



The Future Office: From Fixed to Fluid

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Future Work: From Fixed to Fluid

The pandemic continues to redefine Capital Markets. No longer restricted to physical financial centres in a handful of capital cities, the successful switch to remote working demonstrated the industry's level of resilience. Yet, while the ability to work from individual homes is indisputable, the question now is whether it is *optimal*.

Following recent vaccination campaigns, some organisations were encouraging employees back to the office, but as mutations of new variants emerge and travel bans are reinstated, many firms are reversing and shelving plans¹. Those firms that have returned to the office are having to balance staff protection with business continuity as the longevity of the pandemic is becoming clear, and organisations are beginning to comprehend the extent of adjustment necessary to meet this change. Automation may have facilitated the immediate continuation of business and reinforced technology as a dominant force in financial services today but the importance of the human contribution to this process is becoming ever more evident.

Shrinking margins have long fuelled the need for automation to create efficiencies and lower the cost of production, enabling employees to focus on where they can add value. "Smart Thinking" - human verification and interpretation of data rather than entrenched automated machine learning - is rapidly becoming the new value-add. The office culture of the past relied on physical team collaboration to demonstrate that value, yet alongside current challenges in getting staff back into offices, many firms today are faced with a workforce demanding greater autonomy over where and how it works. Being able to deliver this value-add virtually as well as physically is becoming business critical.

Questions are now being debated over which roles perform better within the confines of a single physical location and which benefit from less constant interaction and a greater ability to concentrate; whether this comprises individual tasks rather than specific roles, and if so, what is the appropriate proportion of time for office collaboration versus remote; as well as which tasks can be outsourced to partners versus allocated to permanent employees.

Management of the increasingly complex matrix of virtual and physical interaction creates challenges in how to best engage staff and how to retain the corporate culture to ensure employees are collaborating optimally. The adoption pipeline is not straightforward. High-tech firms may have embraced the ability to work flexibly, but many organisations are still struggling to understand how to move successful businesses from how they operate today to how they need to operate tomorrow. Work is no longer just a physical location, but something that an individual does, regardless of location.

Firms are approaching this evolution in different ways. Some are embracing employee autonomy, altering working contracts to provide flexibility; others are enticing employees back by rejuvenating offices to create a social destination rather than just a place of work, with collaboration pods and hot desking; others are choosing to relocate to attract and diversify their talent pool. "Levelling up" the North South divide in the UK is also the post Brexit reality in Europe as well as a financially attractive option in some Southern US states, notably Florida and Texas, due to beneficial tax arrangements.

¹ <https://www.fnlonon.com/articles/goldman-sachs-asks-uk-staff-to-return-to-working-from-home-20211213>



It is a subject of increasing debate whether a company's headquarters remains the central lynchpin or whether a decentralised framework of regional hubs proves to be a better means of engaging and retaining top talent. Managing multiple offices is complex and has implications for data access and distribution as well as ensuring the optimal engagement between regionalised sites. New language is emerging – such as Anchor days, Resident roles, Pods and Hoteling which impact the way individuals work, not only from legal aspects such as work contracts and insurance policies, but how capital markets operate within the wider economy. Moving from a handful of fixed financial centres to networks of regional locations will have lasting political and economic ramifications for retail, rail and travel companies as well as how future offices will be constructed. Rising concerns over the financial impact of climate change will also alter the way global organisations interact in future. Many firms question this impact on international travel and the subsequent means by which the industry engages with its peers as well as on the training and education of staff in the future.

As with any significant adjustment, high impact change often unleashes indirect and unseen consequences which will have a profound effect on the future operation of financial services. To understand the significance for industry participants directly impacted as well as the service providers they engage, we spoke during September-December 2021 to 61 industry participants, including asset managers managing more than \$18 trillion in assets globally, their sell-side counterparts, trading venues, exchanges and technology vendors. The respondents included CEOs and Heads of Research, Sales, Trading, IT and Compliance across global organisations.



Key Findings

1. **95%** recognise the industry is set for permanent change, just **15%** anticipate this change to be minor; with some employment contracts already being rewritten to reflect the need for individuals to work from home.
2. **74%** of respondents recognise the importance of being able to offer flexibility to existing staff to improve work/life balance as well as to attract and retain talent in the future.
3. **72%** of respondents anticipate returning to the office flexibly 3 days a week or less; just **8%** see themselves as returning full-time, five days a week.
4. **74%** of responding firms are focussed on investing in technology to improve virtual engagement.
5. Flexible working is not only seen as benefiting employees but also offers firms the opportunity to shrink expensive office space; **52%** of responding firms are redesigning office space to create hot desking and collaboration spaces.
6. Given the longevity of the pandemic, **54%** of respondents are still relying on “encouraging” workers to be sufficiently vaccinated with just **15%** offering testing on site; **48%** are sending only the individual who has tested positive home, and a fifth have no firm-wide policy.
7. While **51%** believe that the ability to work flexibly will become industry standard, they acknowledge that the ability to work from home is still seen as dependent on individual roles; employees are not yet always able to choose where and how they work.
8. **80%** of respondents anticipate travel to remain restricted in 2022, with **43%** believing this represents a permanent reduction and **28%** noting the impact of ESG on future travel.
9. **44%** plan on attending conferences more selectively going forward, with **30%** preferring virtual conferences for now.
10. **62%** believe greater office presence is still the best means of educating staff, although **47%** believe that pay and future career prospects will not be impacted in the longer term for those that choose to work from home.



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Flexibility is the New Normal

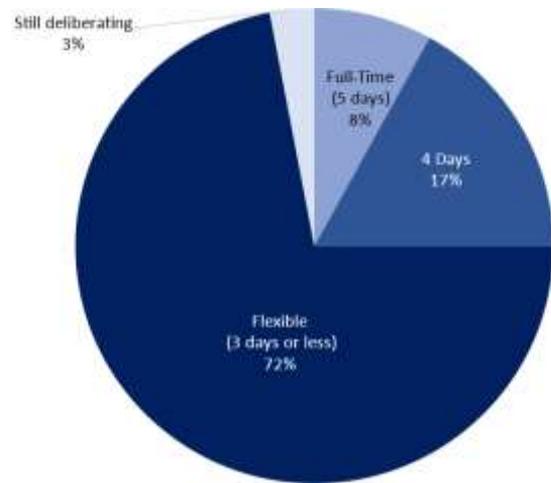
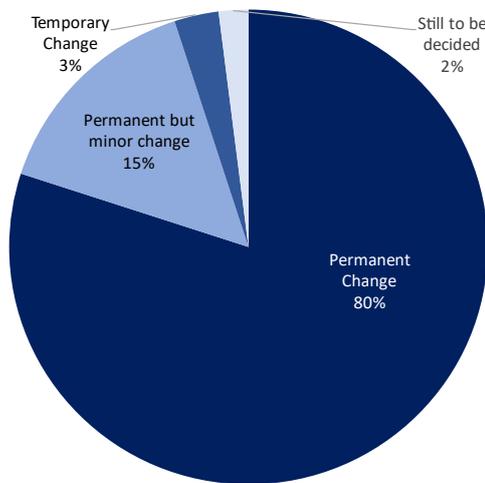
The demand for greater flexibility has firmly taken hold; 95% of research participants recognise the industry is set for permanent change, with only 15% anticipating the level of change to be minor (see Exhibit 2). Just 8% of respondents believe they will be returning to the office full-time, five days a week, Monday to Friday, and three-quarters plan to return three days a week or less (see Exhibit 3). The lockdown epiphany has delivered a workforce with different values and motivation, necessitating a rethink on how to engage and retain staff.

"Flexibility is key - but not necessarily working from home and it's definitely not just about the money now. I know you couldn't pay me enough now not to see my kids occasionally. I used to think that was what a career cost, now I know it doesn't have to be that way. It's also about ensuring your company is attractive to younger talent - they want different things, they might want the hub in the East End or to live in Scotland. It's more about being able to offer a fully flexible approach so we can get and retain the top talent."

Global Head of Sales

Exhibits 2 and 3

Do you see the hybrid model as temporary or permanent change? /How is your team planning to return to the office?



Source: Redlap Consulting 2021 for the Plato Partnership

New language such as Anchor or Collaboration days is becoming the norm. Contracts are being rewritten to redefine an employee's "place of work". Sabbaticals and the ability to work from different locations for a period of time annually are becoming more routine requests. Where the traditional place of work was an office at a fixed location requiring a daily commute, the introduction of flexibility into *where* we work creates a huge opportunity for *how* we work, as the future of employee engagement is redesigned within capital markets.

For some the change is increasing employee empowerment over how and where the industry works. Others are adamant that the only optimal way the financial services industry operates is by everyone physically being in an office; those who successfully pull staff back into offices will create a competitive edge which ensure the industry returns to the status quo. Recent public statements by senior industry

"I don't think we're going to go back to a full five-day week necessarily, but it is definitely more than three."

Head of Trading, Large Buy-Side Firm

"We're not saying you have to come back to work full-time, but we'd like to see you at some point in the office just because flexibility doesn't mean you don't come into the office at all."

European Sell-Side Organisation

"I don't see working from home as necessarily permanent - it's not a certainty. Our industry is competitive and if you are getting an extra 10/15% from individuals when they are physically in the office - then in a competitive environment that will win out."

