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# Growth

// SPECIAL EDITION

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# Pulling Back the Curtain on Midsize Companies' HR Plans



## KATHRYN MULLIGAN

Editor-in-Chief,  
*Middle Market Growth*  
kmulligan@acg.org

### I'm on the "L" train on my way to a coworking space in

downtown Chicago as I write this. My fellow train-riders are all masked, and the car is filled to about two-thirds capacity. I have a seat to myself—another sign that things have changed.

Before the pandemic, my ACG colleagues and I worked in an office on the 31st floor of a tower in Chicago's Loop. Now, we're scattered across the country and logging onto Zoom calls from home offices, even as we start to dip our toes into shared workspaces.

My experience offers just one anecdotal glimpse into the changing nature of work. For this special report, we wanted to explore that topic broadly across the middle market. We used a combination of proprietary survey data and reporting to look at how middle-market companies and financial services firms are adapting their workplace cultures, rethinking benefits and recruitment strategies, layering technology onto existing job functions—and of course, reckoning with the right balance of remote and in-office work.

The stances of corporate giants on these issues tend to make news: For example, as of early August, Amazon and Wells Fargo are among those planning to delay reopening their doors. Meanwhile, Facebook, Microsoft and others are requiring that workers be vaccinated before coming back to the office.

Although these and other human resources decisions made by large organizations steer the conversation, the reality is that middle-market companies have a different set of needs and tools at their disposal. Small and midsize businesses tend to have a smaller HR staff, and less money to spend on employee perks. At the same time, they're often more agile with less bureaucracy, and as private companies, they don't have public markets to contend with.

Unlike their larger counterparts, it's not always clear how midsize businesses are tackling challenges and adapting in the current environment. In this report, we want to start a new conversation focused exclusively on middle-market organizations and how they're adapting to changes ushered in by COVID-19. These pages reveal how business leaders are thinking about current workplace and workforce issues.

Whether you're reading this at home or in an office—or perhaps, on a commuter train—our hope is that the insights from your peers will be helpful as you develop your own company's strategy for navigating the brave new world of work. //

A handwritten signature in black ink that reads "Kathryn Mulligan".

# Keeping Pace with the Workplace Evolution



**THOMAS BOHN,  
CAE, MBA**

President and CEO,  
ACG

## **If the pandemic taught us anything, it's that change can**

and will come swiftly. Who could've foreseen that 2020 would hobble into 2021 with some business conditions not seen since the Great Depression?

We are on the upswing, but it could be months before we recapture the success of the first quarter of 2020. Middle-market companies (including ACG) are ready to fire on all cylinders again and deliver innovative products and services, but how we do that may be the key to building sustainable cultures and operational models that can carry us into the next decade.

As leaders, you've no doubt noticed this shift. What matters to your teams has changed. Flexibility, wellness, inclusion and innovation have moved to the front of the line. Competition for talent is fierce, and employees no longer care about cafeterias, nap pods or even in some cases, compensation.

The course correction has not been subtle. The definition of the "workplace" has changed. Is it really still your physical office in the building downtown? Someone's kitchen table? A coworking space? I would suggest that we think about redefining the workplace altogether and reimagine it around company values, connection and fulfillment, and shared success—no matter the location.

Your customers have changed, too. The shift to online and app-based customer service and the high expectations set around convenience are not going away. Technology and automation are key, but they are no longer on the horizon—they are on our doorstep.

Middle-market companies need to focus not only on technology upgrades, increased valuations and relevant products, but also on becoming human-centric organizations that attract and retain the workforce needed to evolve and thrive.

While people are eager to get moving again, that doesn't (and probably won't ever) look the same as it once did. That's why preparing for the future of work—the concept that this special edition of *Middle Market Growth* is dedicated to—is so critical to investors and company leaders alike. Because, as they say: If you aren't ahead, you're behind. //

“

**While people are eager to get moving again, that doesn't (and probably won't ever) look the same as it once did.**

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# Inside the Report

For its 2021 *Future of Work* report, *Middle Market Growth* surveyed the middle-market deal-making community about what they are expecting as the world continues to evolve amid the ever-changing COVID-19 environment.

From the end of May through end of June, *MMG* surveyed a cross-section of more than 120 deal-makers on various topics, from what offices will look like in the future to what role technology will play going forward. We also interviewed a number of industry professionals about their outlook on the future. Below is a synopsis of what each section covers and information about the partners *ACG* worked with for this report.



## 12 WELCOME TO THE FUTURE OF WORK

Last year will be one that everyone remembers but wants to forget. The pandemic's devastating impact on individuals and communities will be felt for years, and the disease has left an indelible mark on the economy and business community—both for better and for worse. COVID-19 forced companies to adapt to mandated store closures, altered customer buying habits and disrupted supply chains. At the same time, many turned inward

and began thinking differently about their workforce. Employee benefits, recruitment and retention strategies, and remote work policies are all under review as companies continue to evolve in response to the pandemic.

In this section, we explore how work will look going forward, hiring and key considerations for middle-market firms, and other critical factors employers need to take into account.

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## WORKFORCE PRODUCTIVITY, COLLABORATION AND CULTURE IN A NEW WORLD

In partnership with S&P, ACG surveyed its members about workforce productivity, collaboration and culture.

There are still lingering questions about what the future looks like once the pandemic completely subsides. They include when employees should return to work, what that return should look like, how to onboard remote workers, how employers can keep employees motivated from their bedrooms, and how leaders can maintain a company's culture if they aren't in the office.

These dilemmas were the tip of the iceberg and over time, the questions continue to evolve. Read on to learn more.

**About S&P:** S&P Global Market Intelligence understands the importance of accurate, deep and insightful information. S&P integrates financial and industry data, research and news into tools that

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## STRATEGY CONSIDERATIONS FOR MANAGING A MOBILE WORKFORCE

As the pandemic's effects wind down, companies must consider where employees will work and how to treat those who relocate. Insperity's Sarah Grimstead offers

tips for structuring that framework. Learn more about Insperity, ACG's preferred human resources solution for the middle market, at [insperity.com/acg](http://insperity.com/acg).

# MIDDLE MARKET Growth



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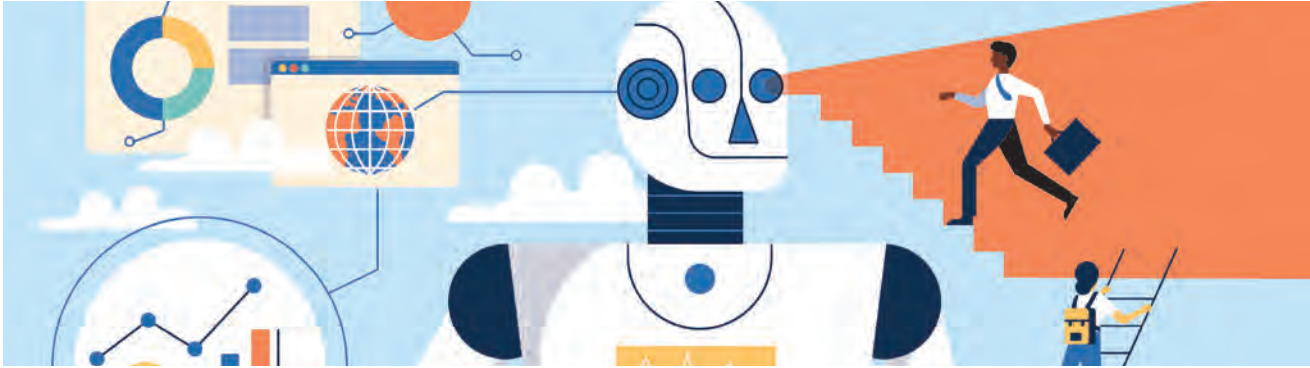
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## TECHNOLOGY GAME-CHANGERS WILL MAKE OR BREAK BUSINESSES OF TOMORROW

In partnership with Fulcrum GT, ACG surveyed its members on how technology can change the way we do business in the future.

Today, business leaders are using more robotic process automation, intelligent automation and other technologies. Transformation is moving at rocket speed. Read on to learn how the next generation of

business leaders expect to conduct business and how consumers are responding.

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For more information, visit [fulcrumgt.com](http://fulcrumgt.com).



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## THE FUTURE OF LOGISTICS

Business supply chains were massively disrupted by the COVID-19 pandemic as governments sealed off ports and closed factories. Even today, the delays caused by lockdowns are still felt off the coasts of major cities around the world. As a result, companies are reevaluating

their supply lines and, in some cases, bringing operations closer to home, adopting new technologies and hiring talent to reinvent themselves.

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## 62 A FOCUS ON MENTALLY HEALTHY EMPLOYEES

As the U.S. slowly emerges from the pandemic, everyone's health remains a top priority. Thoughts of preventing the spread of the coronavirus immediately surface when it comes to keeping people healthy, but the pandemic also revealed a myriad of health issues that were brought on by COVID-19, both physical and mental.

In partnership with McGriff,

ACG surveyed its members about the mental health of employees since the start of the pandemic.

**About McGriff:** The McGriff name dates back to 1886 and the founding of McGriff, Seibels & Williams. Today, McGriff is part of Truist Insurance Holdings, Inc., one of the top 10 largest insurance brokers in the world.

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## 74 ILLUMITI TALKS M&A, TECHNOLOGY AND ERP SYSTEMS

In June, Toronto-based Illumiti, an SAP systems integration provider, was acquired by Syntax, a multi-cloud and multi-ERP managed cloud provider. Syntax is a portfolio company of Novacap, a Montreal-based private equity firm. ACG Contributing Editor Danielle Fugazy sat down with Nir Orbach, founder of Illumiti and former CEO, and

Lorraine Howell, vice president of innovation and continuous improvement at Illumiti, to discuss how technology is evolving and how it can help companies thrive in the future.

**About Illumiti:** Illumiti is a place for ideas. And a place consisting of the right people who have come together to build incredible things

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# GET BACK IN THE GAME



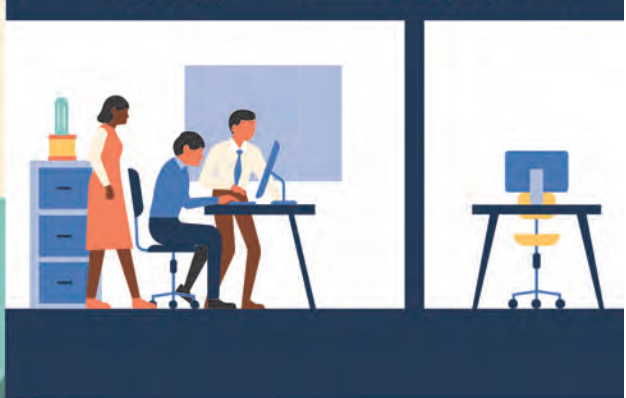
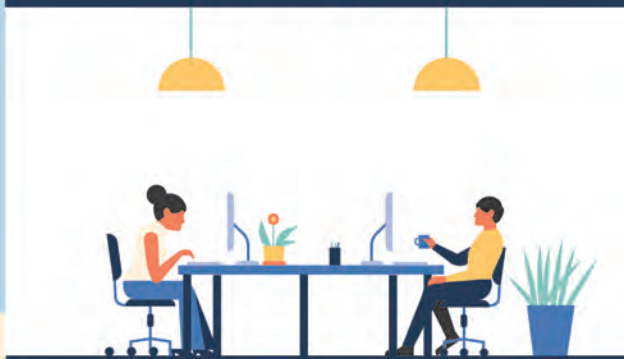
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SPECIAL  
EDITION

# Welcome to the *Future of Work*

THE IMPACT OF THE MOMENTOUS EVENTS OF  
THE PAST YEAR HAS PERMANENTLY CHANGED  
HOW COMPANIES DO BUSINESS

# Welcome to the *Future of Work*

THE IMPACT OF THE MOMENTOUS EVENTS OF THE PAST YEAR HAS PERMANENTLY CHANGED HOW COMPANIES DO BUSINESS

**Last year will be one that everyone remembers but wants to forget.** The pandemic's devastating impact on individuals and communities will be felt for years, and the disease has left an indelible mark on the economy and business community—both for better and for worse.

COVID-19 forced companies to adapt to mandated store closures, altered customer buying habits and disrupted supply chains. At the same time, many turned inward and began thinking differently about their workforce. Employee benefits, recruitment and retention strategies, and remote work policies are all under review as companies continue to evolve in the wake of the pandemic.

Those changes likely will mean that work looks different than it used to, and that might not be a bad thing.

## **OPTIMISTIC ABOUT THE FUTURE**

The reimagining of workplace norms comes at a time when middle-market employers are feeling optimistic about the future, according to recent survey data.

ACG asked more than 100 middle-market company leaders about their expectations for their companies' financial performance in the fourth quarter of 2021 through 2022. Respondents were overwhelmingly positive: Almost half (48%) said they expect financial performance to be significantly up from pre-pandemic levels, and 45% expect performance to be at or close to pre-pandemic levels. Only 7% believe that financial performance will be down either slightly or significantly from pre-pandemic levels.

Kevin Burke, director of mergers and acquisitions, private equity and venture capital at Globalization Partners, is hearing a good bit of optimism from the portfolio companies he works with—but that rosy outlook is highly industry-specific. “Those companies that were most dramatically impacted by the pandemic tend to be less confident in the future,” Burke explains. “But those that were able to pivot and change their business model are very optimistic.”

Mary Ann Domuracki, a partner with MMG Advisors, sees renewed

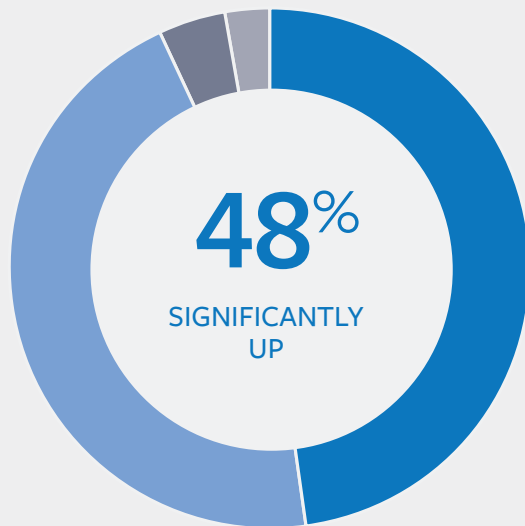


**Companies are excited. They are very optimistic about the strength of the consumer as well as technologies such as artificial intelligence and data mining that can help them work smarter.**

**Mary Ann Domuracki**  
Partner, MMG Advisors



## How do you expect your company's financial performance to fare in Q4 2021 and 2022, compared with pre-pandemic?



Compared to pre-pandemic levels:

- **48%** Significantly up from pre-pandemic levels
- 45% At or close to pre-pandemic levels
- 4% Slightly down from pre-pandemic levels
- 3% Significantly down from pre-pandemic levels

optimism, too, particularly among middle-market companies that performed well during the pandemic. “Companies are excited,” she says. “They are very optimistic about the strength of the consumer as well as technologies such as artificial intelligence and data mining that can help them work smarter.”

### EVERYONE NOW KNOWS THE ACRONYM WFH

Achieving their ambitious growth goals will require companies to have the right employees in place—both figuratively and literally.

Perhaps one of the most significant changes brought on by the pandemic has been the mass exodus of the

workforce out of the office and into the dining room, spare bedroom or basement. That shift has prompted a new question: Should employees bring their staff back to the office?

Working from home is not an entirely new concept. Data from research firm Gartner shows that 30% of the labor force worked from home at least some of the time prior to the pandemic. But never before have so many worked from home. And many of them like it. When the pandemic is over, companies must temper the expectation that workers will happily return to their workplaces five days a week.

