to offices en masse last September and omicron did the same for those eyeing January.

The world has shifted significantly since those initial plans were developed last year. The so-called Great Resignation has given many employees immense portability if they don't like their current work arrangement. Concern over the legal ramifications of vaccine mandates has been replaced by fear of losing talent. Mandating that employees return to the office for a set number of days has largely been replaced by encouraging workers to do so.

And there is one key word that every employer uses when describing their latest plan – flexibility.

Defining flexibility

Like so many other points during the pandemic, employers are moving into uncharted waters as workers return to offices this spring. For risk-averse executives who pride themselves on understanding every aspect of their operations, the unknown can be a scary prospect.

John Touey, a principal at executive search firm Salveson Stetson Group in Radnor, said over the past six to nine months workers have developed more of an expectation that since they have worked remotely for two years without losing productivity, that the arrangement should continue indefinitely. If employers do not acquiesce, there are now numerous companies willing and able to hire workers seeking remote or flexible hybrid arrangements.

"It's changed pretty drastically over that timeframe," Touey said. "I think it's going from temporary to 'let's wait and see' to 'I really like working this way and I'd like to continue to do so.' I do think employees want to come back to the office, but they don't want a fixed schedule that says you need to be in the office Tuesday, Wednesday and Thursday every week. They want more flexibility. Their definition of hybrid might be a little bit more liberal than their employers. That's the rub right now."

The definition of flexibility as it pertains to working arrangements has changed dramatically during the pandemic. Steve Sweeney, president of Mount Laurel, New Jersey-based NEMR Total HR, an outsourced human resources, payroll and benefits company that works with small and midsize businesses that do not have internal HR departments, said flexibility prior to the pandemic might have been simply allowing employees to work remotely every once in a while if they had a compelling reason. When the pandemic began, flexibility became a necessity because workers were testing positive for Covid-19.

"I think the difference now is flexibility is a necessity because the

JOHN TOUEY, principal at Salveson Stetson Group

STEVE SWEENEY, president of NEMR Total HR

JENNIFER FLAISHER, chief people officer at Spark Therapeutics

MARGOLIT HILLSBERG, chief human resources officer at Janney Montgomery Scott

employment environment has changed," Sweeney said. "It's not necessarily omicron or delta or anything due to Covid. It's because there's 11.3 million jobs available and only 6 million workers. So there's 1.8 jobs for every person. Employees have their choice of where they're going to go. If there's not a flexible environment available, they're going to look elsewhere."

How plans evolved

Several major employers said their return-to-office plans were delayed by the variants in the fall and winter months. Others never committed to a permanent plan, making in-office work voluntary so they could wait out the pandemic and perhaps the changing tide of the job market.

Conshohocken-based generic drug distributor AmerisourceBergen Corp. and West Philadelphia gene therapy treatment developer Spark Therapeutics both planned to formally return to the office in September, only to push it back to January and then to this spring due to Covid variants.

AmerisourceBergen's 42,000 employees, which include 1,100 in this region, were given 60 days notice that offices would formally reopen May 2, with most working hybrid schedules set by their manager.

The 900-employee Spark reopened its campus in March on a voluntary basis and employees will return part-time this month with hybrid work arrangements that will differ based on job function. Spark Chief People Officer Jennifer Flaisher said the company expects to see most employees split their time evenly between remote and in-person work.

Center City-based investment firm Janney Montgomery Scott has a more formal work schedule for its 2,100 employees, of which 900 are located in this region. Vaccinated employees were set to return in September on a hybrid basis that called for three days a week in the office. Attendance dissipated as Covid cases spiked and Chief Human Resources Officer Margolit Hillsberg said when omicron surfaced over the winter, Janney employees were told to use their own judgment and could work remotely. In-office attendance picked up in late February.

Janney's hybrid plan does offer some flexibility based on the needs of individual employees. Hillsberg said the strategy was adopted because of the relationship-based nature of Janney's business, which makes collaboration key to success.

Conshohocken's Summerwood Corp. operates four fast-food brands in a combined 185 stores across six states. It has about 6,000 employees, 30 of which work in the company's corporate headquarters with the rest working in stores. Chief People Officer Kathy Mullane said the company did not put together a return-to-office plan because some corporate employees have largely spent time in the office throughout the pandemic on a hybrid basis, while others work remotely. She said the company is not ready to push the issue due to the Great Resignation, though she admits it could not accommodate some job applicants looking for remote-only arrangements. She said Summerwood is not waiting out the pandemic but rather the Great Resignation to see what the new normal looks like before implementing a formal plan.

"The employee or the applicant has a lot of control right now," Mullane said. "So when that starts to shift back, there can be a level playing field again. I think that right now I'm not willing to risk my people going somewhere else. But at some point, hopefully it gets back to where the employer has a little bit of leverage. We have over 6,000 employees, so my payroll team is extremely important to me because I can't afford not to pay 6,000 people on a pay day."