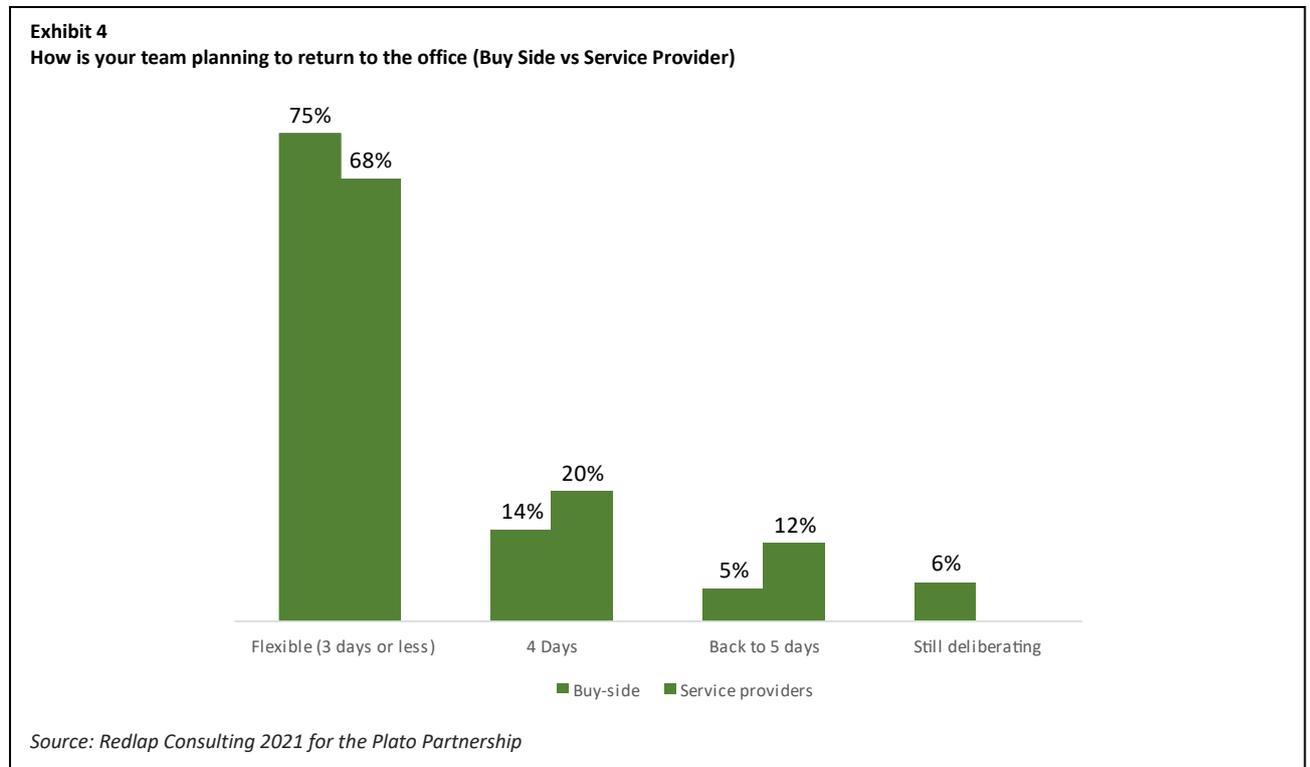
Head of Trading, Large Buy-Side Firm

"If you can go into a restaurant in New York City, you can come into the office."

James Gorman, CEO of Morgan Stanley



figures such as Jamie Dimon on the sell side² echo this view, which is why it is surprising to note the lack of distinction between the buy side and their service providers on need for flexibility, with three quarters of the workforce planning for teams to return three days or less (see Exhibit 4).



Retention and Attraction

Even though prior to the latest outbreak some sell-side firms were demanding bankers return to their desks five days a week and offering junior staff anything from pay hikes to career advancements and Peloton bikes, cracks in this approach are beginning to emerge. Other sell-side firms view the idea that success equates to spending 80-hour weeks in a physical office is outdated for their new image as technology firms offering financial services.

Concerns over retaining staff appears to be the main reason for taking a more flexible approach to returning full time. Being able to offer one or two days a week working from home offers employees the ability to benefit from the positives of the lockdown experience – including time saved on the commute, better work/life balance and the ability to concentrate on certain tasks – without incurring the negative aspects of isolation and lack of networking.

“The client-facing team is back in the office full-time but unofficially working from home some days. Non-client facing can be agile - everyone is set up to WFH but on any given day we have roughly 50% in the office including the traders,”

Sell-Side based in APAC

“We are aiming for Tuesday - Thursday to coordinate attendance as much as possible. Thursday night is the new Friday night in the City. No-one comes in on a Friday anymore, you can't force traders to come in when the PMs aren't even there.”

Head of Trading, Large Global Asset Manager

“Homes in California are expensive, child-care is expensive. You're talking about 10s of 1000s of dollars and then you add up the hours that they'd rather be with their family, if you add on top of that a long commute each day, it's a no-brainer to look for a different job that lets you work from home.”

Head of Trading, Large Buy-Side Asset Manager

² <https://www.marketwatch.com/story/jamie-dimon-insists-his-workers-return-to-the-office-thats-a-bit-rich-11624587736>



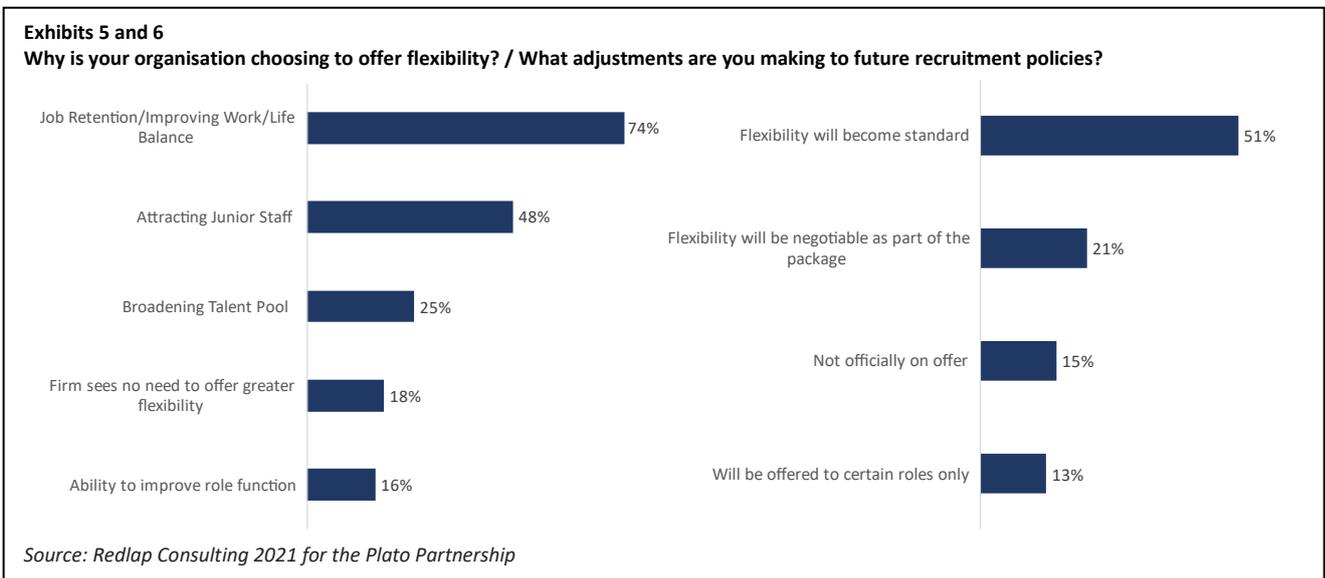
Regular 12–14-hour days with the expectation of evening entertainment has created a workforce which sacrificed both family time and non-work-related activities during the week. With the ability to retire at 50 increasingly out of reach due to rising costs of living, the need to offer a greater work life balance is not just wishful thinking but becoming a necessity for those looking to retain talent. While not every firm is electing to offer working from home permanently, firms in London and New York alike acknowledged the need to address rising costs or risk losing out in the talent war. 74% of respondents recognise the importance of being able to offer flexibility to all (see Exhibit 5) and over half see the hybrid model as pre-requisite to attract talent in the future (see Exhibit 6).

“Personally, I think it represents permanent change, but my firm fails to recognise this. It helps with young children, it broadens the talent pool - it broadens staff expertise - why do I have to be based here, I could be in Boston, South Africa or Texas - it’s irrelevant and my firm’s failure to recognise this means they are losing people.”

Head of Trading, Large Buy-Side Asset Manager

“We’re not going to go back to the previous model, we’ve seen the benefits of flexibility, I’ve seen it within my own team, how people manage their time as well as the whole team dynamic. Flexibility is going to form a benefit, something that firms are going utilize as a tool not only to retain staff but try to attract new joiners, I’m a big believer in that.”

Head of Trading, Large European Asset Manager



Money is no longer the incentive it once was. Along with rising costs of living is the increasing level of student debt. Working crushing hours for the first few years to get back on track is no longer a feasible option but a longer-term reality for many to live with, requiring more creative incentives to appeal to Generation Z.

“Generation Z want to be paid fairly for the work they do but they are not chasing money – they are chasing balance - gone are the days where you could retire at 50, so if I am working longer, I need better work/life balance”

Head of Trading, Medium-sized Global Asset Manager

Ironically, firms’ recruitment challenges are also being exacerbated by the ability to work in any geographical location. The cost of living can no longer be considered a premium in just a single location, raising the stakes even further in the competition for the top talent.

“With peers now offering flexible working, we are losing staff here in Edinburgh to London jobs when they are still living in Edinburgh and getting paid not quite the full uptick in a London salary but certainly a significant increase for a job and they have almost full flexibility.”

Head of Trading, Medium sized Asset Manager



Multiple Methods of Return

If firms need to offer flexible models for returning to the office, the next question is how to make this work in practice. Outside the industry, some firms are embracing a four-day week, with research citing the benefits of stress reduction and ability to focus on the more cognitive aspects of roles rather than hours worked³. For an industry apparently plagued with burnout and stress, the emerging model appears to be an uneasy hybrid where some employees can decide when they can go into the office, versus those being forced back for a greater proportion of the week. Flexible working may need to be offered to all in the future - just not yet.

Front Office in/Back Office Out

The divergence with front office client facing roles is particularly evident with sell-side given the nature of the services they provide (see Exhibits 7 and 8). This approach to “front office in, back office out” may have its limitations in the longer term with a quarter of respondents noting the need for flexibility within the policy.

“Flexibility will be different according to the roles - traders/market makers are all in.”

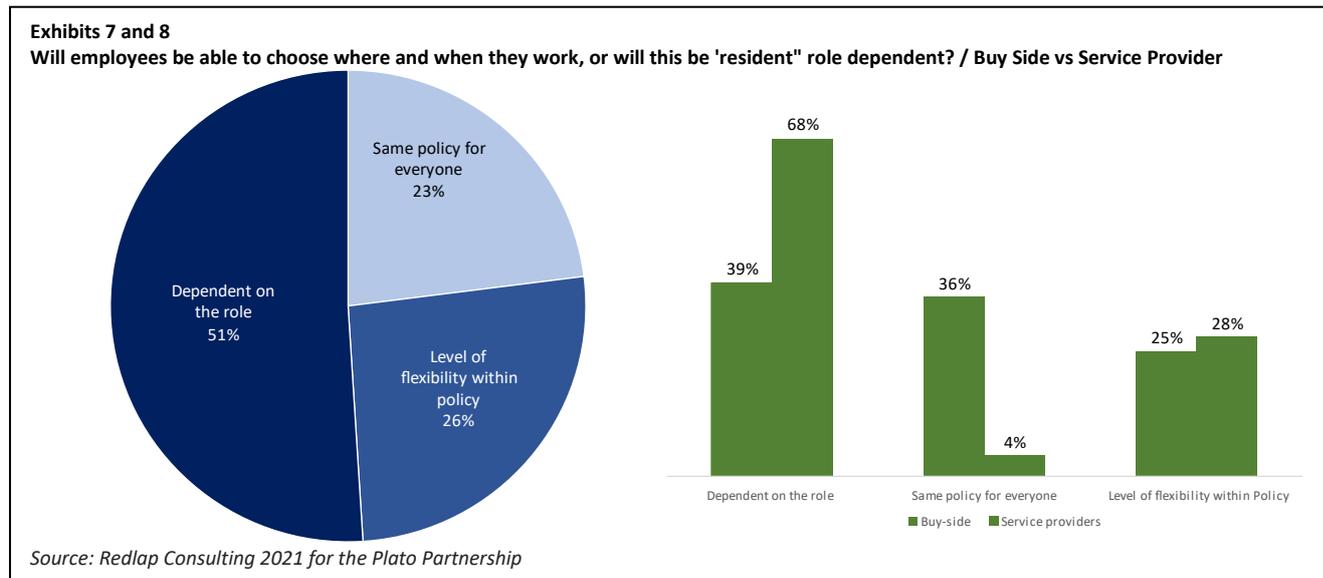
US Service Provider

“This is permanent change, but the level of change is dependent on your role - developers are as effective WFH and only coming in 1 x month, there are roles where you only need to be in 1 x a week and Traders/Operational Risk Market Support - that’s full-time. What will be interesting is how many roles will remain resident in future and where they will be located.”