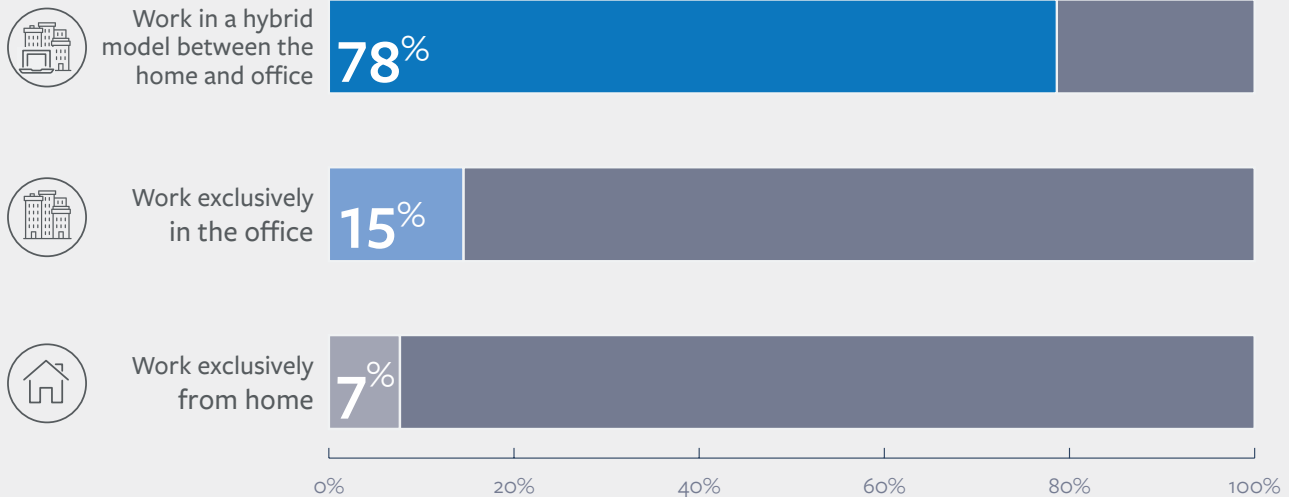
According to the ACG survey respondents, the new normal will feature a hybrid model in which employees

spend some time in an office and some time working remotely. Only 15% of respondents expect their employees to return full-time to the office and only 7% expect employees will work exclusively from home. For 78% of respondents, a hybrid model will be the likely solution.

Many middle-market companies are adjusting well to a hybrid approach, says Louis Aurelio, managing director and chief administrative officer at Kinderhook Industries, LLC, a New York-based private equity firm. The smaller the firm, the nimbler it can be. Still, Aurelio points out that a strong leadership team is critical for helping companies find the right mix of in-office and remote work.



## Looking beyond the pandemic, do you expect your workforce to:



**Companies are indeed worried about an exodus of talent and are also experiencing difficulty filling open positions—and are increasingly looking at flexibility as a solution.**

**Andy Challenger**  
SVP, Challenger, Gray & Christmas, Inc.

What's clear is that employees want choice. McKinsey & Company found that 52% of employees would prefer a more flexible working model post-pandemic, and Pew Research Center noted that 54% of employees want to keep working from home.

Remote work is so important to some employees that respondents to a survey by the Becker Freidman Institute at the University of Chicago would be willing to take a pay cut of 8%, on average, to be able to work from home two or three days a week. In McKinsey's survey, 30% of employees said they are likely to switch jobs if they have to work fully on-site.

Remote work also has other benefits. Less road traffic means shorter commutes—and fewer CO<sub>2</sub> emissions into the atmosphere. Cities are less

congested as workers relocate to suburban and rural environs.

Of course, remote work isn't available to all employees. Grocery store workers, waitstaff, transportation workers and production line staff need to be on-site. What's striking is the education divide between workers who can telework, and those who can't. While 62% of workers with a bachelor's degree or higher say their work can be done from home, only 23% of those without a four-year college degree say they can, according to Pew Research.

### OUT OF SIGHT IS NOT OUT OF MIND

If a hybrid model is in fact here to stay, companies will need to get over their concerns that employees won't work as hard if their managers aren't in the room.

Gartner found that employees are actually more productive working remotely, going above and beyond what is expected. Instead of debating whether staff members should be permitted to work from anywhere, middle-market firms should instead explore what tools and managerial support they'll need to help remote employees stay productive.

Companies should also look beyond roles when developing hybrid models, according to Gartner's "7 Myths Standing Between You and the Hybrid Future of Work" report. For instance, at first glance it may seem that a surgeon must always be in the "office"—in this case an operating room—but surgeons are also responsible for paperwork and patient consultations that can be done remotely.

Another benefit of hybrid work models is the opportunity to tap into a more diverse talent pool. Plus, employees with flexible work options are more likely to bring their authentic selves to work, improving engagement and performance, Gartner's report notes.

## HIRING BECOMES A COMPETITIVE SPORT

If employees can work from anywhere, conceivably a company's talent pool just got a whole lot bigger, even as the unemployment rate remains above pre-COVID-19 levels. So why can't companies find the employees they need?

The Beige Book, released by the Federal Reserve, reports that food services, hospitality and retail are the industries experiencing the most employment growth. But it's especially difficult to hire low-wage workers, truck drivers and skilled tradespeople, the Fed notes.

Kinderhook's Aurelio says that even though organic growth at middle-market businesses is strong, finding talent is a challenge. "Our companies often say they can't hire enough people or can't find the right person," he says.

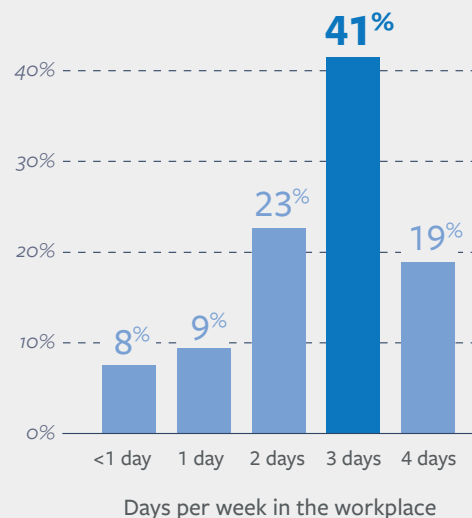
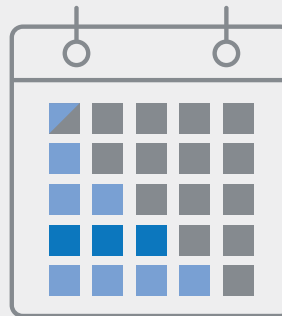
How do you attract and retain top talent? Companies are trying a variety of tactics to hire and keep workers,

including bumping up salaries, offering signing bonuses, and providing free lunches.

Offering incentives in the form of higher pay and bonuses is just one tactic. The perk that many employees want—and employers are more willing to deliver—is control over their work schedule. "Companies



### If adopting a hybrid model, how often do you anticipate an average employee to be in a physical workplace?



are indeed worried about an exodus of talent and are also experiencing difficulty filling open positions—and are increasingly looking at flexibility as a solution,” says Andy Challenger, senior vice president of outplacement and coaching firm Challenger, Gray & Christmas, Inc.

MMG Advisor’s Domuracki finds that even when search firms offer competitive salaries and benefits, job candidates turn down offers if they can’t work remotely.

## WELCOME TO THE GREAT RESIGNATION

In April 2021, 4 million Americans—or 2.7% of employees—quit their jobs, according to the U.S. Bureau of Labor Statistics. The industries with the largest increase in voluntary separation include retail, professional and business services, transportation, warehousing and utilities.

Of those U.S. adults currently unemployed, furloughed or temporarily laid off, two-thirds say that they are considering changing fields or occupations, notes Pew Research.

Prudential’s “Pulse of the American Worker Survey: Post-Pandemic Work and Life” found that half of employees say the pandemic has given them more control in deciding their career direction, and 24% will look for a new job. The top reason for talent migration is compensation (50%), followed by work-life balance challenges (38%) and lack of growth opportunities (34%).

The pandemic has ushered in new opportunities for companies willing to look beyond U.S. borders for talent. For example, one company that Globalization Partners’ Burke works with is struggling to bring on employees in high-cost California,

so it’s looking to hire in Mexico City. Burke notes that his firm works with middle-market companies to smooth the transition to a non-U.S.-based workforce. “Companies are often surprised at how easy it is to source talent internationally,” he adds.

## DIVERSITY, EQUITY AND INCLUSION BECOME TOP OF MIND

The murders of George Floyd, Breonna Taylor, Ahmaud Arbery and others sparked outrage, awareness, and mass activism in the U.S. Paradigm and the Harris Poll found that 69% of Americans believe that racial injustice is a problem—and 66% believe that companies should take action on racial injustice issues.

Doing what’s right translates into doing well—and additional capital. Research has shown a positive link between diversity, equity and inclusion (DEI), and financial performance. Bain & Company found that 88% of limited partners use environmental, social and governance (ESG) performance indicators in making investment decisions, and 87% say they invest in companies that have reduced their near-term return on capital so they can reallocate that money to ESG initiatives.

MMG Advisors’ Domuracki explains that a middle-market company’s focus on DEI is somewhat tied to the firm’s lifecycle. “Firms that are looking at their capital structure and investment options for their next stage of growth tend to think about DEI more,” she says.

Kinderhook Industries is prioritizing DEI more than in the past, and those efforts have drawn accolades for several of its businesses. “We are very proud that two of our portfolio



**Firms that are looking at their capital structure and investment options for their next stage of growth tend to think about DEI more.**

**Mary Ann Domuracki**  
Partner, MMG Advisors



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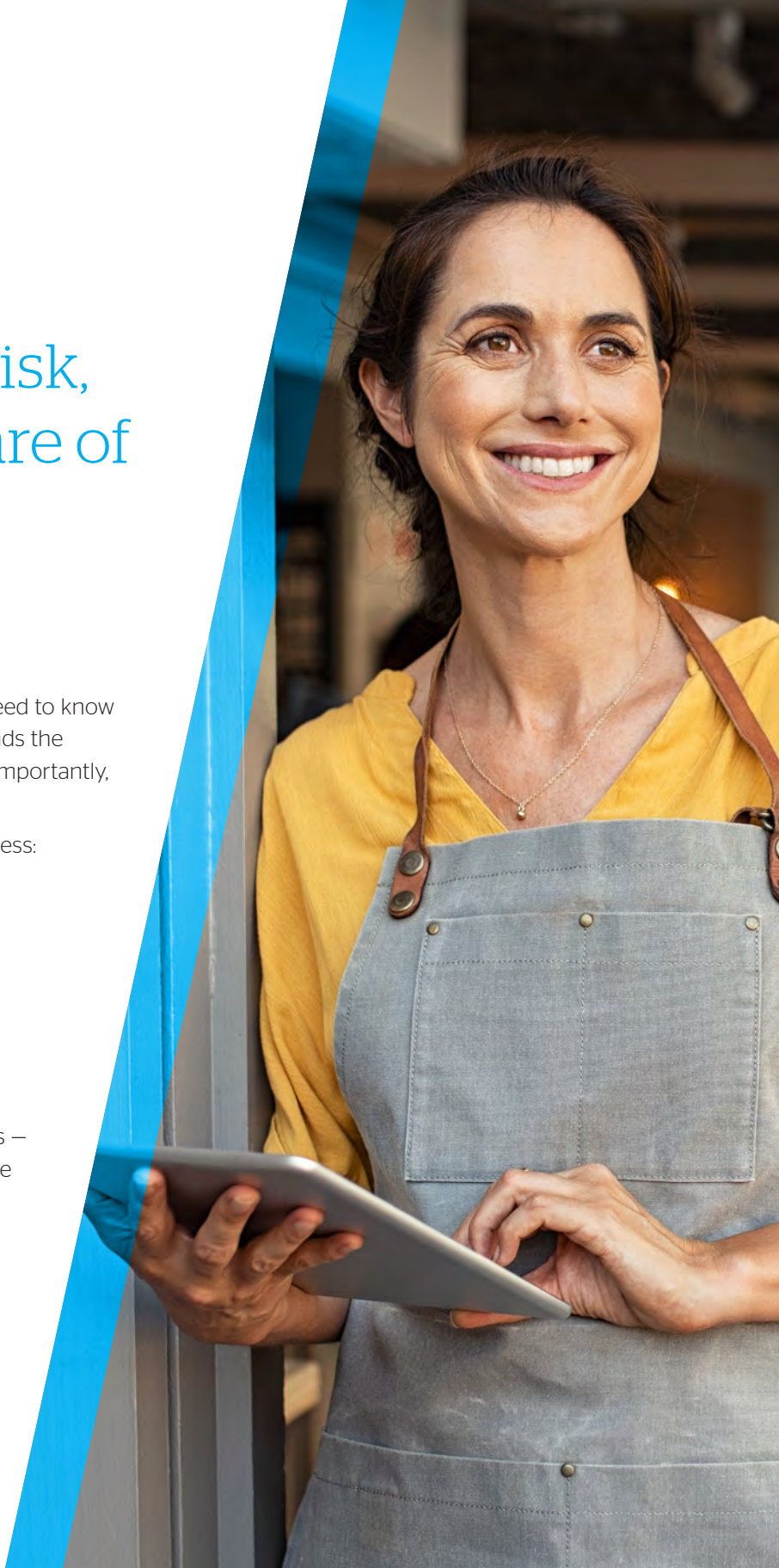
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companies have recently been named ‘Best Places to Work’ by DEI benchmarking firms,” Aurelio says.

Additionally, a strong DEI stance can attract and retain employees. Deloitte found inclusion is important when choosing an employer for 80% of workers and that 39% would leave their current employer for a more inclusive one. More than half (54%) of employees would leave their employer if it didn’t speak out directly against racial injustice. Younger employees (18-44 years old) are the most likely to leave, at 63%, compared with those 45 and older (40%), according to Paradigm.

But even with companies’ stated focus on DEI, there’s often a disconnect between what employers think they are providing and what employees actually want from their firm’s DEI initiatives. Most important to employees is an atmosphere in which they can be themselves (47%), followed by an environment in which they feel a sense of purpose (39%). Least important is working in an environment in which co-workers have similar life experiences (12%) or social values and opinions (14%).

### NOT HOME, NOT OFFICE, BUT SOMETHING IN-BETWEEN

Just like workers were forced to abandon their offices, gig workers, freelancers and others deserted their coworking spaces. Flexible space leasing activity in Q4 2019 was down 50% compared with 2018, according to JLL Research.

However, the tide appears to be turning as more workers become vaccinated. WeWork, a global flexible workspace provider, is seeing growth after the pandemic. The company

reports that Q2 2021 had the strongest net desk sales since September 2019. All-access memberships increased 33% from March 2021 to May, and total occupancy increased 3% in the same time frame.

Employees are seeking greater flexibility in where they work, and spaces like WeWork offer another option between home and headquarters, notes Nick Giraudeau, global head of financial sales for WeWork. “Middle-market businesses need the ability to scale quickly, and offering access to coworking spaces can be a competitive advantage in attracting top talent,” Giraudeau says.

JLL Research predicts that demand for flexible space will continue to increase as a result of the pandemic, and by 2030, 30% of all office space will be consumed flexibly.

### WHAT HAPPENS TO THOSE EMPTY OFFICES?

Twitter was one of the first major companies to announce a fully virtual work model for most employees. Zillow announced that it would offer 90% of its employees flexible work options permanently. Nationwide will close many smaller offices and allow those employees to work from home. Even Ford announced a hybrid model for non-place-dependent workers.

Going forward, commercial real estate will likely be significantly impacted by the pandemic, and this trend could reverberate throughout the financial sector. The International Monetary Fund (IMF) notes that the size of the sector and the fact that commercial real estate relies heavily on debt financing—and plays a large role in banks’ portfolios—could impact global financial stability. A 5% increase in commercial property



### 3 Considerations for Middle-Market Firms

The workplace is undoubtedly evolving due to the pandemic. To stay competitive, middle-market companies will need to adapt, starting with three baseline activities.