Touey said repeated return-to-office delays caused by spikes in new Covid cases or changes in local regulations over the last year and a half made many companies leery of being pigeonholed to a specific date or policy. With employees craving certainty, Touey said the danger of kicking the can down the road was losing employees to competitors that were offering permanent remote or flexible working arrangements.

"There was a lot of, 'We're going to play it by ear. It's going to be voluntary. We'll figure it out,'" Touey said. "I don't think all employees want to hear that. I do think they want to have enough certainty to know about whether they want to commit to the organization or not."

Stefanie Perry, senior vice president of talent management and organizational development at AmerisourceBergen, said the delayed return provided more time to rethink how the company communicates its work arrangement strategy to employees. Flexibility, of course, is the word of choice going forward and she said managers had been asked to lead by example.

"It's not an easy shift," Perry said. "You have people in meeting rooms, other people on the phone. We've seen leaders say, 'Hey, if my team isn't all in this location, we're going to do virtual meetings for our team meetings just to be inclusive of all of our team members, whether you're here or not.' It's just being mindful of some of the nuances that we seem to forget when we go back in the office, when everybody's either in front of us or not right in front of us."

Offering perks

With the job market so tight, companies are looking to provide perks to recruit and retain workers. Other than flexible work arrangements, increased pay has become a necessity for some employers, especially with inflation becoming a major issue this year. According to a review of Bureau of Labor Statistics data by the Business Journals, average weekly earnings rose 5.7%, or $48, in U.S. metro areas between February 2021 and February 2022, with that number increasing 4.4%, or $48, in the Philadelphia region.

Due to inflationary pressures, Touey said some employers have baked in temporary raises to offset the increased cost of commuting – whether it be a gas card or train pass. Some are offering free parking or free lunches to lure workers back into the city.

Perry said AmerisourceBergen has really focused on wellness, providing more resources, partnering with Bright Horizons for emergency daycare coverage, and adding an extra weekend for a family paid leave, in addition to expanding parental leave and continuity pay for employees who contract Covid.

Spark introduced two new programs: a company membership to Care.com to enable employees to find qualified care and resources as needed, and the launch of a new mental health benefit through a provider called Lyra. Available to all employees and their eligible dependents, Lyra offers confidential care options including therapy, coaching, and unlimited access to self-care apps to deal with issues such as stress, anxiety, depression and relationship challenges.

At the start of the pandemic, Spark closed its offices every other Friday for a half day. Called "Spark Unplugged," the company said the program was so well-received that it has been adopted on a permanent basis – making every other Friday a paid half day.

STEFANIE PERRY, senior vice president of talent management and organizational development at AmerisourceBergen

VALERIE BROWN, employment lawyer with Holland & Knight

ALEX NEMIROFF, employment lawyer with Gordon & Rees

Sweeney said he did something similar at NEMR after realizing that Tuesdays, Wednesdays and Thursdays are "core days" with a heavy workload that requires collaboration. Those three days were made mandatory in the office and employees had the option of working Mondays and Fridays remotely with a day off every other Friday. NEMR divided the Fridays off evenly among the employees so it would always have half of the team working.

While NEMR is technically mandating employees work three days in the office, Sweeney said it is a little easier to swallow for employees because the company never offered remote working prior to the pandemic so the current arrangement still offers more flexibility than the previous one.

"We had conversations with our team that explained why we needed a couple of days in the office," Sweeney said. "And it was because there were gaps that we found, because of remote work. And there were legitimate reasons that we needed to be together in the office because it increased our efficiency. Work from home is great, but sometimes it can be a little inefficient if you're emailing back and forth or you have to jump on a Zoom call or Teams meeting every time you need to talk to your co-worker."

More variation

For larger companies, Touey said flexibility increasingly includes empowering department, business unit or office leaders to decide what policy fits for the workers they directly manage rather than having a policy that rigidly covers the entire enterprise.

"I think part of that is a lot of companies are trying to figure out what is the office for now," Touey said. "We've all seen the numbers around productivity. We've seen that by and large employers are satisfied and have some type of loose hybrid or remote working relationship. So why are we going to bring employees back to the office? They can do the same type of work on a laptop or a computer screen from home."

Valerie Brown, an employment lawyer with Holland & Knight, said there is now more variation in return-to-office plans than there was when most were originally devised in the fall. The most frequent plan still involves two or three days a week in the office but there are fewer mandates and more flexibility with schedules.

"We have clients who are concerned about retention so they are looking at it more through various teams rather than the whole office," Brown said. "They are letting managers decide what's best for their team in many cases."

The issue there for employment lawyers such as Brown is to make sure employers craft a policy that doesn't create legal liability due to potential disparate treatment. Alex Nemiroff, an employment lawyer with Gordon & Rees, said the best way to ensure that doesn't happen is to establish legitimate reasons why certain groups need or don't need to be in the office.