European Sell-Side Organisation

“The message from the top publicly maybe we are back 5 days a week, but you have to be more flexible just to stop people walking - I can't avoid losing my #2 so I am having to be creative whether that's saying WFH after you've flown overnight, when you have a doctors appt, your kids Christmas play - you need to provide flexibility to keep staff on board and engaged”

Head of Trading, Large Global Sell Side



There are recognised cost benefits to reducing the square footage in an expensive financial centre by relocating support staff externally. However, rather than outsourcing services which provides a clearer delineation between internal and external *staff*, maintaining integration between internal and external *teams* requires more in-depth management to guarantee coverage, yet still ensure individuals are managed fairly and without the potential for perceived discrimination. Allocating as many roles as possible to more flexible employment requires

“Its permanent now but not for everyone - our HR dept has mapped every job profile to a matrix to establish what roles can be hybrid vs WFH, what is flexible vs non-flexible. So, there are resident roles, but these can be flexible - for example the receptionist has to be in the office, but the role can be flexible.”

Portfolio Manager, Large Global Asset Manager

³ <https://www.adecgroup.com/future-of-work/latest-insights/the-advantages-and-disadvantages-of-the-four-day-work-week/>



complex matrices to identify which individual roles can work from home versus those that need to remain in the office to ensure the correct structure and procedures are in place.

Upsides of Remote Trading

For larger organisations, front office staff can benefit from greater flexibility to work from home by rotating teams. Alternatively, smaller asset managers may opt to work from home entirely on set days. However, firms who need to provide coverage Monday to Friday may be challenged to rotate staff to everyone’s satisfaction, even needing to expand teams just to ensure full in-house coverage every day..

Some question why trading desks have been singled out for greater attendance given the level of success of remote trading during lockdown, particularly if PMs and analysts are working from home. Rather than segregating trading, some trading

“We are operating two teams to make sure there is always minimal coverage, but for the thousands of employees globally, 95% will be able to be flexible 3 days a week - working Tuesday to Thursday globally - key functions will be Monday to Friday but rotating to ensure flexibility.”

Portfolio Manager, Medium-sized European Asset Manager

“For us to ensure we have full in-house coverage, we have had to deepen the bench which is why longer term that cannot be the right approach.”

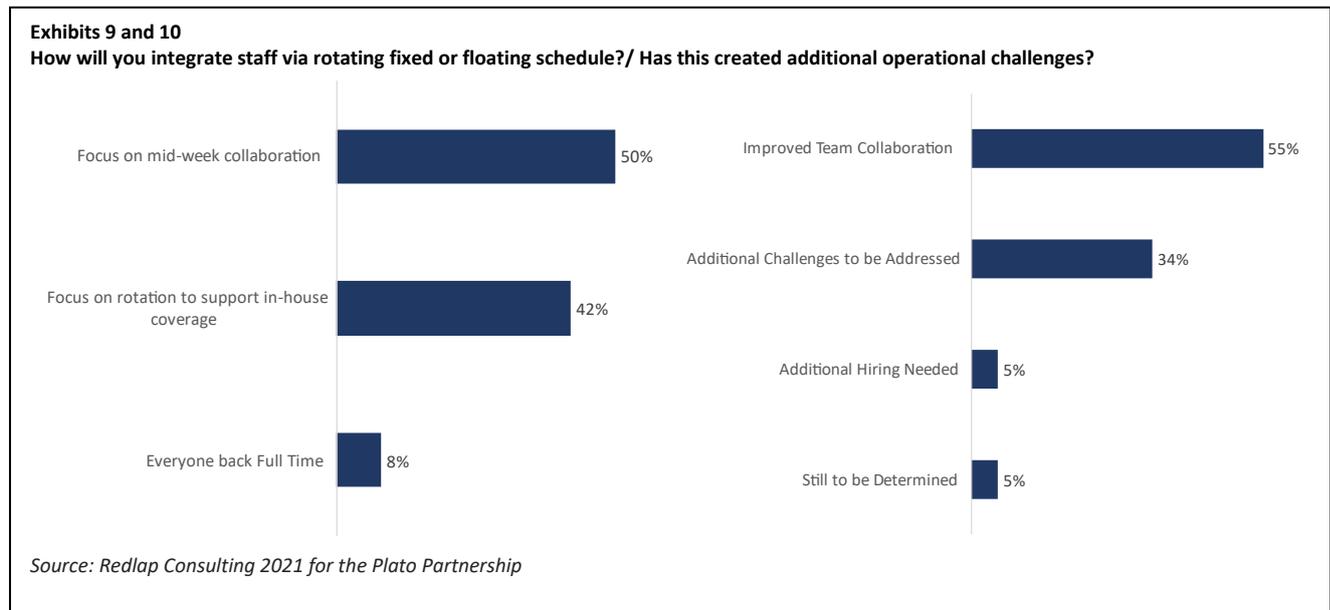
Portfolio Manager, Medium-sized European Asset Manager

“Initially the trading desk had to be there every day which was ludicrous because we have proven that it's been seamless, working from home. If PMs are working remotely where is the benefit?”

Head of Trading, Small US Asset Manager

“3 days out of 5 I would like the team in, on balance. It's not fixed so it can be 10-12 days a month but a least 1 day a week we need to be in together to share.”

Head of Trading, US Small Asset Manager



desks have pushed back and are opting instead for collaboration days, allowing traders to work from home one or two days a week and bringing the team together on allocated days instead (see Exhibit 9).

While remote working requires more hands-on team management to ensure continuity of trading coverage, the majority of respondents noted improved team collaboration (see Exhibit 10). More importantly, in certain situations trading from home can be preferable for both employee and employer. Employing traders to commute into an office at 2 a.m. in Manhattan to trade European hours is far more expensive than employing an individual locally in Frankfurt to

“Working flexibly allows us to cover the desk from 6:30am to the US late shift - it increases the talent pool area we can go to so will improve diversity in the long run. Some may not want the late shift - it might suit others who want to do the school run in the morning - it's just more management and planning to make this work. It's made the team tighter and more empathetic to each other's needs so we can manage the workflow better”

Head of Trading, Large Global Buy Side

“It's getting senior management comfortably with the idea of people working remotely. Many of our traders are trading local hours on a hybrid schedule, and it makes sense for these guys to be able to walk downstairs at 2am or whenever it is - rather than sit in an office with no air conditioning or heating”

Head of Trading, US Sell Side



trade normal market hours. For buy-side trading teams that are already operating on a tight budget, having the flexibility to rotate the team to cover Asian hours right up to the US Close is a valuable option as global markets increasingly move to 24/7.

Certain trading activities based on more quantitative trading require greater programming and analysis which arguably benefit from a greater opportunity to concentrate away from the noise of a trading floor – all of which emphasises the importance of the employee “task” in question rather than the specific “role”.

Hurdles to Working from Home

Despite the positive benefits in traders being able to work from home along with analysts and support staff, the variety of flexible working arrangements can create operational hurdles to be overcome.

For certain firms the number of days working from home has to be limited to a set, even mandated, number of days, whereas others are opting for flexible working “on balance” up to a month at a time. Some firms are offering the ability to work wherever an individual likes across the globe, while other organisations are limiting this to 15 days a year for tax reasons. Other firms are restricting country borders in working from home policies. Part of the reason for this appears to be conflicting legal advice as to what constitutes “working from home” when considering employee insurance.

All these considerations will add weight to the increasing battle for employee talent if one firm is able to offer individuals the ability to work remotely from the Caribbean one month a year, versus another enforcing a five-day weekly commute to a capital city.

“We are connecting better as a team digitally as you have more time to do project/quant/ development time - forcing us back into the office will make it more challenging to do the job as you are back to having to solve multiple issues at once – not all trading is the same.”

Head of Trading, Large Global Asset Manager

“It is a firm wide policy but role dependent, but we did offer all staff who were eligible the option to permanently work from home not have a permanent seat; then we have permanent non-local remote, meaning you can work from a different state. For my traders, I am mandating that everyone comes in at least once a week, so we have some overlap.”

Head of Trading, US Small Asset Manager

“We've always been supportive of flexible working hours, but flexible working does not mean that your place of work is home - your workplace is your office.”

CEO of Service Provider

“We are offering the ability to work for 15 days remotely from another country – any longer than that has tax implications.”

Head of Trading, Large Global Sell Side

“Provided it's a country where we have a registered office you can work in another country for up to one month a year provided there is good internet.”

Head of Trading, Large Global Asset Manager

“Flexible working can be negotiated - we are back in 3 days a week, but we haven't yet adjusted our contracts; it is related to insurance as well so if you're not in the office, most of the time, it's not your primary workplace, meaning that if something should happen the employer's insurance doesn't cover you.”