- **Join the race for talent.**

A labor shortage means that companies will have to pull out all the stops to attract and retain talent. Higher salaries and signing bonuses are attractive, but consider flexible work arrangements and benefits, along with other perks.

- **Embrace hybrid work models.**

Now that they’ve had a chance to experience remote work, many employees don’t want to return to the office full-time. Implement a hybrid model that works both for your business and your employees. And train managers on how to manage a remote workforce.

- **Walk the talk.**

Your employees want to know that you take racial injustice seriously. Don’t just give lip service to diversity and inclusion. Instead, make changes to your hiring and other human capital policies.

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vacancy rates could lead to a 15% drop in commercial real estate values in five years, the IMF estimates.

And although CBRE predicts that GDP will grow by 6.7% in 2021, bringing U.S. GDP back to pre-COVID-19 levels, the commercial real estate recovery will lag. But recovery may be faster than anticipated if the need or desire to social distance and implement new safety measures forces companies to keep their existing footprint or even add additional space. According to JLL Research, 196 square feet per worker was the regional average in 2020. Floor plans designed to accommodate social distancing would require increasing that square footage by almost 50%, according to a JLL estimate.

CBRE also predicts that suburban commercial real estate occupancy rates will recover faster than urban locations, since employees who work in suburban offices are less reliant on public transportation than their urban counterparts.

## PAST SURVIVAL AND BACK TO GROWTH

For many companies, getting through the pandemic and its disruptions to business was a day-to-day struggle. Others thrived, either by chance—who could have predicted that hand sanitizer would be in such huge demand?—or because they were able to pivot and update their business strategies to take advantage of unforeseen changes, says Globalization Partners' Burke.

As we navigate one of the toughest periods on record, it's clear that middle-market firms will need to make changes in many aspects of their business if they hope to stay competitive in the post-pandemic economy. //

## COVID Prompts Positive Changes in the Workplace

A look at some of the ways COVID is forcing employers to rethink their employee benefits.

- **Spotlighting health care inequities.** Disparate health outcomes and access to care have been simmering issues in the U.S., and the pandemic only highlighted existing inequality. The Centers for Disease Control and Prevention cites evidence that people in racial and ethnic minority groups are more likely to live in areas with high rates of new COVID-19 infections and to be exposed to the disease through their work environments. The country is beginning to have long overdue discussions about how to address health care inequities.
- **Prompting more flexible benefits.** The pandemic has encouraged companies and their human resource teams to take a fresh look at the employee benefits they offer. Care.com found that 98% of human resources leaders and C-suite decision-makers plan to newly offer or expand at least one benefit due to lessons learned during COVID-19.

Many employers are committed to investing more heavily in the benefits that their employees want and consider most essential. For instance, 45% of companies plan to begin offering in-home backup childcare (and 42% plan to expand this benefit). Meanwhile, 42% plan to newly offer or expand senior care benefits.
- **Encouraging a mind, body and soul approach.** Mental health employee benefits improvements are on the table as well, and with good reason: Pandemic-fueled trauma is negatively impacting employee focus. The risk of post-traumatic stress disorder is 55% higher than pre-pandemic, according to the American Health Policy Institute.
- **Lowering costs and cleaning the air.** Companies have discovered that employees no longer need to board a car, train or airplane to collaborate. With videoconferencing, employees and companies alike save money, with the added benefits of greater flexibility and reduced fossil fuel consumption.





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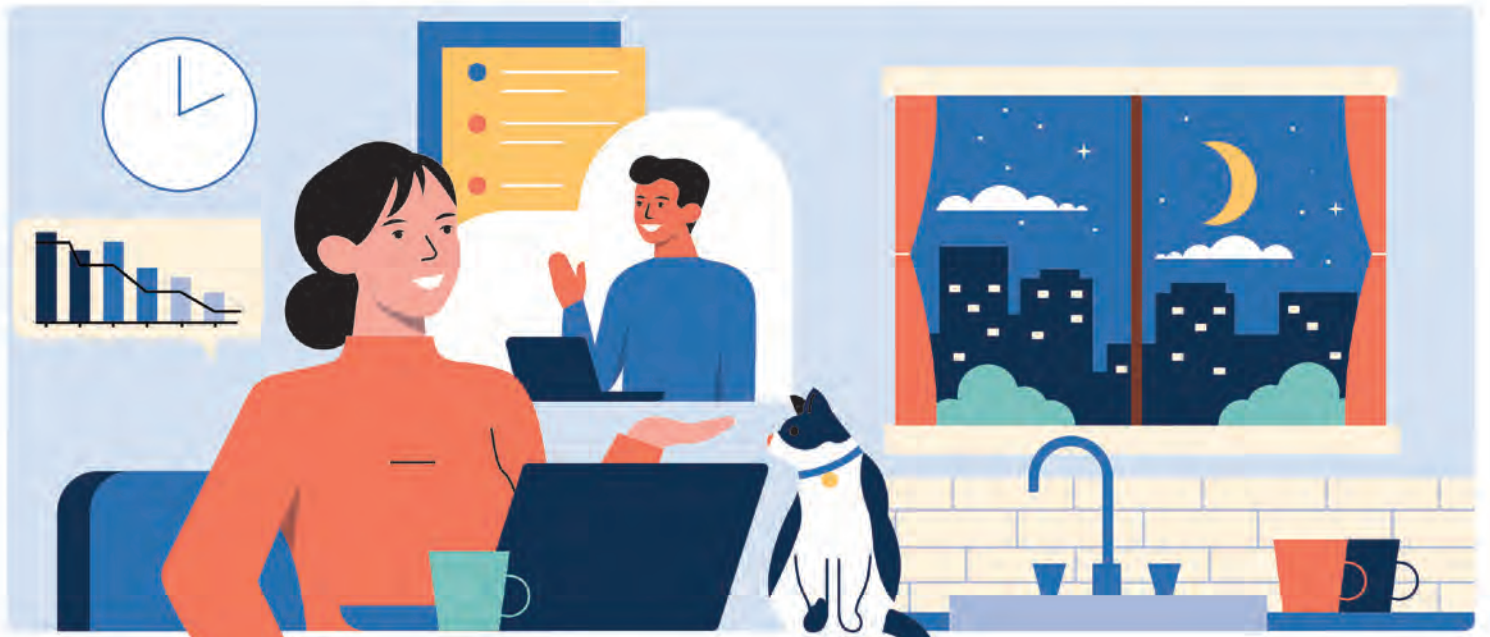
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# Workforce Productivity, Collaboration and Culture in a *Post-Pandemic World*

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# Workforce Productivity, Collaboration and Culture in a *Post-Pandemic World*

**Throughout the darkest days of** the pandemic there was a barrage of “return to work” conversations and lingering questions about what the future would look like once the COVID-19 pandemic subsided.

The acronym RTW was coined, and employers wrestled with the new questions it raised: When employees should return to work, what RTW would look like, how companies would onboard new employees if they weren’t in the office, how employers would keep employees motivated from their bedrooms, and how leaders would maintain a company culture if they weren’t in the office.

These dilemmas were the tip of the iceberg and over time, the questions started to evolve. The pandemic gave employees a new perspective on work-life balance and it’s clear that many companies are reconsidering—if not altogether changing—the way they operate.

The RTW question changed from *when* employees will return to work to *how* they will return, and what the new workplace environment will look like. Graeme Frazier, a partner at GF

Data, a data company for the lower middle market, says the pandemic shifted his thinking about how his businesses need to operate to be effective. In addition to his role at GF Data, Frazier serves as president of Private Capital Research, a buy-side M&A firm that partners with family offices and other private equity firms to source, originate and co-invest in acquisition opportunities.

“I am an old school kind of guy and have been trained to show up at the office. If you are working with the right people, you don’t necessarily have to ‘show up’ to be productive,” he says. “People who have been brought up to believe showing up is endemic to productivity are learning that remote work can actually be quite productive.”

The pandemic helped prove that positive business outcomes aren’t necessarily tied to in-office work. “If you can be productive and keep customers happy, I think a hybrid approach can be an effective way to go,” Frazier says.

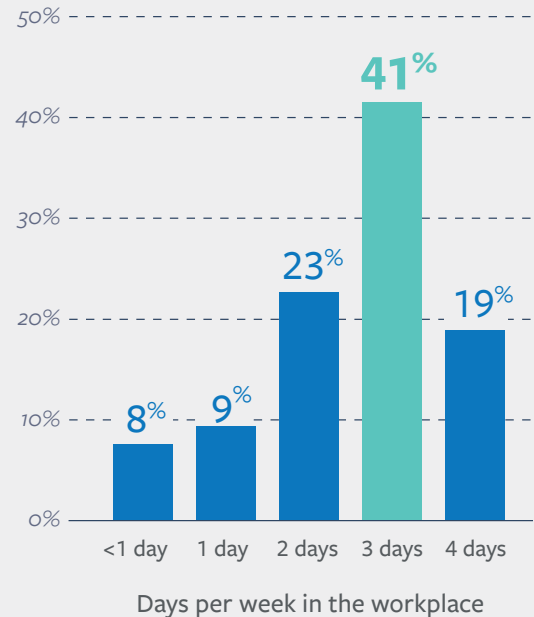
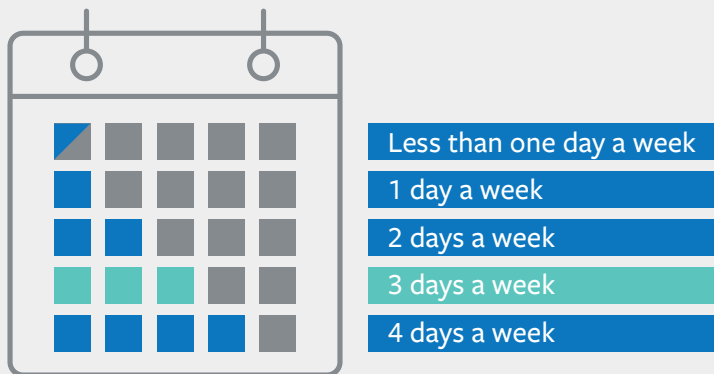
A hybrid approach to being in the office is indeed becoming popular.

“

**If you can be productive and keep customers happy, I think a hybrid approach can be an effective way to go.**

**Graeme Frazier**  
Partner, GF Data

## If adopting a hybrid model, how often do you anticipate an average employee to be in a physical workplace?



According to a recent survey conducted by ACG, 78% of respondents expect their workforce to work in a hybrid model going forward.

Among those respondents that said they are ready to embrace a mix of at-home and in-office work, the majority cited three days a week as the optimal amount of time in the office.

Yet there's no magic formula that will work for all companies, according to Adam Miller, a founder and manager partner with HYGGE Capital Partners, a dedicated human capital management consultancy that works with The Riverside Company and other private equity firms.

He is seeing private equity firms flex to make employees happier, but

says there's not one size that fits all. Firm size, geography and culture all play a determining factor in what makes sense for different private equity firms. "A lot of firms are either allowing for a hybrid work week with three days in the office, or employers are giving employees an allotment of work-from-home days they can schedule with their manager's approval," he says.

Employees want flexibility, and that's forcing private equity firms to change their approach. "Private equity has not needed to be very mindful of employees' needs traditionally, however with the war on talent, all that has changed," Miller says. "They are making changes to stay competitive. COVID was just

the catalyst for changes that were already needed."

Although baby boomers may have stayed at the same jobs for 35 years and climbed the ladder to build success and wealth, younger generations want better work-life integration, according to Miller. Firms will have to think beyond compensation to hire and keep them. "There are a lot more things that attract newer employees, and private equity has been playing catch-up. Pay isn't enough anymore," he says.

Others acknowledge that, while some flexibility is good and will make organizations more competitive when hiring, physically working side-by-side still matters in the private equity community.

Charlie Gifford, a senior partner at New Heritage Capital, says his firm



## How do you think your company culture has/will be impacted by remote work?



- **34%** It has been **positive**, and given insight into team members' personal lives
- **22%** It has been **negative**, and we are struggling to maintain connection
- **44%** The impact is generally **neutral**

“

**We believe that in-person collaboration is critical to our success, and to a person, we each elected to come back to the office.**

**Charlie Gifford**  
Senior Partner,  
New Heritage Capital

opened its doors back up in October and let employees decide what they felt comfortable doing. Everyone at the firm has returned to the office.

“We believe that in-person collaboration is critical to our success, and to a person, we each elected to come back to the office,” he says. “Private equity is very much an apprenticeship business, and we feel as though we owe it to the younger team members to work with them and teach them.”

Gifford points to critical skills that are best learned in person. “It’s hard to learn how to creatively structure a deal through Zoom. It’s hard to teach the next generation when you are not together,” he says. “That said, we have been, and will continue to be, respectful of everyone’s individual needs. We realize this approach may not be right for everyone, but it has worked very well for us.”

Frazier agrees that while the hybrid

approach has worked, it’s the younger generation of employees who are going to be at a disadvantage from not being in the office.

“If you are trying to build your personal brand and develop relationships with mentors and colleagues and people who will be important to you, it’s harder to do that when you are not in person,” he says. “I have to get back on the road to tend to relationships, but I was able to maintain many

relationships through Zoom because I have had them for 30 years. That's certainly harder to do when you are newer to the business."

Look no further than Wall Street firms such as JPMorgan Chase and Goldman Sachs, which have both indicated that employees will return to work five days a week, as proof that some believe younger staff members need to be sitting alongside the experienced generation in order to thrive.

According to a survey of employers from Digital.com\*, 49% of respondents said the job requires employees to be in the office because they can only do it in person. They cite better interaction with clients, better collaboration and improved social aspects in the office, compared with working from home. They also believe employee productivity has dropped with the move to remote work. Employers most willing to fire workers belong to the IT, finance and advertising industries.

Still, according to ACG's survey, 50% of respondents believe the impact of remote work on employee collaboration and productivity has been neutral, with 25% saying the impact is positive and the remaining 25% saying productivity and collaboration is down as a result of remote situations.

## COMPANY CULTURE

Company culture is really at the heart of this debate. Many, like Gifford, believe that young employees learn through shadowing. Others say they have had their best year ever, which proves in-office time doesn't matter like it used to, thanks to technology.

Either way, there's no denying that corporate culture is an important part of what makes a company successful.

According to ACG's survey, 44% of respondents said working remotely has had no impact on company culture, while 34% said it has had a positive effect.

"If you asked private equity firms about their culture, many would have a hard time defining it today because their culture was created so long ago, and it doesn't hold true for many of the people who work at their firms today. The question becomes: How will you evolve your culture to make your workforce more productive? A lot of firms are now reevaluating their culture," Miller says.

He encourages firms to keep things that are important and shed those that are prehistoric, and that haven't traditionally focused on human capital. Positive employee experiences help create and maintain a strong company culture in or out of the office. "For example, today's employees don't want to wear a suit and tie every day. They want their employers to care about their well-being," Miller says.

With fewer employees in the office, maintaining the company's culture becomes more difficult. Experts point to clear, consistent communication as an essential component to keeping the culture intact, particularly for millennial and Gen Z employees.

"The younger generation wants to be seen and heard and really understand the company's mission," says Miller. "Communication is critical."

## PRODUCTIVITY REMAINS THE KEY

Whether employees are in the office or working remotely, productivity remains key. Technologies that help employees collaborate will only increase in importance over time.