Touey said there is a prevailing line of thinking now that office workers need to return to the office so they can collaborate, train, mentor and build culture. The general rule of thumb is that if work can be done individually, it can be done at home. If it requires collaboration, it's better done in a room full of people versus video conference.

He said there is a big debate inside companies about why they are bringing employees back to the office. Collaboration and training are key reasons, especially for younger professionals who tend to job hop more under normal circumstances, let alone since the dawn of the Great Resignation.

"How do we create stickiness?" Touey said. "How do we create a feeling of belonging, particularly for newer employees or early career employees, so they feel like you're part of something bigger than themselves."

EVOLVING POLICIES

Here's a look at how some large employers in the Philadelphia region are bringing workers back to their offices:

COMCAST CORP.
said employees who were critical to operations, including retail workers and technicians, have been working on site throughout much of the pandemic. The company said it initiated a voluntary office reopening last October but a formal return was delayed by the Covid-19 variants until the end of March. A spokeswoman said the company's plan does not have a set number of days per week in which employees are required to work in offices. Rather, individual managers work with employees to determine how often they need to come into the office based on job function and other factors.

COZEN O'CONNOR
said, with certain exceptions, administrative staff is required to be in the office three days a week. Lawyers are encouraged to be in more often than not but are given the flexibility to determine their own hybrid work schedule. The firm originally returned with a hybrid environment in October but went fully remote in December in response to omicron. It resumed its hybrid plan on Feb. 22.

VANGUARD GROUP
said it began what it called a multi-month return-to-office transition period in March. The company announced last year plans for a hybrid model in which most crew will work from their Vanguard office three days per week. A spokeswoman indicated those plans had not changed for the Malvern-based investment management giant.

SAP AMERICA
adopted a Pledge to Flex policy last year that gave employees the option to decide whether to work at the office, remotely or in hybrid fashion. That policy will be extended through the middle of this year. SAP said that the plan is to slowly transition to hybrid work as employees start to feel comfortable with coming back into the office. "It won't be overnight and it won't be automatic, but we do expect to transition to a hybrid working model as long as it is safe to do so," a spokeswoman said.

SAUL EWING ARNSTEIN & LEHR
said in March that it would no longer mandate that its 803 lawyers and staff work in the office. Instead, the law firm will "encourage" all employees to work in the office every Wednesday and another four days of their choosing each month. The new hybrid work model will be known as the 4+4 Plan and is designed to foster in-person connections and integration of new employees. The "Plus 4" days can include time in any of the firm's 16 offices, at conferences, at trial or visiting clients.

SEI INVESTMENTS CO. brought all employees back into its U.S. offices on a hybrid schedule beginning April 25. In order to ease the transition, the Oaks-based company said it will be bringing employees back three days a week, every other week. On June 21, it will begin a fully hybrid model, in which the majority of onsite employees will come back into the office three days every week.

What's next

Human resources executives, as well as the recruiting professionals and employment lawyers they consult, believe the next six months or so will be a period of trial and error. The only issue is that given the economic climate and job market, an error can cost management key employees depending on the nature of it.

Sweeney, of NEMR, said one of the most important things employers can do is to communicate with their employees – not just through missives but by actually having conversations where they get a feel for what their workers want. That, he says, could lessen the frequency and severity of the mistakes.

"But even if you do make a mistake, just own it and make an adjustment," Sweeney said. "Employees are flexible as well. But if you're transparent and they know that you're looking to improve the workplace, they're going to work with you. You just have to be open about it."

Spark's Flaisher admits she doesn't know what's going to happen next.

"This is going to be an experiment," she said. "We need to get feedback from our employees. We're going to have surveys and focus groups this spring. I am sure we are going to do things that will work and things that won't work. It's all part of the process."

For the massive AmerisourceBergen, Perry said the challenge will be showing it can once again be nimble and make adjustments to its policies on the fly to adapt to changing realities.

Perry said she will be watching several things moving forward: How will hybrid arrangements work in a practical sense? How do people continue to embrace hybrid? And then what can the company glean from this trial period that it can adopt permanently?

Whatever it might be, Perry said the key will be to listen to employees and figure out what's most important to them.

While there is a great deal of uncertainty, Touey does not believe there's going to be another significant pushback or delay for return to office. Some companies will go completely voluntary and encourage people to come in, while others will be more fixed in their schedules.

Those offering more flexibility early will be more successful initially than those who don't, but Touey said it can't just be a free-for-all.

"It's going to be really interesting over the next six months to see what the best practices end up being or what the errors in the trials end up being," Touey said. "I don't think anybody really has a great idea of how this is all going to play out as 75% to 80% of employers bring employees back in significant numbers."