Head of Trading, Large Global Asset Manager

“If Firm A can work from home but Firm B can't, there is a risk in draining staff. You have to find out the best way of supporting your PMs yet supporting the traders. Its short-sighted to not have any interest in ever coming back but we need to keep the flexibility”

Head of Trading, Medium sized UK Asset Manager



Carrots rather than Sticks

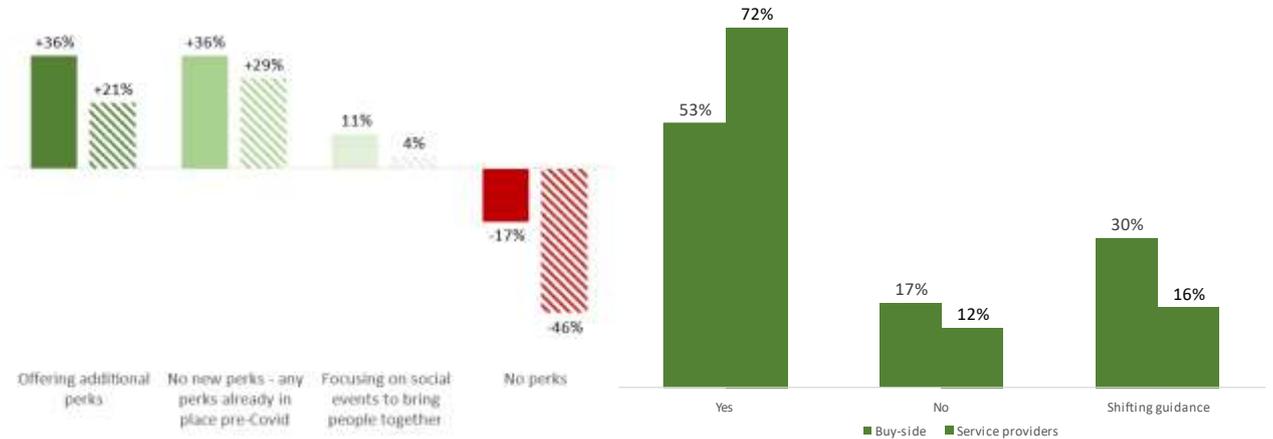
Buy-side employers appear to be attempting to entice their staff back more than their service providers (see Exhibit 11) with mixed success. While the cost of the commute is seen as a

"We've given a pay rise to all staff. If I were to be a cynic, it's more "you don't want to come back because you've benefitted from zero travel costs, now you've got a pay rise, you've money for your travel costs again".

Head of Trading, Large Global Asset Manager

Exhibits 11 and 12

What additional perks is your firm offering to incentivise a return to the office?/Have you received official guidance on return to the office policy? (Buy-Side vs. Service Providers)



Source: Redlap Consulting 2021 for the Plato Partnership

deterrent to returning to the office, there are greater concerns around the perceived health risks. Firms are recognising this and addressing these risks rather than focusing on employee entertainment. One organisation is now providing free vegetables, another has a dedicated committee looking into how often staff are absent due to illness and what part their working environment may play.

Other firms are choosing not to focus on short-term perks but recognising the need to incentivise their staff to see the value in coming into the office to interact. For many individuals focusing on bringing the team together as much as possible has been just as valuable as any health benefit.

However, for the buy side at least, current arrangements to return to the office are still fluid, with only 53% having firm plans in place (see Exhibit 12). With the latest pandemic likely to continue during 2022, any return will remain on a trial basis while the industry endeavours to figure out just how flexible working will need to work in the longer term.

"Transport, free lunch, but for most people, free lunch is not going to make an impact. Helping with the commute for people who are uncomfortable getting on public transport, that's the biggest win".

Head of Trading, Large Global Asset Manager

"In the office we have a self-watering hydroponic system farm space where we grow vegetables for employees to take home. It helps offset our carbon footprint and helps with the social part of ESG - giving access to healthy food."

Head of Trading, Small European Asset Manager

"It's invigorating going back to the office and having conversations with people that you haven't spoken to in the last year and a half. The bigger problem is that the routine has changed and trying to get everyone to adapt to a new way of working is difficult".

Head of Trading, Medium-sized UK Asset Manager



Staying Safe

Irrespective of whether employees are working from home or in the office, with new variants and mutations now appearing as a pattern set to repeat indefinitely, employee health is now back as an issue for consideration as firms open up offices. This presents somewhat of a Catch-22 dilemma for firms—they may want employees to return to the office to improve collaboration, but if they push too hard there is a risk of raising infection rates as well as incentivising those who would prefer to work from home to look elsewhere.

The Vaccine Balancing Act

Firms are having to operate on the basis of trust that employees have been vaccinated. In Europe, there are legal restrictions on asking for proof of vaccination (see Exhibit 13). In the US, the Biden administration has given businesses with 100 or more employees until January 4th, 2022, to ensure their staff are either vaccinated against Covid-19 or submit a negative test weekly before entering the workplace. However, some US states have taken an alternative approach to curtail workplace vaccine mandates, even banning mandates in Montana and Tennessee⁴. With less than a quarter of responding firms currently requiring proof of vaccination, it is surprising how little staff testing is required (see Exhibit 14). Some firms require employees to take weekly tests and log the results, but many firms are

"We are owned by a European parent, and they are very nervous about making vaccinations compulsory. When things opened up, there were some firms taking temperatures. They would not even do that for privacy reasons."

Head of Trading, Medium-sized UK Asset Manager

"Because we're on non-compulsory return, right now unless you're vaccinated, we don't want you in the office."

Head of Trading, Large Global Asset Manager

"We can't ask in Europe but, in the US, you are not even allowed in the building – your pass gets blocked."

Head of Trading, Large Bulge Bracket Sell-side

"We need to take a lateral flow test twice a week at home. If you test positive, you stay at home and get a PCR test done. It keeps changing, but lately if you've been in direct contact with a person that tested positive, you need to take PCR test and only if it is negative, then you can come back."

Head of Trading, Large Global Asset Manager

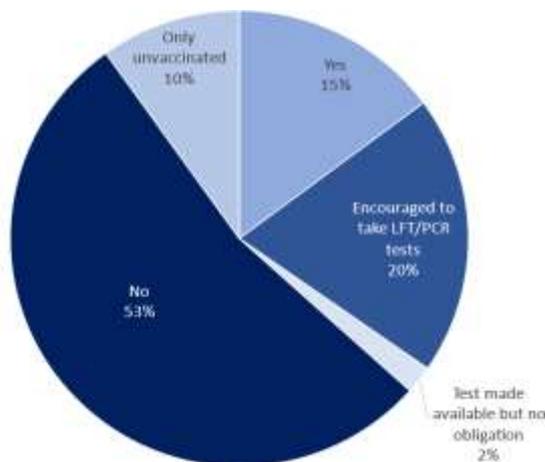
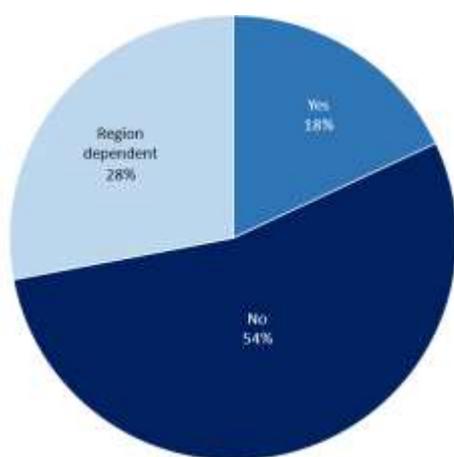
"We don't test but it's a pre-requisite if come to the office, you sign a paper that you don't have symptoms. You need to do it each time if you come more than 3 days a week"

Head of Trading, European Small Asset Manager

"In Europe they are not allowed to ask for vaccination status. In London, technically if you are not vaccinated you need to be tested but nobody is verifying this"

European Service Provider

Exhibits 13 and 14
Will you require employees to be vaccinated? / Will employees be regularly tested on site?



Source: Redlap Consulting 2021 for the Plato Partnership

⁴ <https://www.jdsupra.com/legalnews/mandatory-employee-vaccines-coming-to-a-3552628/>



relying on government guidelines as a standard response, with the added protection of individual attestations.

Stopping the Spread

None of these actions resolve all employees' concerns about the risk of catching the virus precisely at the point when firms are trying their utmost to encourage employees back to the office. To cater for individual concerns, some organisations have introduced mask protocols or introduced non-verbal visual aids to indicating people's level of comfort to avoid any awkward conversations. While this potentially solves one issue, it raises others such as unvaccinated staff potentially being stigmatised by those who have opted to take the vaccine. Despite some having strong views pro or anti vaccination, there are still potential legal implications for employers in relation to those unable to take the vaccine for legitimate medical reasons.

Another potential conundrum in keeping employees safe is the need to make the office a "social destination" rather than a place to go to work Monday to Friday. 60% of firms are re-designing their offices for the post-pandemic era and a quarter are eliminating private offices entirely⁵. 59% of responding firms are moving to hot desking (see Exhibit 15). While it may look great in company brochures to sell the importance of communal workspace to improve collaboration, rotating 10–12-hour days, 5 days a week, may incentivise others to remain working from home to avoid infection. With the majority of responding firms only opting to send the individual home

"We have red lanyards that people can pick up in central areas which indicate that you would like people to socially distance from you."

Head of Trading, Large Global Asset Manager

"There is a definite undercurrent of who or who has not been double jabbed."

Head of Sales, Large Sell-Side Firm

"We had someone who is pregnant and didn't get vaccinated for obvious reasons and now we've learnt that the vaccine doesn't stop you spreading the virus, we ended up doing the right thing by not mandating"

Head of Trading, Small UK Asset Manager

"It is a real challenge - we have a committed anti-vaxxer in the group and resentment amongst other employees is growing - all we can do is ensure we keep the dialogue going."

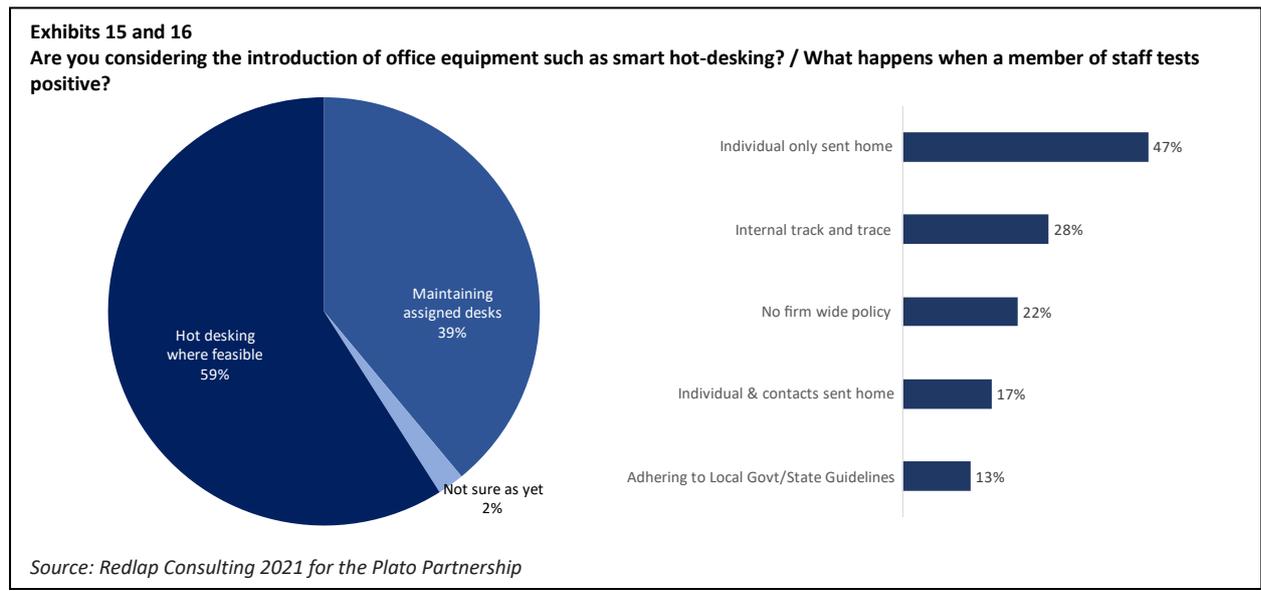
Head of Trading, Large Global Asset Manager

"Back in the summer anyone could be in the office, there were no restrictions, whether you had a vaccine or not, no one was wearing masks, no social distancing. I was virtually in one of our meetings and there were 60 people all packed in a room together and then a few days later we had cases."