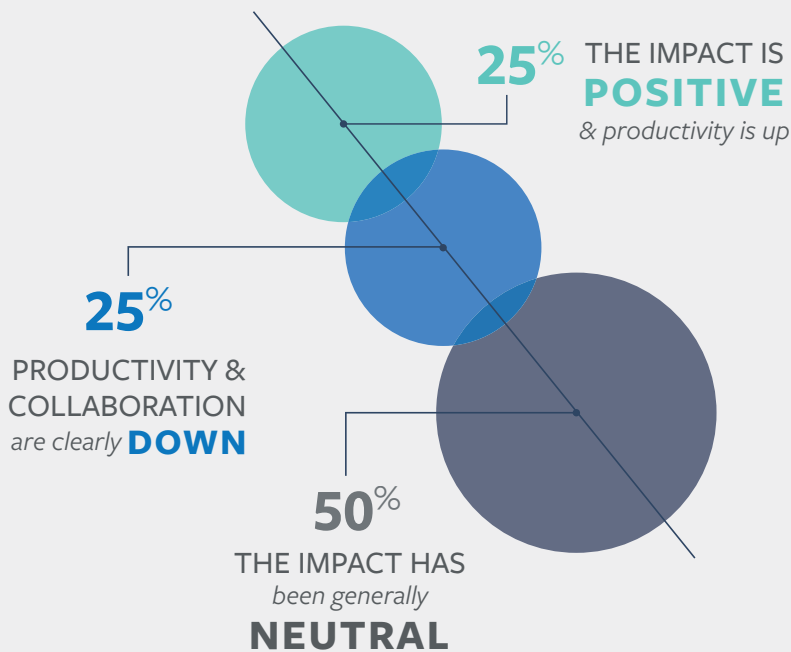
Chris Marsh, principal analyst with S&P Global Market Intelligence, says companies were beginning to think more seriously about how to improve productivity and collaboration among employees prior to 2020, but the pandemic pushed the need for new technology and tools to the forefront. "Many of the technologies we are using now are good, but they are just a baseline. The majority of tech leaders say they are rethinking their technology strategies, with a view to creating better alignment,

>>

## A Sample of Productivity Tech Tools Available Today

1 Password  
Calendar  
Clara  
G Suite  
HabitMinder  
HootSuite  
iDonethis  
Kiwake Alarm Clock  
Launchy  
Microsoft Teams  
MyLifeOrganized  
San Box  
Scoro  
Slack  
Time Doctor  
Todoist  
Week Plan  
Zapier  
Zoom

## How have employee collaboration and productivity been impacted by remote work?



“

**How do you create those watercooler moments and promote team culture? There are so many technologies that can help.**

**Chris Marsh**  
 Principal Analyst, S&P Global Market Intelligence

driving productivity and supporting team-building,” he says.

S&P’s data show that technology solutions for work management, visual collaboration and workforce automation will become much more prevalent in the future. “These tools will become a bigger part of the backbone of the response to the hybrid model over time,” Marsh says.

They include software companies like Calendar, which uses artificial intelligence and machine learning to schedule appointments. It analyzes past calendars to make suggestions

on how employees should spend time, like when and how to schedule a meeting. It also has a time-tracking feature to see how employees are spending their time. Another tool is Todoist, a task-management app that highlights your day’s most important tasks. It can create sections and subtasks, and delegate assignments to others. The list of technologies available goes on and on, and we are just beginning to see what is possible.

“There’s no magic bullet, and people are fatigued right now, but all these tools help us do a better job for our stakeholders and will continue to grow in importance,” Frazier says.

In addition to workflow tools, collaboration solutions will also grow in importance. “The question for companies is: How do you move forward and align people? How do you create those watercooler moments and promote team culture? There are so many new technologies that can help,” Marsh says.

According to the Boston Consulting Group, companies that adopt new technologies quickly perform much better than their competitors in the market. They create jobs almost twice as fast as other small and medium-sized businesses. In addition, they increase annual revenue 15% faster than their competitors.

“As the world gets more permissive about being remote, businesses need to make sure everyone is working, is productive and stays connected,” Marsh says. “Technology will help us do that.” //

*\*Digital.com surveyed employers on April 7 and 8 from a pool of 1,500 American small business owners.*



## Q&amp;A

## Digital Transformation Goes Beyond Quick Fixes



**Chris Marsh**  
Principal  
Research  
Analyst, S&P  
Global Market  
Intelligence

*With hybrid work models gaining traction for the long haul, middle-market businesses are reevaluating their technology solutions to support employees and strengthen team culture, regardless of work style. Chris Marsh, principal research analyst at S&P Global Market Intelligence, discusses how companies are approaching this watershed moment and looking forward to the next phase of digital transformation.*

### Q Tell us about the technology challenges the shift to remote work has uncovered.

The last 18 months have caused technology decision-makers – both IT teams and tech buyers within lines of business – to rethink their long-term technology strategies. Companies today need to enable a more diverse set of working styles and preferences than ever before. Minor adjustments won't be enough.

When companies were forced to transition to remote work due to COVID, it became clear that face-time in many cases was a Band-Aid. According to our data, 50% of organizations have only scattered or siloed knowledge of management strategies. Without in-person interaction, it became clear how poorly information flowed across teams and how little strategic thought had gone into knowledge management and daily workflows.

These are cultural issues, but they're also technology issues. Application sprawl was a big problem even pre-pandemic, but remote work has brought this issue into stark relief. Thirty percent of employees say they have too many applications to get work done effectively. Pre-pandemic, many technology buyers prioritized addressing functional problems with best-in-breed apps. Now, the focus is more on being strategic

about how the tools fit together, what the main set of applications is and how the company can get more out of them.

### Q What kinds of tools are seeing increased adoption?

According to our research, the top three employee technology challenges are information management, automation and organization. Companies are increasing their spend on many workplace technologies, particularly video conferencing tools, remote work equipment, and team messaging and collaboration tools. Many businesses are looking for no-code project management tools that enable employees to create their own workflows. Formerly niche tools like digital whiteboarding apps are seeing a real bump in popularity as companies try to replicate the nuances of in-person collaboration in a hybrid work model.

### Q How can company leaders support technologists?

This is a big cultural shift and it's important for leaders to recognize that and step up to support it. Rather than looking at technology strategies as functional challenges, start with the idea of pulling your workforce together. Look at what drives individual engagement, team building, alignment

**According to our data, 50% of organizations have only scattered or siloed knowledge of management strategies.**

and general operational agility, then work backward to see which technology solutions drive those things. Ultimately, technologists are looking for a vision and strategy around how their workforce should operate and how to align teams. We recommend focusing first on the three A's: agility, autonomy and alignment. Greater operational agility is at the heart of digital transformation, both internal and customer facing. Employee autonomy – to create workflows, own project design, find new ways to collaborate and more – is in turn crucial to empowering teams to be agile. Finally, this autonomy needs to be balanced by alignment to strategy, governance, security and compliance, and across work execution. //

# The Future of Work and the Emergence of New Operational Cultures

The pandemic-induced shift to a more hybrid model of in-office and remote working will likely be looked back on as marking a watershed in how businesses support their employees. According to S&P's "Voice of the Enterprise (VotE): Workforce Productivity & Collaboration, Technology Ecosystems 2020" survey, 61% of businesses have both expanded their existing remote work coverage and introduced new remote work coverage across their workforce.

The past 18 months have also been a pivotal time for diversity, equity and inclusion (DEI) issues in the workplace. Half of survey respondents in S&P's "VotE: Digital Pulse, Diversity & Inclusion 2021" survey report that their organization has expanded its commitment to DEI during 2020. The pandemic and social justice movements, in combination, have cast more of a spotlight on workplace issues at a time when they were already garnering increased, and serious, attention from business and technology leaders alike.

In the few years directly preceding 2020, IT and HR departments were focusing more of their attention on improving the workforce's productivity, forging new ways to collaborate and more actively looking to drive employees' engagement, not as tactical goals, but rather as transformation priorities. Given the ever-increasing central role technology plays in the workplace, a lot of the focus has been on how technologies impede or support these focus areas.

## The Digital Workplace Is Under the Spotlight

In particular, businesses have begun to take more seriously the negative operational impacts from the combination of rigid legacy applications on the one hand and a growing sprawl of newer but siloed applications on the other. The shift to remote work has in some ways aggravated the key pre-pandemic technology challenges of app fragmentation, scattered knowledge and the lack of democratized and accessible ways to bring more automation into employees' daily workflows.

Partly in response, 71% of tech buyers are reformulating their longer-term digital workplace strategies, according to S&P's "VotE: Workforce Productivity & Collaboration, Technology Ecosystems 2020" survey.

Unsurprisingly, digital workplace tools have been a priority area for spend, with net spend up across most application categories – video conferencing, remote work peripherals and team collaboration tools have received the biggest bump. At the same time, there's more experimentation with other types of tools. We're seeing work management tools, workflow automation and digital whiteboarding as key areas.

COVID-related elevated spend on digital workplace technologies, as an overall group, is also second only to spend on information security solutions. It is also just ahead of mobile devices and associated connectivity solutions, with much of the spend on those two areas tied to a secure and better-supported shift to more remote working.

Technology decision-makers are also

stepping back and asking what, exactly, are their strategic tools and how can they get more value out of them, including from integrating those strategic tools with one another more effectively. That rethinking about tool choices is being driven by a growing consensus around several ideas.

## A Consensus for Post-Pandemic Change

One of the stark realizations that came early on in the lockdowns last year was that when we took away traditional practices and assumptions, the Band-Aid of face-to-face interaction and the use of niche SaaS tools to plug gaps, many companies saw how poorly information flowed across their business. So now more strategic thinking is going into imagining how work is designed and managed.

The second realization has been that for productivity, engagement and innovation reasons, more empowerment and trust around how work is designed needs to be pushed into teams at the edge of the workforce, and not gate-kept by scarce developer resources or teams of technical specialists.

The third is that technology strategies can no longer be about solving what are perceived to be functional challenges with technology solutions. Progressive technologists are focusing on individual engagement, team building, team alignment and operational agility, and working back from those things to determine what technologies are needed.

A fourth realization has been that, in many cases, leadership needs to step up – technology decision-makers are looking for stronger guidance from their

company leadership around how the workforce should operate.

Finally, the risk of not acting in these ways is becoming clearer. Our research shows that the more resilient organizations have a cluster of commonalities – they are more likely to be digitally mature and data-driven organizations that have removed much of the day-to-day friction in work, allowing them to focus on higher order business outcomes such as team culture, operational agility, talent retention and innovation.

### New Operational Cultures

Addressing these long-standing challenges in the particularly unique context of the past 18 months is no easy feat, and businesses struggle to frame their approach. The following two ways can be useful for businesses to move on from thinking about the tactical choices and quick fixes many are still making to focusing on making these higher order changes.

The first is what we call the three A's: agility, autonomy and alignment, and specifically trying to strike the balance at the intersection of these three things. Creating more operational agility by investing in tools and practices that give employees more autonomy around how they design and execute their work, while ensuring they keep aligned with one another, with strategic goals, and with governance, compliance and other requirements. It's the sweet spot of the balance of these three things that the more progressive organizations realize they need to work toward. How can each of these elevate and not impede the other?

The second way to think about this is another mnemonic: the three C's (context, convenience and control), which comes from 451 Research's "VoTE: Customer Experience &

Commerce" research where it's used as a way to describe modern digital consumer experiences. These are also becoming the hallmarks of workplace experiences – employees are coming to expect more contextually personal digital workplace experiences, ones that are also more seamless and convenient, and around which they have more control.

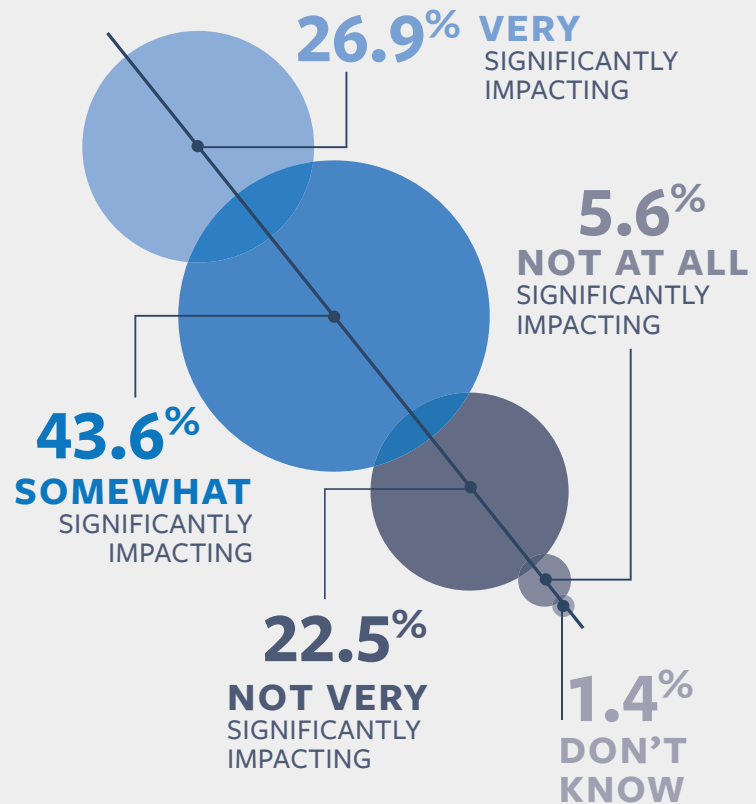
If businesses anchor their workplace strategies around these pillars and manage to find the sweet spot at the intersection of these different ideas,

they'll be on the right track to support the needs of modern, dynamic working.

I've touched on it a few times already, but an integral part of these more dynamic digital workplace strategies needs to be better availability of democratized workflow automation tools. After many years of lackluster performance, it is now more realistic for businesses to implement low- and no-code technologies at scale, and it's important they look to do this.

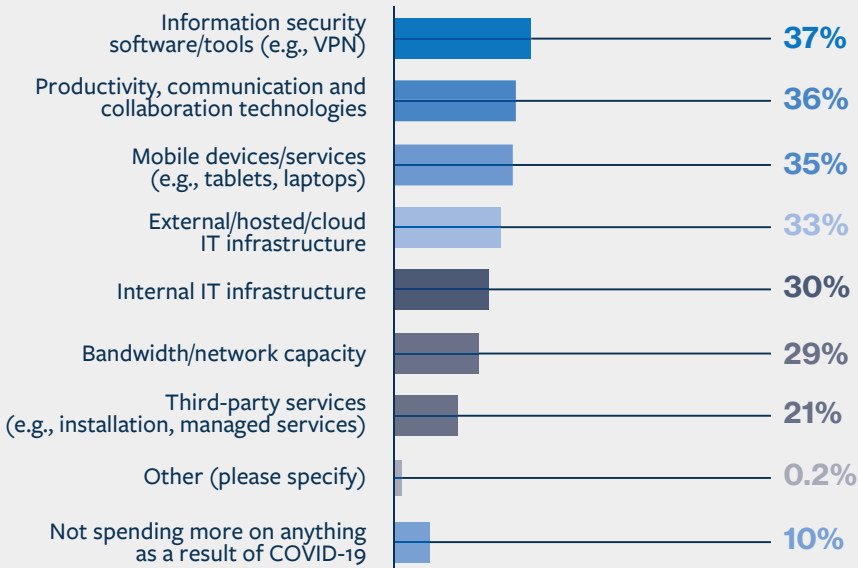
The change in circumstances this past year especially has rendered many workflows and workplace practices

### To what degree is the coronavirus (COVID-19) outbreak impacting your organization's longer-term thinking around the mix of technologies you provide your employees?



Source: Voice of the Enterprise: Workforce Productivity & Collaboration, Technology Ecosystems 2020  
Base: All respondents n=502

### Which of the following technology products or services, if any, is your organization spending more on as a result of the coronavirus outbreak?



much less effective, and the default back to highly technical solutions gate-kept by a central team of process specialists or developers can't be the answer. Seventy-six percent of technology decision-makers believe their business department's processes and workflows need to change in order for their organization to effectively adjust in the post-pandemic world.

There should be no surprises then that among their top focus areas to support employees is looking at tools that allow them to more quickly and easily build and adapt their business processes, workflows and project designs.

#### A New Approach for Team Collaboration

As we've seen, the transition to a hybrid work model brings a whole new set of challenges that require a new approach.

Agile collaboration needs to be at the heart of this new way of working – allowing a distributed workforce to securely

access the key data, applications and resources they need and work together to achieve shared goals so that they can respond quickly to their specific market and customers' requirements.

Data sharing remains a problem for many organizations given the ongoing use of consumer OTT messaging apps in the workplace and the extent of the information some of those apps are entitled to access on their users. This particularly impacts frontline and mobile workers and remote workers, who are more likely to use their mobile devices and SMS or OTT apps that are mobile-optimized, even if their employer already provides UCaaS mobility features. Enterprise applications also have different approaches to data collection – some allowing for data collection and some not. These nuances can be relevant for organizations in verticals with strict regulatory requirements, or use cases dealing with highly sensitive information.

Mobility will be a key component in the

hybrid workplace – ubiquitous access to content and applications, regardless of their location or the device or network. This was a critical factor for business continuity during the COVID-19 lockdown and with the digitization of the frontline workforce – which by nature tends to be mobile-first or mobile-only – will continue to be a key trend in coming years.

Security and compliance are also becoming increasingly relevant for modern communications and collaboration due to the evolution of security standards such as GDPR and the California Consumer Privacy Act, due to the rising importance of having mobile solutions and the need to support more diverse work modalities in the hybrid model. The shift to a hybrid work model is blurring the line between niche secure communication apps and horizontal team collaboration and unified communications applications when it comes to things like encryption.

Admin controls are evolving beyond just features like remote provisioning and wiping to needing to do things like enforce security and compliance specifically in mobile-only or mobile-first applications.

#### Conclusion

Digital transformations, social justice movements and black swan events like the coronavirus pandemic provide a very challenging environment for businesses. A growing number are realizing that their business resilience needs to be based on a whole organization approach that links business goals such as risk management, workforce productivity and financial performance to more integrated strategies around human capital management; diversity, equity and inclusion; and employee experience. The digital workplace will be at the heart of this, mediating the relationship between employees and the goals they share across their organization. //

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# Strategy Considerations for Managing a Mobile Workforce



**Sarah Grimstead**  
Regional Vice President, Sales,  
Insperty

The COVID pandemic required leaders to rethink and realign their remote work policies. The logical next step in remote working is worker mobility where proximity to the office has proven not to be needed. Headlines are heralding that remote working employees are moving out of crowded cities to more spacious suburban homes. While studies conflict on just how much movement from big cities to suburban locales is happening, the phenomena is real. As the pandemic's effects wind down, companies must structure their workplace framework: in-office, continued remote or some hybrid; and how they will treat employees who desire to move away from their assigned locations.

## Begin with a Clear Worker Mobility Policy

Worker Mobility policies must balance the needs of the business with the desires of employees for a higher quality of life. Company policies must address all similarly situated employees equitably to avoid unfair labor practices.

Will employees be asked to return to the office? Will the company continue remote work options permanently and support employees relocating their households away from the office? A Worker Mobility policy of this nature should consider, among others:

- Time zones and the cost of travel - As the workforce moves to their desired cities/states, time zones may complicate meeting coordination. Even infrequent in-person meetings represent additional travel expenses, especially from extremely remote towns.
- Quality of internet connections - Most rural area internet access is not equal to urban speeds. Will the additional costs for premium connections be borne by the company? Some states require employers to pay for reasonable and necessary business expenses.
- Company tax status – Companies will need to consider additional state tax consequences when remote employees move to new states.

- State employment laws – having employees work in a state where a company did not previously have employees will subject companies to new state employment laws that may be more employee friendly. Additionally, if employees move into a state where the company is not registered to do business, the company may need to register to do business in a particular state or satisfy any applicable business licensing requirements, as well as obtain new state unemployment tax accounts.
- Long-term office space obligations – Mobile worker policies rest on the decisions around the use or disposition of existing or planned space.
- Equitable salary treatment - Geographic salary variances generally offset cost of living differentials in high-cost markets. Salary considerations for employees moving from high to lower cost-of-living states include remaining unchanged, immediate adjustments or reductions over future pay raise cycles.
- Equity - Should there be an equalizing consideration for non-moving workers?

## Communicate the Policy, the Advantages and Risks of Moving

Your Worker Mobility policy explanation should clearly address the reasons for requiring a return to the office or, if applicable, the remote officing options and constraints. The implications and potential risks of choosing mobility should be made clear. For example, the office environment offers employee camaraderie, awareness of opportunities, access to leadership, and creative collaboration. Moving away creates separation from key career influencers and the potential of missing out on opportunities.

## Master Mobile Management

Managers must be trained in remote management skills and delegation practices based upon accountability to clearly established objectives. Manage the manageable, reward success. Focusing on achievement rather than policing hours worked is key. Companies will need to explore new ways to replicate face-to-face collaboration and proximity-generated innovation.

Unleashing employee satisfaction and building loyalty generates discretionary effort. If mobility does that for your company, embrace it and build a remote management competency! //

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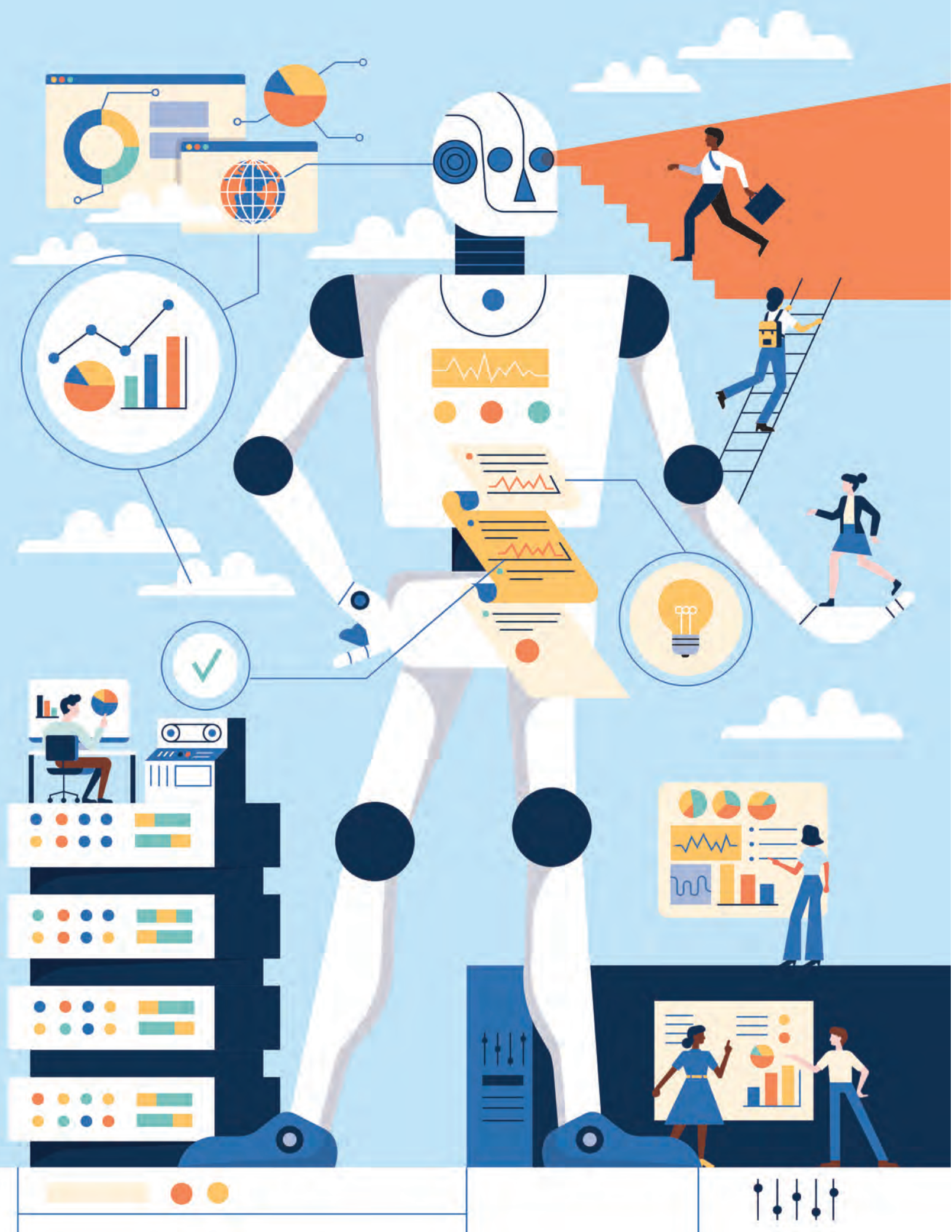
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# Technology Game-Changers Will Make or Break *Businesses of Tomorrow*

TECHNOLOGY SHIFTS HOW THE MIDDLE MARKET CONDUCTS BUSINESS

# Technology Game-Changers Will Make or Break *Businesses of Tomorrow*

TECHNOLOGY SHIFTS HOW THE MIDDLE MARKET CONDUCTS BUSINESS

**When historians look back on** the start of the artificial intelligence technological revolution, they will likely point to 2010 as a major milestone year.

In February of that year, Apple launched Siri, an AI virtual assistant, which revolutionized the way people interact with technology.

Just 10 years later, video conferencing, cloud technologies and customer service chatbots are the norm.

Today, business leaders are using more robotic process automation (RPA), which is software that's programmed for basic and repetitive tasks. Intelligent automation (IA) goes a step further by combining RPA with artificial intelligence for greater automation of business processes.

This transformation is moving at rocket speed, according to Peter Miscovich, managing director of strategy and innovation at JLL and author of the book "The Workplace You Need Now: Shaping Spaces for the Future of Work."

Major shifts in business technology are not 20 years off, he says. Rather, they're more like five years away for

some sectors and 10 years for most. Miscovich says it's likely that between 2030 and 2040, businesses will be surrounded by an intelligent business environment that's embedded in almost every aspect of business.

The rapid move toward a highly technological workspace is echoed by ACG members in a Future of Work survey where more than 100 middle-market professionals were asked about the role of technology.

Sixty-seven percent of those surveyed said that more companies would need to implement additional technology solutions beyond what the pandemic required if remote work becomes truly permanent. Fifty-eight percent said they plan to accelerate technology implementation post-pandemic.

The office of tomorrow will require major changes to the way employees work because front-end and back-end processes will be significantly affected by the automation of tasks.

From a middle-market vantage point, organizations that make these strategic investments in intelligent automation will gain operational efficiencies, enhance the customer

“

**Sometimes people overcomplicate the issue of technology, and I think they forget that it's just another solution to an age-old problem.**

**Shelby Austin**  
CEO, Arteria AI

## Do you think more companies will need to implement additional technology solutions beyond what the pandemic required if remote work becomes truly permanent?



YES

68%



NO

32%

0% 20% 40% 60% 80% 100%

experience and digitally engage new prospects.

But it's not always easy to know what path to take with so many choices in a rapidly evolving environment.

"Sometimes people overcomplicate the issue of technology, and I think they forget that it's just another solution to an age-old problem," says Shelby Austin, CEO of Toronto-based Arteria AI, a technology company that uses artificial intelligence for the drafting, negotiation and analysis of contracts. "Technology is streamlining operations by being another tool in your toolbox to maximize revenue, minimize risk, enhance efficiency or delight customers, and it's not more complicated than that."

### THE OFFICE OF TOMORROW

Although the work-from-home trend had been gaining steam prior to 2020, the pandemic pushed that timeline forward by many years.

According to a Barclays report, "The Flexible Future: Reshaping How We Live and Work," the pandemic propelled businesses to adopt more technology, resulting in opportunities for more employee diversity, greater work-life balance and a larger talent pool from which to hire. The report also predicts that flexible work arrangements, smaller office settings and online spending will increase.

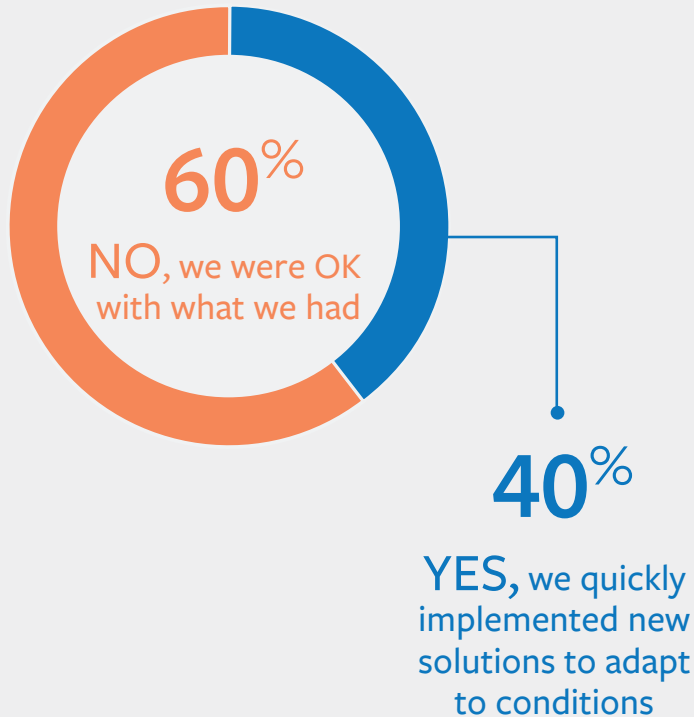
The report, which surveyed about 4,300 office-based workers and 1,500

senior decision-makers across six countries, indicates that 46% of surveyed employers cited flexibility for employees and employers as a reason why they support remote work. About 41% support it due to reduced commuting time. About 34% pointed to better retention of employees, while 32% said it was a cost savings. About 30% cited increased productivity as a reason for support.

Only a quarter of respondents said they wouldn't encourage remote work after the pandemic is no longer a factor.

Another repercussion will be that basic data processing-type jobs and more junior positions in data services and analytics will be automated out of the supply chain, says Neil Butten, >>

## Did the pandemic change your use of back-office technology?



“

**If you look at all of the career forecasts, data science is where the industry is going.**

**Neil Butten**

Managing Director UK,  
Fulcrum Global Technologies

managing director UK at Fulcrum Global Technologies, a Chicago-based software company that provides technology solutions for professional services firms. But other types of jobs will be highly sought after, he says.

“If you look at all of the career forecasts, data science is where the industry is going,” Butten says.

Miscovich says that for Fortune 500 companies in financial services, it’s predicted that AI and the next generation of intelligent automation will reduce existing headcount by 30% to 40% at most organizations.

The remaining 60% or 70% will need to be upskilled to work with these technologies.

Rapid changes in technology in the office of tomorrow will require continually upskilling or reskilling employees, says Brad Haller, a partner in mergers and acquisitions at Chicago-based West Monroe Partners, a business and technology consulting firm.

A McKinsey & Company report, “Defining the Skills Citizens Will Need in the Future World of Work,” recommends establishing AI training programs, introducing a skill-based

certificate system and ensuring that lifelong education is affordable.

While many employees may want to work from home, it’s unlikely that most offices will be strictly remote, according to Miscovich.

“We will probably need a hybrid of both,” he says. “Being in the office is a good thing and being flexible is a good thing.”

The Barclays report notes that offices would become places that are most used for social interactions where employees are trained rather than places where task-based activities are undertaken.

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The report also predicts that office space across the country would drop by 10% to 20%.

Plus, remote work helps businesses cut costs.

“It removes attrition,” Haller says. “Let’s say it takes \$100,000 to find and onboard an employee. If you are able to move your attrition rate from 20% to 15%, that is a huge amount of value. That is value to the bottom line. It’s not productive to be spending on turnover. Work from home is a huge retention tool.”

While AI may be superior at reducing errors, it will likely never evolve in our lifetime to a point where it will overtake most human functions.

“It can help spot a potential trend, but can’t figure out a trend,” Butten says.

Haller adds that business technologies would never replace positions like medical providers or airplane pilots because those jobs require complex variable analysis commonly referred to as gut feelings. AI can’t display judgment learned from personal experiences and won’t understand the nuances of many human experiences, he says.

Miscovich agrees, noting that while AI will evolve, it won’t reach a point where most human functions are replaced in the near future.