Portfolio Manager, US Global Asset Manager

"The day I was in the office, I was highly infectious with COVID, I must have got into the lift 10 times, walked through corridors. If the office had been 30 to 50%, full day, I struggle to see how I wouldn't have spread this far wider and then if your whole team catch it, you have a problem."

UK based Service Provider



⁵ https://www.cbre.co.uk/services/occupiers/workplace/how-might-covid-19-transform-the-way-our-offices-are-designed?utm_source=twitter&utm_medium=social&utm_term=e621b2ae-c5cd-4667-aa7f-0117d8cd11ef



rather than operating an internal track and trace scheme (see Exhibit 16), it will be interesting to note the impact of the latest variant on the ability to keep a skeleton staff in place, Monday to Friday.



Changing the Rules of Engagement

Future engagement is being radically transformed as firms are increasingly challenged in how staff can integrate both internally and externally with clients and the industry. This is not only due to health concerns. The money firms that have been able to save through reduced travel over the last two years are a compelling reason to encourage greater virtual engagement going forward. For those of the view that once the pandemic is over and vaccinations are under control, business travel will bounce back to face-to-face meetings across the globe, ESG and the ability to demonstrate the firm's lower carbon footprint is another hurdle to be overcome. All of which indicates that the ways and means in which staff interact with colleagues, peers and industry is set for irrevocable change.

The Hologram Meeting

It seems every Covid variant has the potential to reverse strides made towards a semblance of pre-Covid normalcy. Consequently, many firms are focusing on leveraging technology to improve communication between internal and external staff as well as central and regional offices (see Exhibit 17). While the industry is a long way yet from hologram meetings, the longer-term ramifications of less international engagement will need to be managed. For large companies with employees working across the globe, this becomes more of an adjustment in mindset between different geographical locations, but for smaller organisations currently fully integrated in a single location; this may necessitate a sea change in approach.

A quarter of respondents believe that despite continued investment in technology, even the latest innovation cannot replace the need for physical collaboration. The loss of the ability to turn round and chat to a colleague undoubtedly creates challenges and potentially increases operational risk; however, with the high level of regionalisation and out-sourcing already in existence, these are risks that the industry must manage today. The difference today is

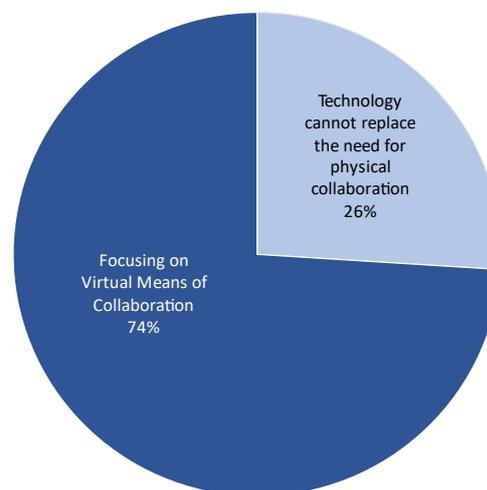
"There is no way we are going to travel as we did before because firms have realised that there are plenty of meetings that you do NOT have to travel for. Secondly a 30-year-old doesn't see the benefit in living in an airport lounge - what we did when we were 30, and thought was a necessary part of our job these guys would never do."

Head of Trading, Large Global Asset Manager

"We have made a big investment in telecoms - everything is now on Cisco, Jabber, and all messaging is linked to laptops - we now have 50 person sales calls where you can share presentations in the same way as if you are in the office regardless of whether you are working from home"

European Sell-Side

Exhibit 17
How are you ensuring continued collaboration?



Source: Redlap Consulting 2021 for the Plato Partnership

"Our firm continues to make a heavy investment in technology, but that isn't the issue, its more about how to engage with this to create optimal engagement - right now you are still better off being together in the office"

Trader Small Global Asset Manager

"Although you can have the same issues in the office, it's a different conversation about how it happened, how put better controls in place. We were okay in the end, but it was not something that would have happened if the two the two people handling it were sitting next to each other"

"All of our support team is in Salt Lake or India. Tech sits on a separate floor. It makes no difference if you are in or out of the office as we are all over the place anyway"

Head of Trading, Large Global Buy Side



the quality of technology available to facilitate virtual interaction. Even though for some face-to-face will always be preferable it is not always ideal. Others are of the view that the global nature of businesses means the extension of remote trading teams alongside outsourced support staff and IT teams is just the next stage in the evolution of the global workplace.

Reaching the Experts

The innovation available today already enables global organisations to operate as a virtual network with no discernible difference between those working remotely to those in physically in the office. The ability for PMs anywhere to talk to traders instantaneously about positions using apps such as Teams or Slack enhances the speed and therefore the service provided for every interaction. New messaging apps create digital headquarters that ensure the location of an individual no has any relevance to the quality of the interaction.

Broker review meetings have now been permanently altered by the broader virtual engagement across organisations. The buy-side benefits from direct engagement with the most appropriate expert on the sell-side - regardless of whether this is an algo quant sitting on the other side of the globe – as well as whole teams being able to participate in the meeting rather than receiving information second hand. Operating as a virtual network also creates greater freedom for individuals to allocate tasks according to those needed to be worked on individually and when greater collaboration is required.

Fintech breaking the Silo'ed Model

Capital Markets have long operated under traditional silo'ed business models with individual asset classes using separate technology stacks, sometimes multiple versions within an asset class. Creating a virtual network within an organisation has the added benefit of opening up this silo'ed approach. Mimicking fintech firms, respondents are increasingly using technology to bring together different areas of expertise across organisations. Being able to manage all intranet content in a single format will enable employees to surface information relevant to them and connect with colleagues where there is overlap, creating the potential for greater cross pollination across both asset classes and retail and institutional divisions. This advancement is

"The tech we have now allows immediate face to face meetings with other locations. If I am at home, and a PM is in the office, he can stand at his desk and speak to me virtually – that has gone a long way to improve the speed in which we can deliver information"

Head of Trading, Large Global Asset Manager

"We have invested in state-of-the-art technology - you walk into the meeting rooms now and you don't even need to plug in - its voice recognition. Having huge monitors and products like Slack makes where the individual is based irrelevant"

UK based Medium-sized Asset Manager

"Previously the "expert" would not be in the meeting but now can be virtually. I want to talk to the person who understands the quantum product, even if they are in New York or California. I don't need to speak to the product marketing person about it, I much rather talk to the person who knows its future."

Head of IT, Large Global Asset Manager

"If we have a meeting with a broker, the great advantage of it being on Zoom is actually more people from our team can dial in whereas historically, I would have gone off the desk and sat in a meeting room for an hour. Now the whole team can listen in and gain that experience and knowledge"

Head of Trading, Large Global Asset Manager

"We are rethinking how we manage our staff more in line with Amazon and Google by creating Project Squads who operate together on a 6-8-month basis to maximise individual talents. We are better utilising virtual engagement - everyone has a big TV screen as a whiteboard to go through routine tasks and monitor project progress to optimise time spent at home as well as time spent in the office."

Head of Trading, Large Global Asset Manager

"Tech investment also requires seamless interaction across assets classes - in fixed income alone you have different systems for Credit/Rates etc you name it - all operating silo'ed fiefdoms which is woefully operationally inefficient."

Head of IT, Large Global Sell-Side

"We are rolling out ultra-mobile laptop workstations specially designed for remote working with enhanced security - instantaneous biometric authentication. It will be the group's first standardized cross business workstation, seamlessly linking one entity to the next, and 60,000 staff will have this by 2022."

Global Sell-Side



invaluable for large global sell-side organisations as buy-side firms increasingly move to more a multi-asset approach to investment management.

Remote virtual engagement still has one major flaw which needs to be addressed: Individual broadband infrastructure and poor mobile coverage has required many firms to distribute dongles, arrange back-up lines and even distribute battery packs – which is ironically more of an issue in the US and the UK than in APAC given the level of telecoms and digital infrastructure investment made in the region.

Redesigning the Physical Office

As technology moves away from trading to facilitating broader improved virtual engagement there is an opportunity to rethink the location of future offices to reduce operational costs as well as revamp the culture of the organisation and widen the talent pool.

With many firms still tied into expensive multi-year leases, the majority of respondents are focused on how they re-use existing space to emphasise the social aspect of work in a bid to incentivise more staff to return (see Exhibit 18).

If three quarters of firms are now only in the office for a fraction of the traditional working week, the question is then how best to utilise the space today while planning for the future. Some are taking the ESG route and closing the office on Mondays and Fridays to benefit from cost savings in electricity as well as lower the firms carbon footprint. Others who have opted for maintaining a presence every day are looking at how they need to replan their office space to ensure that those working remotely are included in the same manner as those in the office and no important information is lost.

Office layouts are being redesigned to create more collaborative, café style workplaces to encourage employees to use their time in the office to engage with colleagues rather than sit at individual desks. Yet, open working

"The cell coverage here is not great - its either Comcast or Joe's local Wi-Fi - so if you can get it, you have a back-up generator but that's not always possible."

Head of Trading, Large Global Asset Manager

"We are moving to a smaller office in a different location. We needed to revamp the culture - who are we as an organisation and the type of employee we now want to attract."

Head of Trading, Small Global Asset Manager

"Our lease expired during Covid, and we let it lapse as we are merging with another firm - it's part of a bigger plan to rationalise office costs. We used to have office space in the 5 most expensive locations in the world, that is all being reassessed."

Representative from US based Service Provider

"Our biggest regret is signing a 10-year lease 18 months ago. We can't get out of the office lease, without significant cost but we are allowed to sublet. In 10 years' time when our lease is up, I can see us looking for a very different kind of office space."

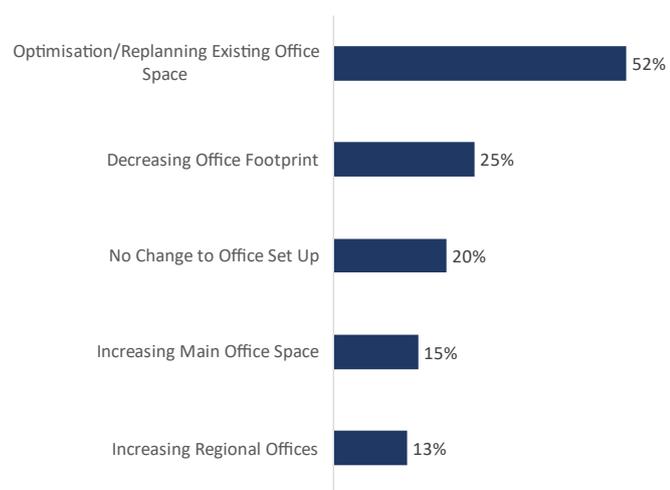
"Our real estate hubs in London and New York are paying extremely high costs. Like most firms we are on long leases right, we can't change that overnight, but we are starting to plan for it."

Head of Trading, Large Global UK based Asset Manager

"Our lease ended in September, and we have just sublet to reduce our office, we are hot desking/hotelling, everyone operates off a laptop and VPN, senior managers have pods but we are reducing the number of individuals who have to be in the office 3 days a week to reduce our office costs."

Head of Trading, Small US based Asset Manager

Exhibit 18
What other changes are you making to your office to improve collaboration?



Source: Redlap Consulting 2021 for the Plato Partnership



spaces combined with the rise in virtual meetings have necessitated some firms to hand out noise-cancelling headsets as standard issue. Others are creating “pods” for virtual calls to be taken in more privacy so as not to impact other staff. Whereas others are closing traditional meeting rooms in favour of open “stand-ups” on the floor to encourage more dynamic interaction and speed up meeting times.

But the creation of a more fluid office environment creates an operational challenge to manage the number of staff in a single location at any one time. Some firms are opting for complex booking systems, others operating a first-come, first serve basis. Just as low-cost airlines oversell flights, a cash-strapped financial services industry is looking to eke out maximum usage from expensive office space. Aided by Brexit, conversations are now being had regarding which staff to place in which location to lower operational costs further.

“We are changing the way we interact internally. We have stand-ups to reduce the time and get staff away from thinking about meetings needing rooms. Desk phones are gradually becoming less important, and email is just gradually becoming a black hole”

European Sell-Side

“The problem you've got is that if you have a day when everybody comes in, you probably don't you may not have the space to put them all there. Which is a different problem.”

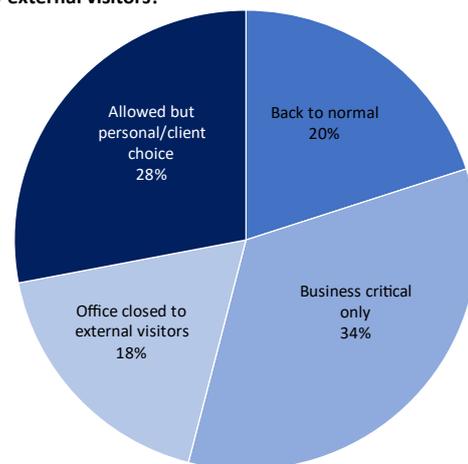
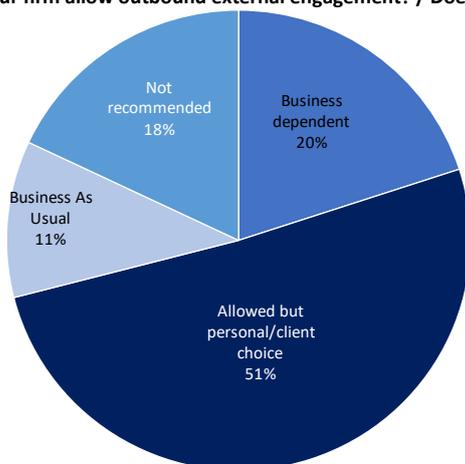
European Sell-Side

“We are trying to think of how to best use the offices around the globe - ie does it make sense for London to be the Sales HQ when the average commute is over an hour whereas in Europe you can often walk to work - also London is so expensive it makes sense to reduce the footfall there and expand somewhere else which is less expensive.”

European Sell-Side

Exhibits 19 and 20

Does your firm allow outbound external engagement? / Does your firm allow external visitors?



Source: Redlap Consulting 2021 for the Plato Partnership

External Engagement

The efficiency drive is also extending to which engagement needs to be face-to-face and interaction can be virtual. As much as service providers are keen to get out and visit clients, the buy side has been more selective with external engagements, with over half stating that their firm left the choice up to their clients and themselves (see Exhibit 19). Those meetings that are being held, in person and virtually, are said to be more focused and productive, with a fifth of respondents claiming life was slowly getting back to normal (see Exhibit 20). However, there is a

“You have a combination between virtual meetings where physical presence is less relevant, versus the ones that are actually essential to be there physically. Tech can never replace the physical need to meet - it will just be less often”

Head of Sales, European Broker

“The travel budget is never going to go back to what it was - it's a mixture of Covid and Costs. We used to have 2 in person client meetings a year, that's halved, 60% is now done on zoom”

Portfolio Manager, Large Global Asset Manager



growing realisation that the likelihood of continued Covid variants will necessitate a review in how to engage consistently regardless of whether staff are in or out of the office.

No Longer Leaving on a Jet Plane

There are service providers who remain confident that international travel will eventually return in the industry and the need for face-to-face interaction will win out over virtual calls. However, for over half the respondents the ability to travel will be much more selective going forward, with 43% anticipating a reduction in the budget (see Exhibit 21). Any resumption in non-essential travel including flights, accommodation and meals appears difficult to justify with only a possible uptick in engagement, versus the potential for employees to be stranded in a red zone, not to mention the implications of increasing the firm's carbon footprint. Now, it is more a question of whether the client engagement can be conducted sufficiently well over Zoom with local staff rather than necessitating senior executives fly across the globe.

The Future Conference

A rethink of travel also impacts conference attendance. Despite all the apparent frustrations with virtual conferences, nearly a third still plan to preference virtual over attendance in person, often due to time as much as travel constraints (see Exhibit 22). Ultimately the decision depends on the reason for attending a conference—learning remotely is feasible, but networking remotely is not yet optimal. Far more

"We've cut the travel budget by 50% to save money. The days of people hopping on a plane to Europe is gone, that happens on Teams now. It also fits in with the message that we as an organisation are more sustainable and responsible."

Head of Trading, Medium sized UK Asset Manager

"A huge amount of detail needs to be pre signed off before we can go see a company or travel, it's so restrictive - it is prohibitive. You have to prearrange it three months in advance have all the attendees, how you're going to get to the airport. Approval almost goes up to board level."

Head of Trading, Large Global Asset Manager

"We are all being encouraged to go back and travel, the challenge is will clients allow us? Gone are the days where you could pick up the phone to 10 clients and book your flight. It will never go back to the way it was. We need to think of new means of engagement"

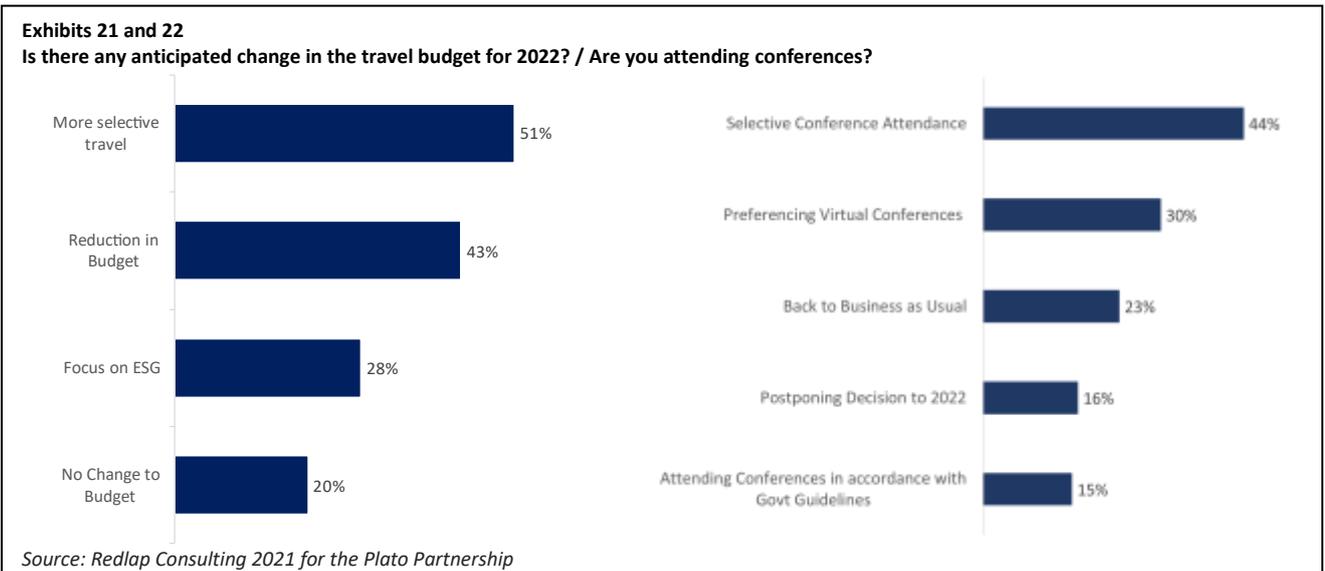
Head of Sales, European Broker

"The company has saved a lot of money on traveling. We will travel again but will be much more discerning. We had situations where PMs went to Asia for a presentation and they wrap a whole other trip around, they stop in the office and see other clients.. But none of these fillers would be needed if the final presentation for the client in Hong Kong did not have to be in person. In the future, our local people will be there but those of us in the USA will have to do it virtually."

Head of Trading, Large Global Asset Manager

"Conferences are really valuable to attend but its the side conversations that really make the difference - and what I still value so I will go but will just be more selective in which ones I go to. International will now be most likely virtual"

Head of Trading, Small US Asset Manager



consideration will be taken as to whether to attend future conferences, not only whether the content itself is worthwhile relative to the time spent out of the office, but where it is located, with a preference for employees attending local events only. Then even if local, whether sufficient personal safety controls are in place.