“General intelligence may never be obtained,” he says. “Everyone thought AI and autonomous vehicles would be here already. Driving a car is so complex that it’s not simple for AI-enabled autonomous vehicles to drive around a city. We do have autonomous trucks that drive in straight long-distance corridors, and AI does well there, but where you have complexity, it doesn’t work as well.”

## EVOLVING CUSTOMER SERVICE AND BACK-OFFICE PAPERWORK

Today, many private equity firms are investing in customer experience technology that can identify who their best customers are, using that information to prioritize their customer service.

For instance, first-time buyers would be deprioritized over other customers who buy regularly since it’s easier to retain loyal customers, Haller explains.

In another example, if repeat customers didn’t receive their products on time and are unhappy as a result, customer service technology could identify that type of customer. Then, the company would be flagged to pay extra attention to those customers, he says.

Another benefit is identifying customers who may be dissatisfied based on interaction with chatbots. If certain customers continually request to talk to a person when interacting with chatbots, business technology will track that and mitigate potential issues. Some problems aren’t best handled by AI, and a person needs to step in.

“People do want to talk to humans, and they have more confidence in that, but you can apply both strategies,” Haller says. “Allow the humans to manage the exceptions.”

Customer service experience technology is certainly growing, especially in sectors like banking, where customers are talking to AI-enabled voice-activated robots that can respond with more empathy than a person.

While some older customers may still prefer to talk to people, younger customers raised

with more technology will likely prefer it.

“Ninety percent of Gen Z would rather speak to an AI-enabled robot than a person for financial advice; this is a shift,” Miscovich says.

The back office will also be affected significantly by business technology—even more than it already has been. As automation takes over repetitive tasks, it will cut down on paperwork and reduce errors.

Another important facet is the speed of data access. For example, for financial benchmarking, if a company isn’t able to access a particular insight about a key client in a couple of hours, it’s time to invest in technology that will do that, Butten says.

But it’s not just the speed of access that matters; it’s also the speed of data assessment by people who are reading automated reports. That’s why AI data visualization is another key component, so that reports are quickly and easily understood.

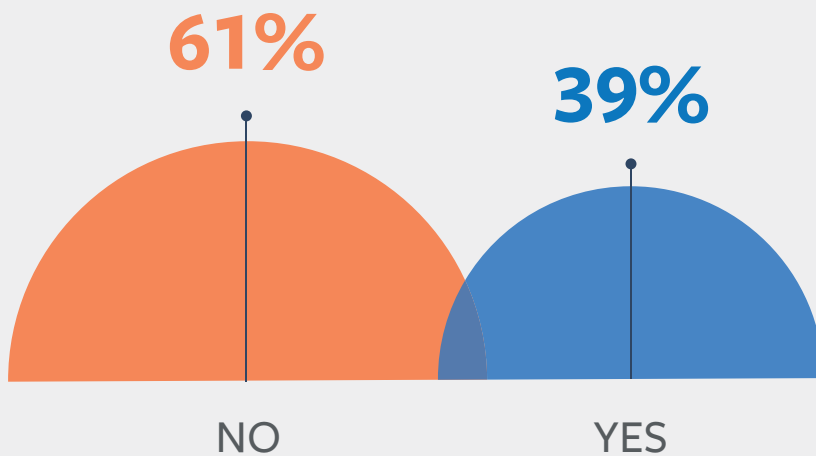
“Gone are the days of monolithic spreadsheets and thousand-page reports,” Butten says. “It’s much more about visualization and readily consumable data.”

Business technology will continue to evolve to help spot potential problems. For instance, Butten says machine learning has been used to identify potential risks in contracts. So instead of lawyers weeding through contracts, machine learning tools flag problematic portions for review.

Another growing trend revolves around storing back-office documents in the cloud. Doing so limits infrastructure and support costs, Haller says.



## Do you plan to accelerate technology implementations post pandemic?



“

**Ninety percent of Gen Z would rather speak to an AI-enabled robot than a person for financial advice, this is a shift.**

**Peter Miscovich**  
Managing Director of Strategy and Innovation, JLL

### WHEN TO INVEST IN TECHNOLOGY

With so many choices and business technology advancements, it's not always easy for companies to know when to invest and where to put their dollars.

Butten says there are signs to keep an eye on. For example, if a company struggles to get reporting out the door or can't close the month-end in anything less than five days, it's time to invest in technology. Additionally, if a company has many people involved in basic transactional processes, that's another sign it's time to change.

Haller advises that investing in technology tools that generate

revenue is more valuable than those that create efficiencies. Technology that allows companies to interact with customers, sell in new markets or retain customers is a better bet than technology that saves a few hours of employee time, he says.

Robotic process automation and intelligent automation should at least be on companies' radar if they aren't already, Miscovich says. He adds that it's critical for companies to do their homework about new technologies and what their competition has already adopted.

Arteria AI's Shelby Austin adds that change can be daunting for employees who may worry about their futures as technology reinvents the nature of their jobs. Because of that, it's vital for business leaders to get buy-in, so everyone is committed to following through with the technology implementation. She suggests business leaders find change champions who will work with them for a successful deployment.

Also, she says what's essential in making those decisions is figuring out the business problems that companies are trying to solve and whether or not technology will help solve those issues.

In the end, it comes down to taking calculated risks.

“You have to be prepared to get it a little bit wrong sometimes, but you have to do something in order to win,” Austin says. “There has been a lot of research about whether you should be a first adopter and early follower, and I think those are good strategic choices and thoughtful choices, but if you refuse to engage at all, we know it will not end well.” //

# Q&A

## The Pros of a Platform-Based Approach



**Neil Butten**  
Managing  
Director UK,  
Fulcrum GT

*Today's law firms and professional service providers are increasingly leveraging technology to streamline back- and front-office operations and create value for the business. Neil Butten, managing director UK at Fulcrum GT, which provides the legal industry's most powerful enterprise practice management solution, discusses the difference a platform-based approach can make for today's firms.*

### **Q What is the status quo for law firms when it comes to implementing technology solutions?**

Many law firms are playing catch-up right now. Traditionally, they have underinvested in systems as compared to other industries; manual processes and spreadsheets are still very much the norm. Today, more and more firms are looking to implement tech-enabled solutions that provide them with real controls and enable them to streamline processes – making interactions with lawyers more efficient, replacing disparate systems with one platform, improving reporting and analytic capability, solving data quality challenges and more.

### **Q How can a platform-based approach help?**

Many technology strategists will tell you about the benefits of the latest machine learning, automation and natural language processing technologies. But these solutions only work if you have the right foundation. A platform-based approach enables firms to standardize their processes and spend their time looking outward to new opportunities, rather than focused inward on fulfilling manual processes. Freeing up these resources can be transformational. A platform reduces or mitigates many of the hidden costs of doing business,

increasing shareholder value. Firms without a solid technology platform are less agile and available to respond to changing trends and new opportunities. Our platform helps shift the firm mindset away from simply keeping the lights on and more toward activities that drive real business changes, improving employee satisfaction and the bottom line.

### **Q What's the most important driver of success when implementing new technology?**

Having a clear mandate for change is key. In some cases, our clients do a capability assessment themselves prior to partnering with us; otherwise, that assessment comes the moment we begin the process of implementing our products. The biggest contributor to success is alignment for change across the whole organization and a project team that is incentivized to deliver for the organization. We've built a whole suite of change management activities into our delivery solution to help firms identify the right audiences to engage with, ensuring training is well-timed, and encourage effective communication. We recognize that every firm has its own culture and nuances, so the process will be slightly different every time. But for every organization, implementing technology is a chance to drive addi-

tional profitability, provide employees new opportunities for career progression, enable a higher standard of client service, and make workers' jobs easier on a day-to-day level. Implementing a new system does require work, but ultimately it will allow more attention to be directed toward value-added tasks.

### **Q How is Fulcrum GT's platform different from other options in the marketplace?**

Unlike a lot of technology services providers, we come with a prebuilt solution on day one. The Fulcrum portfolio of solutions is built to deal with the requirements of law firms, large and small. Many of our employees – myself included – were once former clients or have experience in the legal industry. Our functional and technological expertise allow us to deliver more rapidly and on much tighter time scales than our competition, reducing delivery risk. A typical competitor might deliver their product in 2 or 2 1/2 years, whereas Fulcrum can deliver in as little as 12 months for larger firms, or 6 months for smaller firms. This means there's less risk that executive sponsorship will change and fewer opportunities for people to cycle off the project and disrupt the project. Shorter delivery timescales also help our clients recognize benefits much more quickly. //

# Forget Science Fiction: The Future of Work Is Within Reach

There is no question that client expectations drive how businesses develop and package their products. Businesses most able to respond with a new solution or model to capitalize on client demand tend to thrive; those that cannot respond frequently fall to the bottom of the pack. However, even for the most successful businesses, innovation in the product space does not necessarily lead to the optimization, resetting or advancement of business operations.

The disconnect that so often exists between new product innovation and day-to-day business operations can slowly grow to the point of paralyzing the business. For the business leader, facing innovation and agility pressures from new market entrants – along with scale, market penetration and operational discipline pressures from larger competitors – creates something of a perfect storm. It raises the question: how to innovate, address client demands, increase efficiency, provide internal controls, manage risk, and still generate profit? How can business leaders give clients and employees the platform needed to be successful now and in the future?

Predictions about the 21st century workplace from the early, mid- and even late 1900s had all humans replaced by robots, working less, being paid more, with time for leisure and family. However, the reality in 2021 is far more prosaic. Getting the basics right still requires too much effort. It's a reality for plenty of businesses.

Today, a very normal finance function will have divergent, manual or



inconsistent processes that often result in higher than necessary headcount. It will have non-integrated systems with variable quality data that keep the firm's workforce focused on Excel, SQL and macros to produce an output while being able to rely on it. And it will most likely have big peaks and troughs in activity that coincide with periodic events like year-end, or the audit cycle. The future of work as depicted 50, 40 or even 30 years ago was perhaps a little optimistic.

However, changing this status quo is a tough task. Many leaders are saddled with technical debt from old systems and methods that do not align with the vision of a modern digital business; they often are confronted with the widely

**The disconnect that so often exists between new product innovation and day-to-day business operations can slowly grow to the point of paralyzing the business.**



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held perception that doing nothing carries no risk. Yet, when allowed to persist, this environment becomes damaging to outcomes for the firm's clients, employees and leaders.

The obvious answer to the challenge of creating a modern digital business is technology change. When discussing technology change, more often than not, the temptation for business leaders is to pursue one or a combination of two paths. The first, a "low-risk approach," involves upgrades to existing systems, tactical deployments or building in-house approaches. The second, a "shiny-toys approach," involves the latest technologies. These approaches are perfectly valid in limited circumstances. However, the "low-risk approach" often acts to speed the accumulation of technical debt rather than reduce it. It allows inferior, outdated or end-of-life technologies to persist or lead to the absorption of more that are hidden. The "shiny-toys approach" often results in small proof-of-concept deployments that are quickly forgotten. Hardly the future of work.

If it is to have a future, work demands a foundation of robust systems, supporting streamlined processes, sharing data between various users and processes in a seamless and controlled way, and enforcing high standards of data quality from which reliable insight can be drawn – all of which is used to enhance the customer experience.

To deliver this, the most insightful business leaders have chosen and continue to choose to invest in a single operating platform, or Enterprise Resource Planning system (ERP). The journey toward a single operating platform is not a simple one and the aspirations of many a thought leader have been damaged in an ERP project gone wrong. However, these technologies

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**If it is to have a future, work demands a foundation of robust systems, supporting streamlined processes, sharing data between various users and processes in a seamless and controlled way, and enforcing high standards of data quality from which reliable insight can be drawn—all of which is used to enhance the customer experience.**

are far from the monolithic and rigid ERP technologies of old. The modern, purpose-built, enterprise-grade digital business platform provides the benefits of an ERP with quicker delivery time and a lower risk profile than most business leaders would be used to. And, in recent years, the cloud platforms and SaaS offerings in this space have become ubiquitous, lowering the costs of investment and barriers to progress.

Still, digital business transformation doesn't happen by accident. It needs to be based on a firmly held commitment to long-term systemic change throughout the organization, and it requires an organization that is aligned to the changes.

So, what does the future of work look like? The workplace isn't yet ready for the rise of the machines promised in the 1950s or by technologies such as artificial intelligence. (AI shows much promise, but it still has relatively limited

practical applications.) Perhaps the future of work is a little better and more achievable than that. Maybe it's a set of business systems, processes and people that work together in harmony to provide stability, longevity and the ability to seek out and capitalize on new opportunities. That's a prize worth having. //

**NEIL BUTTEN** is the managing director UK at Fulcrum GT and helps lead its esteemed Innovations Group. Butten has completed multiple full-system implementation life cycles across numerous geographies using various innovative technologies. Recently, he served as global business process architect for the Top Five global law firm Norton Rose Fulbright, and as senior adviser for Big Four giant Deloitte.

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# The Future of *Logistics*

REORGANIZING SUPPLIERS, NEW TECHNOLOGY  
AND TALENT SHAPE SUPPLY CHAINS

# The Future of *Logistics*

REORGANIZING SUPPLIERS, NEW TECHNOLOGY  
AND TALENT SHAPE SUPPLY CHAINS

**Business supply chains** were massively disrupted by the COVID-19 pandemic as governments sealed off ports and closed factories. Even today, the delays caused by lockdowns are still felt off the coasts of major cities around the world. As a result, companies are reevaluating their supply lines and, in some cases, bringing operations closer to home, adopting new technologies and hiring talent to reinvent themselves.

Still, supply chain issues continue to grip the middle market. Nearly 30% of respondents to a recent ACG survey cited delayed or canceled shipments of inventory or raw materials as the biggest challenge posed to their supply chain over the last 18 months.

Many of these supply chain challenges stem from the disruption of international trade when factories and ports closed down in 2020. Now that the economy has opened back up, companies in the U.S. are waiting for inventory that may take many more months to arrive.

Additionally, companies with international suppliers face rising container prices. The average price

to ship a standard 40-foot container globally has more than quadrupled to \$8,399 since 2020, according to a July report from London-based Drewry Shipping Consultants Ltd.

Anthony Nuzio, the founder and CEO of ICC Logistics Services, says many global supply chains were totally unprepared for COVID-19, despite warnings of supply chain vulnerabilities, like trade tensions between the U.S. and China that flared up in 2018. Today, all businesses must operate in an environment where they need to anticipate when the next disruption will occur, “because it will happen,” he says.

This includes shifting away from single-source suppliers. Businesses must seek out alternate suppliers and freight carriers to ensure there are supply options when the next disruption occurs, Nuzio says.