Creating the new #employee experience

Recognition of the need to match competitors may be essential to retain talent, but the reality for financial services firms today is that the real competitors are no longer just their peers, but other smaller tech companies who are more flexible in their approach. With many employees now recognising the importance of mental health and putting a higher value on their emotional well-being as well as technology impacting what constitutes “work” and where an “office” is located, managing individual employee expectations alongside those that benefit the team and the firm is creating challenges.

Nurturing the Individual vs the Collective

Large global institutional asset managers may have thousands of staff and organising individual employee requests now equates to navigating a minefield. Some organisations are taking the view that there has to be a fixed company policy to avoid any ambiguity between employees. Yet creating a one-size fits all HR policy will not provide the level of flexibility and choice people are demanding. Other large organisations are drawing up future contracts in consultation with employees rather than leaving it to individual managers to set boundaries that only a few will be able to implement. This requires sufficient investment in human resources to manage multiple employee requests as well as avoid the potential legal risks from any perceived discrimination.

Looming Labour Laws

Global organisations also have new European laws to take into consideration in relation to the future of working remotely. Whereas French rules on banning emails out of office hours have the risk of proving counterproductive for employees who favour flexibility despite the intention for protecting employees, Portugal has extensive new legal obligations for employers which are designed to add to existing tax

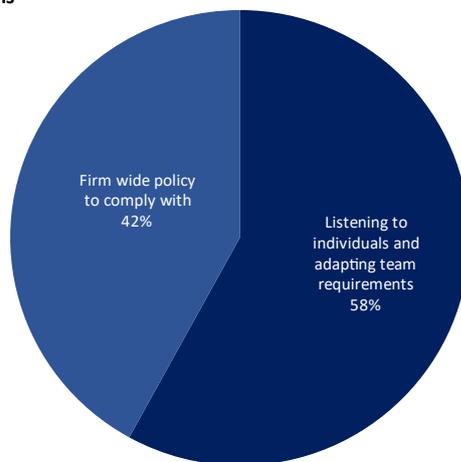
“People no longer equate working on Wall Street as physically working in New York.”

Head of Trading, Large Global Asset Manager

“Our competitors are not just traditional players but tech companies. We are in desperate demand for IT developers. We lost our entire team last month, so we have started going to colleges direct to recruit ahead of qualification.”

Head of Trading, Small European Asset Manager

Exhibit 23
How is your firm dealing with Pro and Anti Office Employee Concerns



Source: Redlap Consulting 2021 for the Plato Partnership

“It’s removing the personal view and sticking to a global policy - it means that you may lose some hotshots but with an organisation of this size the only way it can be managed is by everyone toeing the line.”

US Service Provider

“There have been requests made to work from home. It is not what the company wants but we have to apply the agreements negotiated by unions. The manager can choose the day, but they have to accept that the individual can work from home.”

Head of Trading, Medium-sized European Asset Manager

“Our policy is firmwide to make sure we can get the best out of our people - it had to be that way so that we can't be accused of discrimination. We had an individual who wanted to move to a different location, and we turned him down even though we wanted to hold on to him - because he is a 34-year-old white male. We had to wait for a policy to follow, otherwise if the next person was a female or ethnic there would be an increased risk from turning them down - even if it was legitimately reasonable - because we had previously said yes to a white male.”

Head of Trading, Small US Asset Manager



breaks to attract tech entrepreneurs to live and work for the largest tech companies in the world (see Exhibit 24).

Exhibit 24
New Portuguese Labour Laws to facilitate WFH

	Company Obligations	Employee Obligations
Contacting Employees	Forbidden to contact employees out of working hours	
At Home Energy & Internet Costs	Required to meet additional costs employees incur at home, including communications, energy, equipment maintenance & internet upgrades	
Monitoring Staff Activity	Prohibited from monitoring home workers in anyway	
Ability to Work from Home		Parents/carers with children up to eight yrs old have right to work at home without seeking employer's agreement, provided job is compatible with remote working. Workers can refuse to work from home without giving reasons
Working at Home Arrangements	Mutual agreement between employer & employee on hours and location of work	
Employee Benefits	No discrimination between remote & workers in terms of holidays, careers, training, health & insurance provisions	

Source: Redlap Consulting 2021 for the Plato Partnership

The difficulty in implementing a gold-plated employee benefit model across the globe is how to implement this when each region, let alone team has different interpretations of what is acceptable in terms of employer/employee obligations, aside from legal requirements. While implementing global operational models is not a new issue for the industry, at a time of significant staff shortages, employers are on the back foot. With information is freely available at the speed of opening an internet browser, employers can no longer treat regions in isolation. Hence the senior global messages are not always clear, with direct implementation often being pushed down to middle managers to address who must balance employee demands with corporate expectations and business plans. Increasingly, this is squeezing the middle management layer which may currently be keeping the show on the road but inadvertently storing up issues ahead. As a result, more creative organisations are looking at new ways of how to change their approach in communicating with employees, to better understand their motivations in understanding how they would return to the office, engaging staff not only to rethink the value of being in a central office but even the benefit of the commute.

"I am expected to have a Zoom camera open from when I start my shift to when I finish – its Orwellian."
Head of Trading, Large Global Asset Manager

"Senior management are not giving any clear guidance which is extremely unhelpful."
Head of Trading, Large Global Asset Manager

"Its how do we engage with our staff to get them to see the value of coming into the office and interacting - what would motivate them to come back in. It's not free food or money - that's short-term and then becomes expected. So what is it? And that's where the better communication comes in."
Head of Trading, Small Global Asset Manager

"Pre Covid we all had colour personality tests to improve internal communication and that's been transformational in how we approach meetings - if I'm meeting with a "blue" - they need time to think, so provide information before the meeting - "greens" are more social and were starved of validation WFH"
Head of Trading, Small Global Asset Manager



Changing the Wall Street Culture

Work can no longer be considered of as purely a fixed location. Concern over the loss of the five-day week if individuals work from home particularly on a Monday or Friday seems unnecessary given that businesses continued regardless at the peak of the pandemic. Acknowledging the challenges of the commute as one of the reasons employees are more reluctant to return to work is leading some employers to relocate, particularly in the US. Others are focusing on maximum flexibility – your contract requires 60% of your time to be in the office but this may be 100% this week in, with next week out to maximise the ability to access employees when required – its flexibility that is key.

For certain sell-side organisations the view remains that teams operate better from being in the office together 5 days a week—a dogmatic view which may become a long-term gamble against attracting and retaining staff. The question is how to change the mindset of both employees to understand the benefit of coming into the office and of employers to understand the benefit for employees to have greater flexibility over where and how they work. Only when senior management believes that geography is irrelevant to the quality of an employee’s work will Wall Street culture finally change.

Addressing Mental Health

Maintaining an office-based organisation for a 3-day week to maximise engagement initially appears counter-intuitive in terms of cost and resources. Yet, rethinking the quality of work versus the number of hours worked will be required for the taskforce of the future. As automation has increased, the human skill set required has also changed and this can only best be served by those incentivised and motivated to work for their organisations.

Some organisations are actively promoting “rest days”, additional days in the year to down tools and focus on recuperation, whereas others create “No Meeting” Fridays which are routinely broken by even those who set the rules. All of these elements will add up to matter and impact which firms ultimately manage to retain their staff.

“The owners at the top think that if you are working from home, you are watching TV so they are imposing that everyone has to be in the office 5 days a week regardless”

PM Small European Asset Manager

“The industry has a diversity issue across the board with this alpha white male attitude that you can only work in the office. I know my team have worked longer at home than they did in the office and are willing to do that. Back in five days a week? I don't think so. That will only happen if there is some significant conduct issue remotely and on the basis of the last year and a half we haven't had that, so that's unlikely.”

Head of Trading, UK Medium-sized Asset Manager

“We are now WFH and this has been written into our contracts - but based on 60% of the time rather than 2 days a week - there will be occasions when you need to be in all the time.”

Head of Trading, Small Global Asset Manager

“The blunt fact remains that teams operate better from being in the office 5 days a week”

Global Sell-Side

“NYC is in for a rough couple of decades, everyone is moving out..”

Head of Trading, Large Global Asset Manager

“It shouldn't matter where the employee is based but whether they can do the job. If you can't trust your staff, you have the wrong staff. You can't control your employees 24/7 - if they spend 2 hours a day on Amazon what are you going to do - launch a court case? We had issues back in August when HR was sending out emails reminding people how to dress for the office, that's not treating your employees as adults - and it creates a backlash”

Head of Trading, Large European Asset Manager

“There has been an accelerant of a number of trends pushing them forward by at least 10 years - making us rethink how we work. We now have technology which allows us to work wherever. The US in particular as a culture has focused on work, this change gives us a reflection point.”

Portfolio Manager, Small US Asset Manager

“Friday probably becomes work from home for the entire office. There are benefits to coming in the office, the team collaboration on a social level, and it helps people train and develop whatever level you are at. But my team also benefit from a couple of days a week working from home, spending more time with their families, even getting that extra hour's sleep – it's the flexibility that's key.”

Head of Trading, Large Global Asset Manager



From Graduate to Re-Education

The number one concern for the majority of respondents has been how to train junior staff during the pandemic. But while most still believe that the only way to address this is to head back into the office, other firms are increasingly turning to online resources (see Exhibit 25). Just as students across the globe have had to switch to Zoom or YouTube, forward thinking organisations are figuring out the means by which to migrate existing education programmes such as the two-week bootcamp into on-line continual learning.

While most acknowledge that the optimal way to impart trading knowledge is to sit next to junior staff so they can work under the supervision of seasoned staff, it is hard to motivate staff to learn on-line in isolation. Another issue to address is how junior staff are able to build their relationship networks when senior buy-side are less inclined to take a cold call from a broker. Whereas the buy-side was dependent on historic sell-side relationships to understand where liquidity was in the market, widespread adoption of technology has made them more independent. This is creating a conundrum for sell-side organisations: How do they compete for business when those they are selling to are not even willing to answer the phone? Finding new ways to engage with clients once more is business critical.

The radical technological transformation that is taking place across the industry means that educating staff at all levels is becoming ever more business critical. However, disseminating information virtually has been met with mixed success. Some have chosen to withhold information until team members are in the office to ensure the message has been received and understood, whereas others have taken to only delivering information virtually – again to ensure there is zero discrimination between those working in or out of the

"The pandemic has represented a tragedy for junior staff. We have replicated what we can virtually, but you can't replicate the buzz and the energy of a dealing room. Having a BBG chat open isn't the same as a junior trader sitting next to a senior colleague listening to him engage with brokers"

European Sell-Side Representative

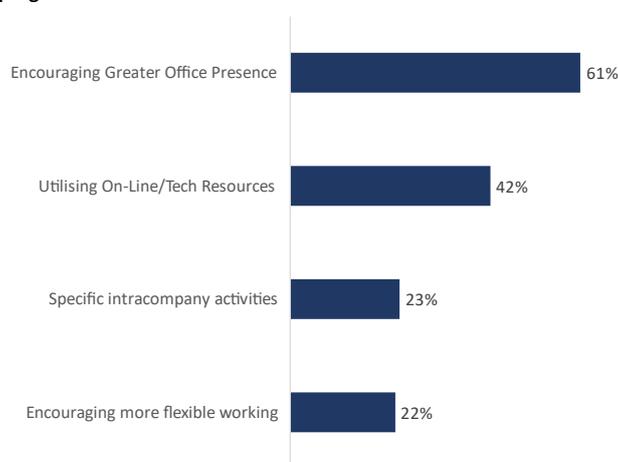
"This has been the biggest challenge. I was a new starter and so I self-taught, you had to, but the lack of formal training has definitely hurt the more junior staff as they aren't such self-starters. It was all there online but you definitely had to be self-motivated to get it done"

Service Provider Representative

"We are at risk of serious juniorisation. Next Gen interact in different ways, but there is no cold calling now, how do you build contacts? Covid supercharged existing challenges - you can't call a buy-side head of desk to talk about central risk books - it's what do you have for me that's different? If you haven't got the junior staff who are capable of stepping up and challenging, there is a real risk they get left even further behind - we need them back in the office now."

Large Sell-Side Representative

Exhibit 25
How is your firm managing the integration of new joiners and future career progression?



Source: Redlap Consulting 2021 for the Plato Partnership

"We have to make sure we treat everyone equally - I am stopping myself from turning round and talking to the team and sending an email so everyone gets the information at the same time instead. I have to be more disciplined but if it works with the team in Singapore so I don't understand why it can't work the same remotely."

Head of Trading, Large Global Asset Manager



office. The reality is there are probably options for both in how staff are educated but like everything else requires a change in mindset. While most staff are now used to routinely needing to complete compliance courses online, firms who have embraced online learning have found there are benefits to the process. Rather than relying on local training, courses can be standardised firm-wide with the quality of teaching enhanced by direct engagement with multiple specialists. Building a stronger mentorship programme develops longevity into the process and can be made available to more employees throughout their careers, but it does require more organisation and, in some cases, the creation of new roles.

There is a gap in building intra-team relationships across the organisation which is being addressed by bringing staff together on certain days or for particular projects. Building team culture requires much more forethought and investment; while there may be efficiency gains in working from home, so much more is absorbed by osmosis in an office where staff are enveloped in the firm's culture.

The WFH Elephant in the Room

However, the biggest question over future working from home is the long-term implications for those who elect to work from home. The majority believed that it would be almost impossible to discriminate against an individual for opting to work from home, but there is likely to be unconscious bias towards those who spend more time in the office (see Exhibit 26).

Success depends on leadership giving the right message in terms of the culture of the organisation and the type of employees they believe are best suited for the future of their organisation. If everyone from the CEO down is working two days a week from home, three days in the office, a culture of discrimination is less likely, but there are others who prefer working five days away from their home. In Europe the added role of unions creates additional legal reasons why firms will need to ensure they don't even risk potential employee discrimination with even those firms outside of Europe looking at ways to remove managerial discretion over remuneration to limit any risk.

"It's difficult to get 100 people round a screen so there are positives in using tech to expand education – now it could be 700."

Head of Trading, Large Global Asset Manager

"There is an immersive internship which used to be over 2 weeks where you learnt about all parts of the business and that's now in a longer block of half days. While the quality of teaching is just as good, you do lose some of the camaraderie in building global cross departmental relationships which really benefit the organisation. So we are changing our approach, the training is becoming more professional, and we have brought in a Chief People Officer to focus exclusively on staff training and retention."

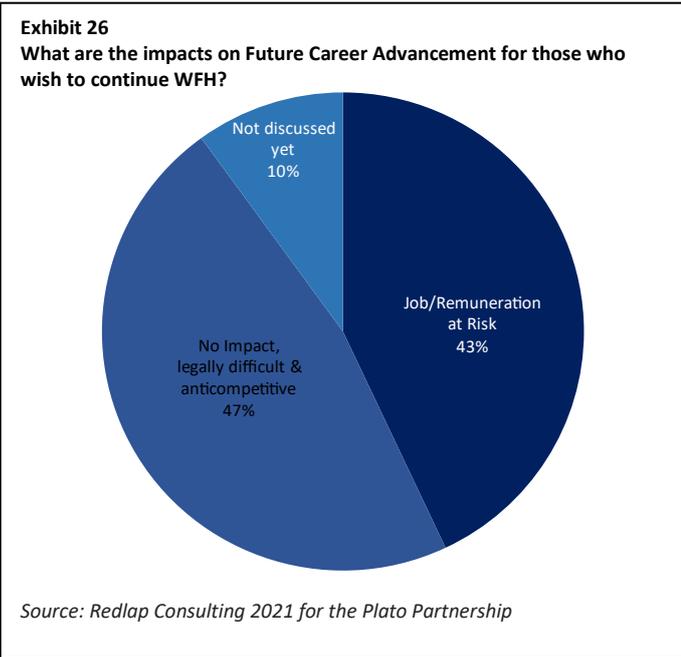
European Sell-Side Representative

"If you're evaluating somebody who sits close to five days a week in the office and somebody who stays home two days a week, it's a very different evaluation."

Head of Trading, Large Global Asset Manager

"Remuneration shouldn't be based on office/vs WFH but whether the individual can fulfil their role, it's a bigger question of what those roles will be."

Head of Trading, Large Global Asset Manager



"As a firm, we are removing managerial discretion as much as we can to avoid any impropriety real or otherwise to avoid any potential lawsuits."

US Service Provider



A younger generation may well be willing to work fewer hours to improve the work life balance but only if they can afford to, especially in the major cities like London and New York which still require high salaries. As the number of regional hubs across the US takes off, whether these will automatically lower salaries or not may depend on whether there is any pushback from the younger generation most of whom are sitting on loans. Then it may become a risk of location bias; will future employees feel compelled to work wherever their manager sits?

Individuals who work remotely full time may have a harder time being part of the organization which could impact them and their career progression, particularly if they need to still build their personal networks. However, those organisations who want to attract a more diverse workforce will need to find the ways and means to address this.

Whether or not those who opt to work from home will see reduced salaries and limited career progression also misses a fundamental point. What the younger generation undoubtedly continue to crave is community, but they want to be able to tap into it virtually and physically – which is where the benefit of greater future flexibility lies.

Ultimately it will become a question of matching the right individual with the right firm and the right role and their salary being compensated according to that role, however many days are in or out of the office. Personal preference will dictate what becomes the industry norm, but it would appear that the future of the office is firmly a flexible and virtual one – just alongside a physical hub for now.

"In the US where we have 3 or 4 offices now, will there be location bias? What happens when you are not sitting next to your boss? Or you're in London or Dublin? Reviews will have to be changed to make sure there is better across the board stakeholder engagement to treat all employees fairly."

European Sell Side Representative

"The official line is no - but unofficially that culture is still there. There are definite benefits gained from the softer skills you learn which do not directly correlate to performance but if you are never in the office you can't contribute."

Head of Trading, Large Global Asset Manager

"I don't think we will adjust remuneration because I still think as an organization, we're still stunned by how effective we were working remotely, we see that as a huge positive in terms of being able to attract talent that may not necessarily be able to come into the office."

Head of Research, Large Global Bulge Bracket

"You can live remotely, and you can work remotely and you can definitely cut back on how much travel you do but if you don't have the relationships, your ability to work remotely suffers because you've just never built the relationship in person."

European Sell-Side Representative

"One guy just moved remote during lockdown and the benchmark salaries there are lower - but can you lower someone's salary, or do you have to pay others more?"

Head of Sales, APAC Broker

"30-year-olds aren't missing a garden; they are missing the bar, the social interaction."

Head of Trading, Small Global Asset Manager



Conclusion

We started this paper with the question of whether working from home is *optimal*. Perhaps the question firms should be asking themselves is how flexible working *can become optimal*.

The increase in variations of the virus, together with an industry needing to streamline unnecessary costs, aside from the ability to test future operational resiliency, means allowing staff to be able to work from home for a portion of the week appear eminently sensible. The idea that productivity drops if employees work from home may suggest that the wrong individuals are sitting in the wrong seats or the firm in question is not doing enough to motivate and engage staff. Liquidity hit all-time peaks at the start of the pandemic and trading continued seamlessly. If PMs work from home on a Friday, are they really less likely to invest?

Allowing employees to work from home does not automatically equate to a loss of control, rather a rethink of how to engage to the firm's advantage. Equally this doesn't mean Orwellian style monitoring but educating staff on the importance of not sharing confidential information with family members or roommates over a coffee.

Innovation is happening at such speed that the creation of a virtual network offers a multitude of benefits. From lowering a firm's carbon footprint yet still delivering the relevant expert to your client at a fraction of the cost, whether you are the Head of Trading wanting to better understand the routing logic of an algorithm or the Head Technology trying to re-invent your tech stack. The technological leap the industry is undertaking also necessitates the re-education of many staff, from juniors through to more senior staff, as financial services firms rebrand their organisations as technology firms selling financial services products.

Strong client relationships still depend on good human interaction. If client engagement can be conducted sufficiently well over Zoom with local staff rather than requiring senior executives to fly across the globe, this could create opportunity for greater regionalisation which has its benefits in cultivating local relationships, but potentially decreases international access for some organisations. It comes back to which organisations can embrace and work with technology in the most optimal manner.

In an era of the need to demonstrate one's worth, it is important to have something of value to offer. This applies both to employers attracting employees as well as clients. The cumulative value of everyone contributing and giving their all is what underpins any successful business regardless of sector. Employees operating under resistance will not operate at their best, just at a time when the industry is facing its greatest challenges. From the continued decline in primary market activity relative to private equity to the rise of retail involvement in crypto and other alternative asset classes; the industry now needs to think of its future, whether that is in the confines of a central HQ, a network of smaller regional offices or with a fully remote workforce.

There is an opportunity for the pandemic to further root out long-term inefficiencies in the industry. Rising complexities of existing and new asset classes will require a new approach to trading and investing – think gamification experts to look at investment scenario planning. Work will still need to



be done, it's just that the individual roles and where they take place may will be different – whether there is a government work from home policy or not.

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