Many businesses rely on trade from Asia and elsewhere around the world for raw materials and components, but Jesse Morris, executive vice president and chief operating officer of Main Street Capital, says some of the firm’s domestic portfolio companies

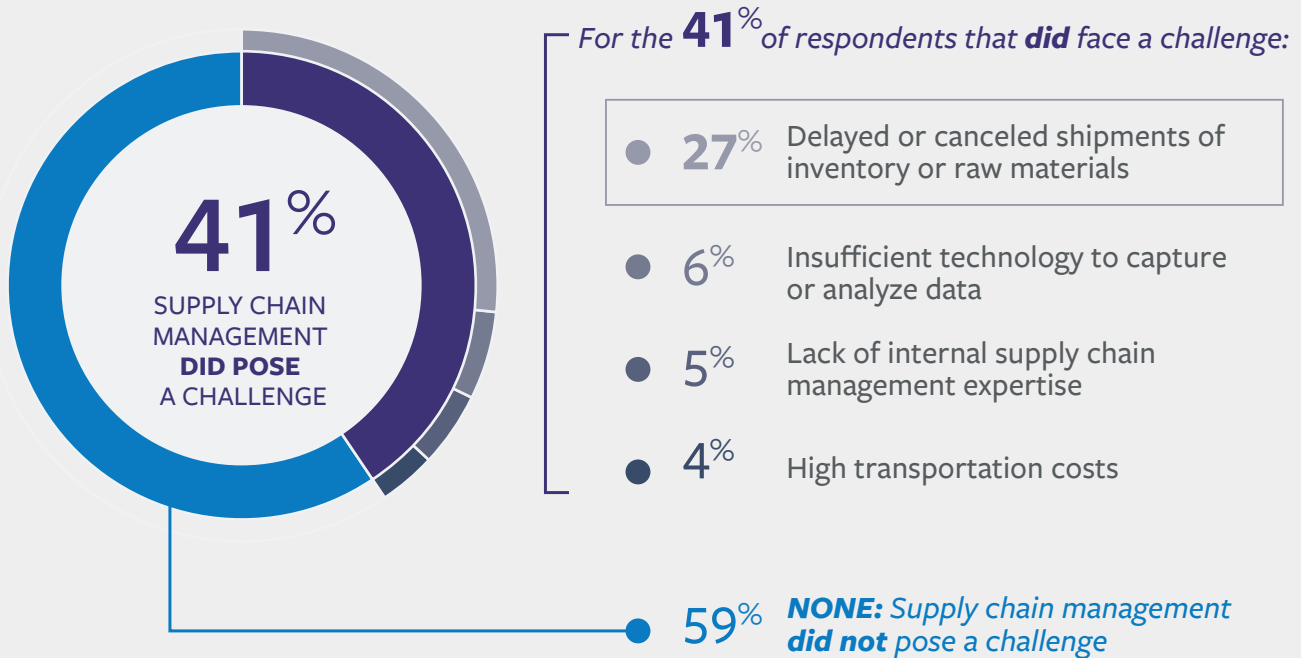
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**Companies that have supplies in Asia have continued to work through the challenges, but are starting to look at suppliers in the U.S., Central and South America, Mexico and Canada as alternatives.**

**Jesse Morris**

Executive Vice President and Chief Operating Officer, Main Street Capital

## What was the greatest supply chain challenge your company faced over the past 18 months?



are seeing an uptick in demand as customers increase production and diversify their supply chain.

The phenomenon of U.S. businesses reworking their logistics networks by moving suppliers from overseas closer to the base of operations is known as “reshoring,” and Morris has seen it in motion over the last year as companies shift away from single-sourcing from Asia.

Morris says he’s seen some companies whose customers had been taking their products offshore before the pandemic. But severe disruptions in Asia and elsewhere caused certain customers to reset and bring portions of their supply chains closer to the U.S.

“Domestic manufacturers have seen a benefit from that,” Morris says.

“Companies that have suppliers in Asia have continued to work through the challenges, but are starting to look at suppliers in the U.S., Central and South America, Mexico and Canada as alternatives.”

Moving ahead, ICC’s Nuzio says supply chain budgets will need to be more flexible to accommodate future disruption. He recommends quarterly budgets that have a reasonable amount of “wiggle room,” and suggests that supply chain leaders report directly to the C-suite. “Their decisions affect the fundamental operations and profitability of every business,” he says.

Alex Rabens, co-founder and CEO of Mickey, which helps manufacturers purchase and ship commodities and

raw materials, recommends that company vendors or suppliers undergo request-for-quote processes every quarter to keep pace with changes in the logistics market.

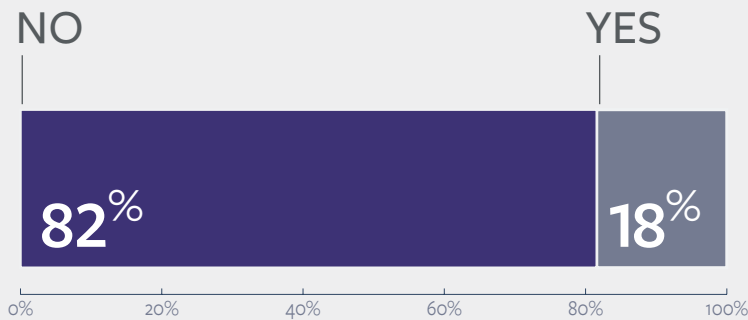
“If your supply chain manager is choosing favorites or resisting the hassle of negotiation, you’re losing margin,” he says.

### SUPPLY CHAINS GO DIGITAL

To minimize the disruption in current supply lines and increase resiliency, more companies are choosing to go digital.

BDO’s 2021 “Middle Market Digital Transformation Survey” showed that the pandemic pushed middle-market companies to accelerate their digital transformation strategies, particularly >>

## Over the past year, have you adopted technology solutions for supply chain management?



as they pertain to increasing supply chain resilience.

The key to supply chain resilience is digitization. Robert Brown, a managing director of BDO Digital at BDO USA LLP, explains that digitalization includes companies adopting technological processes like data analytics, which can help identify inefficiencies in supply chains. Forty-three percent of companies are planning to digitize their supply chain in the next 12 months, according to the BDO survey.

Unfortunately, many companies don't have great visibility into their supply chains. In a recent FreightWaves survey, 45% of shippers said they felt visibility of business operations was extremely less accurate or somewhat less accurate than their competitors.

To combat these problems, manufacturers are turning to technology. In 12 months, 87% of manufacturers will have digitized their supply chains, or be in the process, to increase visibility and agility, according to the BDO report. For retailers, that figure was 91%.

"Resiliency is about having a pulse on what the business is doing, what the industry is doing, and what the customers are doing, and how they're reacting to the business," Brown says.

He sees multiple areas where supply chain technology could pick up in the coming years, including artificial intelligence, the internet of things, and robotics and automation.

Blockchain—the technology undergirding cryptocurrencies like Bitcoin—is making significant headway in proving its business value, according to Rajat Rajbhandari, the chief information officer and co-founder of dexFreight, a cloud-based software provider.

DexFreight uses blockchain's distributed ledger system to help companies select carriers, verify legal documents, negotiate freight costs and track shipments. Rajbhandari says the transparency and security blockchain provides, as well as the ability to offload back-office tasks and IT infrastructure to the cloud, help reduce costs for companies.

“

**If your supply chain manager is choosing favorites or resisting the hassle of negotiation, you're losing margin.**

**Alex Rabens**

Co-founder and CEO, Mickey

"We believe blockchain will usher in a new era of collaboration between [carriers] to reduce the cost of onboarding new suppliers, share cybersecurity threats, global identification, component traceability and more," he says.

In an era of extreme weather events, companies with large exposure to the supply chain may also become dependent on services provided by DTN, a data, analytics and technology company that provides personalized weather and other actionable insights.

Advanced weather modeling and data science can allow companies to optimize land, sea and air shipping routes, which can avoid delays and lower fuel cost, according to DTN's Vice President of Weather Operations Renny Vandewege.

"Hyperlocal weather data overlaid on road networks data can predict dangerous patches on roads and potential traffic conditions," he says. "Weather analytics can also help manufacturers move



their equipment to safer facilities or delay delivery based on real-time data.”

## TECH FOR THE MIDDLE MARKET

While some technologies are being deployed by well-resourced large companies, it may take years for them to reach the lower end of the market, where a different sort of technological revolution is occurring.

Artificial intelligence and machine learning grab headlines and attention, but the reality of digitalization of supply chains tends to be much more grounded, especially for small and midsize companies.

“What you’ll see at our companies is more of tried and true technology,” says Main Street’s Morris.

Morris says the firm has invested in a software company that focuses on technologies that help companies be more efficient, like enterprise resource planning (ERP) software, manufacturing execution systems, warehouse management systems and e-commerce electronic data interchange that help manage data internally across their manufacturing and distribution operations, as well as across the supply chain.

But just because the data gathering and analysis may be less complex than other cutting-edge technologies, that doesn’t make implementing them easy. According to Morris, it could take between six months to a year to deploy an ERP or warehouse management system at a small company.

Nevertheless, ERP systems and other data-gathering software is becoming an increasingly critical component of any company’s logistics technology strategy, according to Chris Nicholson, CEO of Pathmind, a

developer of advanced analytics tools for the logistics industry.

“Getting those systems to integrate smoothly to give you supply chain transparency is hard, but if you don’t do that, you can’t see what’s happening,” he says. “And, if you can’t see what’s happening in your supply chain, you’re never going to control it.”

Amazon set a high bar for supply chain efficiency, but it’s still within reach for middle-market companies.

For small and midsize retailers, BDO’s Brown says he’s seen a shift. When storefronts closed in March 2020, businesses moved to the only place where they could sell: the internet.

That shift to e-commerce posed a significant challenge for the logistics of retailers. “You can’t really be effective on a digital storefront if you have an ineffective supply chain,” Brown says. “If somebody places an order online and you have no ability to provide the product, then you’re not going to be generating revenues.”

But with physical storefronts open again, Brown says companies are taking the lessons learned during the pandemic and building on them to solve for inefficiencies they didn’t know they had until they went all-digital. There are now plenty of third parties that are providing affordable tools, enabling even the smallest retailer to have the same efficiency as a large company, he adds.

Websites like Shopify, Magento and Wix can be put up in a day and allow small retailers to sell products directly from a warehouse. “These technologies are being scaled down to the level that emerging companies can adopt and shift quickly,” Brown says.

However, that doesn’t mean storefronts are disappearing. The supply chain for retailers is now taking on

a more hybrid role by offering both traditional brick-and-mortar and an online marketplace.

One trend Brown has noticed is retailers overhauling the physical layout of their stores to accommodate hybrid selling. Most retailers are expected to keep their brick-and-mortar locations open, but convert retail space to small warehouses—something Brown calls the “edge-based” supply chain.

“Retail locations are now becoming mini distribution centers to ship inventory locally,” he says.

## FILLING THE SKILLS GAP

Identifying and implementing new technologies can be a good hedge against future supply chain and logistics risks, but they may end up going to waste without the right talent.

Brown finds that some middle-market companies that adopt technologies like an ERP system only use 17% of features available. In those cases, he suspects the business has not made changes in any other areas.

“If you’re not efficient in your technology utilization, you’re not going to be efficient in what your customer

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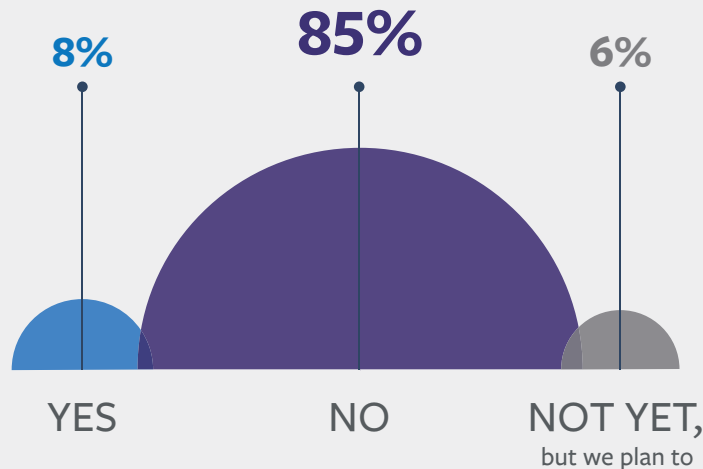
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**Retail locations are now becoming mini distribution centers to ship inventory locally.**

**Robert Brown**

Managing Director,  
BDO Digital at BDO USA LLP

## Over the past year, have you added a dedicated supply chain professional, or hired another professional with supply chain experience, to your team?



experience and business outcomes are going to be,” he says.

That’s creating demand for business process experts, like data analysts, who understand ERP systems and other the technology. But Brown warns businesses of implementing technology solutions without engaged management teams in place.

“It’s like buying a car without any wheels on it, but you’ve got a fantastic drive train,” he says. “You don’t have the other pieces of technology that go along and make that an entire solution.”

Brown recommends businesses consult with subject matter experts and have business strategies and process experts in place to work in tandem with the technical experts.

“You’ve got to get a human involved in the decision-making, rather than just data gatherers,” he says.

Mickey’s Rabens says without a knowledgeable supply chain manager setting up and maintaining the chain, bottlenecks emerge rapidly and profit-margins quickly sink.

He adds that the requirements for supply chain managers were once stringent, but attitudes are changing as companies realize the importance of having resilient supply chains. “Having stints at many different companies used to be a resume red flag,” Rabens says. “But for supply chain managers, that is optimal. Hiring someone with 15 years or more at Amazon might know exactly how they do it, but not how to function in a new environment.”

In addition to technical staff like data analysts, Main Street’s Morris says the firm’s portfolio companies are also hiring project managers,

process engineers and strong operations managers. That’s no different from what its companies were doing before the pandemic, but he says that both the current labor environment and supply chain disruptions make securing and retaining this type of talent more critical.

Morris also underscores the importance of retaining blue-collar talent in order to keep supply chains resilient.

There is an increasing demand for factory and warehouse labor, but many companies are facing shortages in available employees. Main Street’s companies have focused on rehiring employees let go in the early days of the pandemic and supporting training and onboarding initiatives.

Main Street’s current data gathering and analysis teams also have helped identify inefficiencies within its factories and warehouses to take employees where they’re not needed and place them in areas where they are, skirting some of the pressing labor shortages.

The firm’s companies have also focused on offering competitive wages and creating a company culture and work environment conducive to retention, which includes continuous improvement and communication.

Disruptions over the last 18 months have been so severe that Main Street’s strongest performing management teams are looking for employees with strong interpersonal skills to build relationships with customers, suppliers and others who will communicate early and often to anticipate and solve issues before they arise.

“There’s always going to be problems, but what the customer remembers is not the problem, but how you dealt with it, how you managed it, and how you tried to solve it,” Morris says. //

# Q&A

## Trends and Challenges in Supply Chain Management



**Jordan Zapotechne**  
Chief Revenue Officer,  
Enterprise Purchasing Group (EPG)

*For e-commerce businesses across the country, capacity constraints on global ocean freight shipping continue to wreak havoc on their bottom lines and erode customer satisfaction. Jordan Zapotechne, chief revenue officer at Enterprise Purchasing Group (EPG), discusses how middle-market businesses can combat this problem.*

### Q What impact have shipping capacity constraints had on businesses?

The shortage of available space on cargo ships as well as a lack of availability of the containers themselves is the number one trend we're seeing in global supply chain management today. Businesses are struggling to get inventory into the country. When they can, the costs are currently 200% to 300% more than in previous years. This is leading to fewer sales, less revenue, longer wait times and more complaints from consumers. This has also made it increasingly difficult for businesses to forecast supply and manage production schedules with manufacturers, overall creating an unpredictable supply chain.

### Q What's driving these capacity constraints?

The worldwide supply of available ships and containers simply hasn't kept pace with the boom in e-commerce over the past few years. More and more businesses are receiving products from overseas and more e-commerce businesses are being created every day, with most supply coming from Asia. This was happening pre-COVID, but with the pandemic came more problems. There have been workforce shortages, and PPE and health care products were prioritized over other

goods. A recent COVID outbreak at the Yantian port in China resulted in up to 5% of global freight capacity being held up in the country. These issues are only going to get worse as e-commerce grows and more businesses are inevitably created. More demand means greater leverage for the freight carriers, so they don't have an incentive to fix the problem. We foresee the next 12-24 months will look very similar to the current situation.

### Q Are there similar issues with domestic carriers?

FedEx, UPS and USPS are all struggling to manage a massive increase in volume right now, too. A recent article from the *Wall Street Journal* explained that from March through mid-April, only 87% of FedEx Ground shipments delivered on time, while 95% of UPS Ground packages delivered as expected. As with international freight, this problem predated COVID but has gotten increasingly more dire since. Carriers don't have an incentive to provide competitive pricing given the volume of business they're receiving, while businesses are struggling to meet the consumer's expectation that when they buy something, it will get to them fast and free.

### Q How does EPG help businesses address these challenges?

Market rates for ocean freight shipments have gone up 200% to 300% from where they were last year, and small package shipping rates are increasing at roughly 5% every year. As the nation's leading group purchasing organization, EPG provides a competitive edge to private equity and venture capital groups by leveraging purchasing volume to negotiate pricing beyond what its members could negotiate on their own.

For example, EPG has a contract with Twill and Maersk, the largest ocean freight carrier in the world, to provide reserved capacity to our members at fixed annual rates. This provides members the ability to maintain a reliable and predictable supply chain with an average savings of 50% to 60%. Rather than going through an international broker or freight forwarder, EPG members have a direct relationship with Twill and Maersk and benefit from a dedicated support team at Maersk for EPG members. For domestic shipping, EPG provides pre-negotiated pricing with many small parcel carriers, including UPS, to help businesses manage capacity constraints and provide consumers with fast, affordable shipping from top-performing carriers. Ultimately, all our members – big or small – receive the best possible pricing as part of EPG, no matter how much they ship. //

# E-commerce Post-COVID

By John Bevacqua, President, Enterprise Purchasing Group

The U.S. has experienced a huge spike in e-commerce sales in the third-party fulfillment industry over the last few months. Sales are similar to those at peak season and, in some cases, order volume is even greater. I have been thinking a lot about what's next, when it comes to new buying behaviors. At some point, when COVID becomes an unpleasant memory, what will shopping look like?

A study from Stackline.com<sup>1</sup> analyzed and compared U.S. e-commerce sales during March 2020 and March 2019. The findings: Luggage and briefcases, along with cameras, were the fastest declining product categories in e-commerce in March 2020 – at the height of the pandemic. All kinds of clothing and outdoor products became undesirable as well. Conversely, the fastest growing e-commerce categories in March 2020 were disposable gloves, PPE, cough medicines and bread machines. Also within the top 25 items were all kinds of hygiene products, power generators and personal protection items. As we move further into a recovery phase, this mix will certainly change.

What became very clear in this crisis is that companies that were prepared with omnichannel marketing techniques – specifically within the e-commerce channel – and those that were able to adapt to the digital transformation taking place are thriving. “Digital transformation” is defined as “companies making their relevant offers and services consistent with a focus on customer experience, with e-commerce being the main element in keeping

## The Top 50 Fastest Growing Categories in E-commerce

March 2020 vs. March 2019

<b>01</b> Disposable Gloves <b>+670%</b>	<b>16</b> Facial Tissues <b>+235%</b>	<b>32</b> Single Vitamins <b>+166%</b>
<b>02</b> Bread Machines <b>+652%</b>	<b>17</b> Allergy Medicine <b>+232%</b>	<b>33</b> Nuts & Seed Butters <b>+163%</b>
<i>Bread is one of the many items people have been stockpiling for their time at home, resulting in a shortage at grocery stores and a rise of bread machine sales.</i>	<b>18</b> Women's Health <b>+215%</b>	<b>34</b> Cat Food <b>+162%</b>
<b>03</b> Cough & Cold <b>+535%</b>	<b>19</b> Cereals <b>+214%</b>	<b>35</b> Fruit Snacks <b>+162%</b>
<b>04</b> Soups <b>+397%</b>	<b>20</b> Power Generators <b>+210%</b>	<b>36</b> Baby Care Products <b>+162%</b>
<b>05</b> Dried Grains & Rice <b>+386%</b>	<b>21</b> Laundry Supplies <b>+200%</b>	<b>37</b> Refrigerators <b>+160%</b>
<b>06</b> Packaged Foods <b>+377%</b>	<b>22</b> Household Cleaners <b>+195%</b>	<b>38</b> Baking Mixes <b>+160%</b>
<b>07</b> Fruit Cups <b>+326%</b>	<b>23</b> Soap & Body Wash <b>+194%</b>	<b>39</b> Toilet Accessories <b>+160%</b>
<b>08</b> Weight Training <b>+307%</b>	<b>24</b> Toilet Paper <b>+190%</b>	<b>40</b> Dog Food <b>+159%</b>
<i>After gyms and fitness studios temporarily closed, more people began working out at home and investing in weight training equipment.</i>	<b>25</b> Jerky & Dried Meats <b>+187%</b>	<i>Pet owners who are avoiding going into brick-and-mortar retail stores have shifted a larger share of their spending online.</i>
<b>09</b> Milk & Cream <b>+279%</b>	<b>26</b> Chips & Pretzels <b>+186%</b>	<b>41</b> Diapers <b>+154%</b>
<b>10</b> Dishwashing Supplies <b>+275%</b>	<b>27</b> Crackers <b>+184%</b>	<b>42</b> Yoga Equipment <b>+154%</b>
<b>11</b> Paper Towels <b>+264%</b>	<b>28</b> Health Monitors <b>+182%</b>	<b>43</b> Bottled Drinks <b>+153%</b>
<b>12</b> Hand Soap & Sanitizer <b>+262%</b>	<b>29</b> Popcorn <b>+179%</b>	<b>44</b> Baby Meals <b>+153%</b>
<b>13</b> Pasta <b>+249%</b>	<b>30</b> Computer Monitors <b>+172%</b>	<b>45</b> Cookies <b>+147%</b>
<b>14</b> Vegetables <b>+238%</b>	<i>Many businesses have implemented a mandatory work from home policy, causing a surge in computer monitor sales as consumer purchase items for their home office.</i>	<b>46</b> Digestion & Nausea <b>+144%</b>
<b>15</b> Flour <b>+238%</b>	<b>31</b> Fitness Equipment <b>+170%</b>	<b>47</b> Snack Foods <b>+141%</b>
		<b>48</b> Herbal Supplements <b>+136%</b>
		<b>49</b> Cooking Oils <b>+135%</b>
		<b>50</b> Water <b>+130%</b>

Graphics recreated from Stackline's Top 100 Fastest Growing & Declining Categories in E-commerce








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## At some point, when COVID becomes an unpleasant memory, what will shopping look like?

the business thriving.” The previous investment into e-commerce is keeping businesses alive.

The consensus, and my personal belief, is that e-commerce will remain the center of the retail experience. This pandemic was the catalyst that took it from greater than \$602 billion in 2019 annual sales to growth of more than 20%, as brick-and-mortar sales continue to fall by approximately 14% annually.

We cannot be sure what the retail segment of physical shopping will look like in the future. However, based on consumer adaptability and behavior models, along with the onset of more shopping convenience and investments in digital transformation, consumers have become much more hooked on the new norm. And this new norm will be what drives the bottom line for many retailers for years to come.

There’s one thing I believe the pandemic didn’t alter: Most of the leading companies will differentiate themselves based on the experience that they deliver to their customers. Companies will continue to differentiate themselves in this new era. That much won’t change.

<sup>1</sup>Stackline.com

## The Top 50 Fastest Declining Categories in E-commerce

March 2020 vs. March 2019

<b>01</b> Luggage & Suitcases -77%	<b>17</b> Camera Bags & Cases -54%	<b>34</b> Women's Hats & Caps -47%
<b>02</b> Briefcases -77%	<b>18</b> Women's Suits & Dresses -53%	<b>35</b> Women's Outerwear -47%
<b>03</b> Cameras -64%	<b>19</b> Women's Boots -51%	<b>36</b> Video Cameras -46%
<i>Camera sales are declining rapidly since many travel plans, weddings, sports activities and other events have been postponed.</i>	<b>20</b> Cargo Racks -51%	<b>37</b> Wheels & Tires -46%
<b>04</b> Men's Swimwear -64%	<b>21</b> Women's Sandals -50%	<b>38</b> Motorcycle Parts -45%
<b>05</b> Bridal Clothing -63%	<b>22</b> Drones -50%	<b>39</b> Women's Wallets -45%
<b>06</b> Men's Formal Wear -62%	<b>23</b> Boys' Active Clothing -50%	<b>40</b> Shocks & Struts -44%
<b>07</b> Women's Swimwear -59%	<b>24</b> Lunch Boxes -50%	<b>41</b> Transmission & Parts -44%
<b>08</b> Rash Guards -59%	<b>25</b> Store Fixtures & Displays -50%	<b>42</b> Girls' Athletic Shoes -44%
<b>09</b> Boys' Athletic Shoes -59%	<b>26</b> Automotive Mats -50%	<b>43</b> Women's Shoes -44%
<b>10</b> Gym Bags -57%	<i>Under shelter-in-place orders, consumers not driving their cars had fewer needs for automotive parts and accessories.</i>	<b>44</b> Telescopes -44%
<b>11</b> Backpacks -56%	<b>27</b> Men's Outerwear -49%	<b>45</b> Sunglasses & Eyeglasses -43%
<b>12</b> Snorkeling Equipment -56%	<b>28</b> Watches & Accessories -49%	<i>Demand for sunglasses has declined, since many family vacations and other outdoor activities have been delayed.</i>
<b>13</b> Girls' Swimwear -55%	<b>29</b> Cargo Bed Covers -48%	<b>46</b> Men's Tops -41%
<b>14</b> Baseball Equipment -55%	<b>30</b> Track & Field Equipment -48%	<b>47</b> Video Projectors -40%
<b>15</b> Event & Party Supplies -55%	<b>31</b> Ceiling Lighting -47%	<b>48</b> Men's Athletic Shoes -40%
<i>Without birthday parties, graduations and other large events, there is a reduced need for supplies, resulting in a decline of event &amp; party supplies sales.</i>	<b>32</b> Camera Lenses -47%	<b>49</b> Marine Electronics -40%
<b>16</b> Motorcycle Protective Gear -55%	<b>33</b> Girls' Coats & Jackets -47%	<b>50</b> Hand Tools -40%

Graphics recreated from Stackline's Top 100 Fastest Growing & Declining Categories in E-commerce

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# A Focus on *Mentally Healthy* Employees

MENTAL HEALTH MATTERS:  
EMPLOYERS MAKE MENTAL HEALTH A PRIORITY

# A Focus on **Mentally Healthy** Employees

MENTAL HEALTH MATTERS:  
EMPLOYERS MAKE MENTAL HEALTH A PRIORITY

**As the U.S. continues to battle** the COVID-19 pandemic, everyone's health remains a top priority. Thoughts of preventing the spread of COVID-19 immediately surface when it comes to keeping people healthy, but the pandemic also brought a myriad of health issues to the surface, both physically and mentally.

The onus has been placed on employers to keep employees healthy in all kinds of different work settings. That task is not an easy one, but employers are rising to the challenge. According to a recent survey completed by ACG, 44% of respondents said they will be giving more mental health support to their employees, with 31% saying they will be continuously monitoring the health of their employees.

"Employers can't meet 100 employees' needs a la carte, but they can start to see some themes emerge if they do an employee wellness survey to figure out what employees need in order to be a better version of themselves," says Adam Miller, founder and manager partner with HYGGE Capital Partners, a dedicated human

capital management consultancy that works with The Riverside Company and other private equity firms. "It's important to ask what employees need versus assuming and then putting out an offering that doesn't help employees. Employers can find some common threads and make some positive changes."

## **WFH AND MENTAL HEALTH**

Most believe that a hybrid work setup will become the norm, and while working from home has its perks, it also has its detriments. Studies have shown that remote workers experienced greater levels of stress and worry than on-site workers amid COVID-19.

Since the start of the pandemic, some 42% of employees globally have reported a decline in mental health, according to McKinsey & Company. Additionally, the World Health Organization estimates that depression, anxiety disorders and other conditions cost the global economy \$1 trillion per year in lost productivity.

Human resource professionals

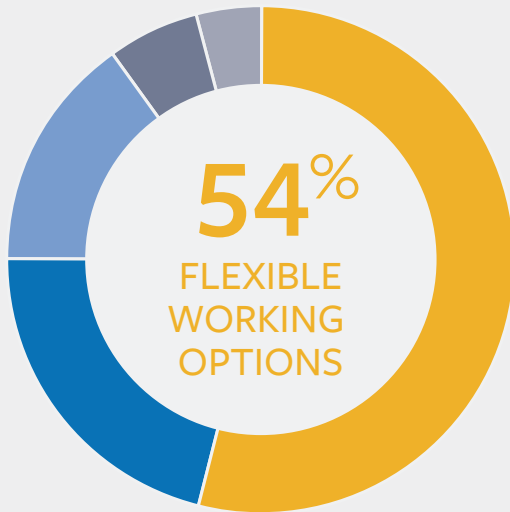
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**In the beginning it seemed great, but after six months employees were saying, I am fried ... There is a lot more juggling in a virtual setting.**

**Adam Miller**

Founder and Manager Partner,  
HYGGE Capital Partners

## Will you be enhancing or adding any of the following to your benefits offering moving forward?



- 54% Flexible working options
- 21% Options for enhancing personal well-being
- 15% Enhanced career or personal development training options
- 6% Upgraded insurance offerings
- 4% Additional PTO

aren't surprised by any of this. Workers were asked to work, parent, teach and endure extended workdays in a single space. And it wasn't just parents working from home who experienced exhaustion. Unmarried, fully remote workers are particularly susceptible to feelings of loneliness and isolation. In fact, 50% of employers say feelings of loneliness and isolation that impact mental health are among the biggest health-related challenges for employees<sup>1</sup>.

Whether employees were chasing kids around the house, or spending more time in isolation, there were plenty of unique pandemic-related challenges to go around.

"In the beginning it seemed great, but after six months employees were saying, I am fried. People are tired of being inside and faced with their home responsibilities, like childcare

and household responsibilities all the time. There is a lot more juggling in a virtual setting. Husbands and wives having to manage being working parents, kids needing to be taught—it was a lot and there was no real downtime. People felt like they couldn't disconnect and people didn't ever stop working," Miller says.

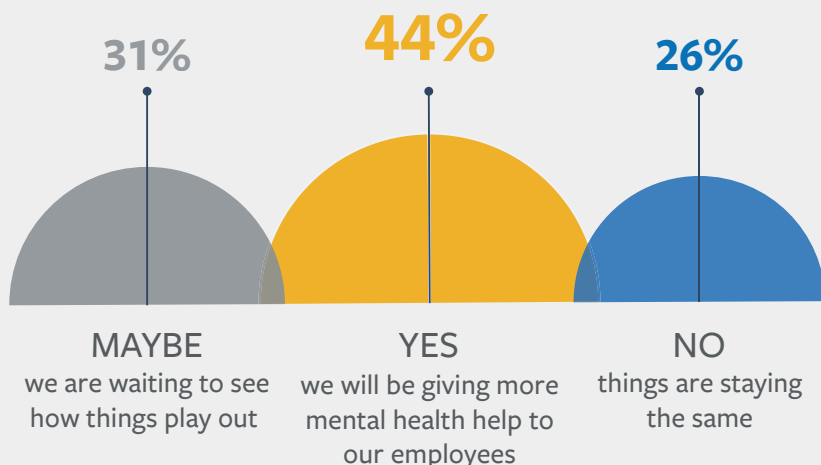
While most firms are doing their best and some are being innovative, there's no question that more needs to be done. We are in the beginning phases of revolutionizing wellness for everyone. A new study has uncovered gaps between employer wellness offerings and employee health needs. U.S. consumers still struggle with basic health needs. They identify a need for more support, saying that benefits offerings that would have the biggest impact on their health at this time are more guidance on exercise

(30%), diet (29%), mental health (22%) and sleep (22%).

Additionally, working from home during the pandemic had a mixed impact on employee health: 55% of those aged 18-34 and working remotely found it easier to reach their health goals, compared with just 39% of those over 55 working from home.<sup>1</sup> Meanwhile, 52% of men found it easier to reach their health goals at home, compared with just 46% of women who worked from home.<sup>1</sup>

The good news is that employers are committed to working on it. More than half of HR decision-makers (53%) plan to increase investment in health and wellness benefits overall in 2022.<sup>2</sup> Additionally, focusing on it pays off. For every dollar companies spent on wellness programs, employers' health care costs fell by approximately \$3.27 and their absenteeism costs by about \$2.73.<sup>2</sup> >>

## Will you spend more time prioritizing employee wellness?



### EMPLOYERS MAKING CHANGES

To combat the feeling that employees can never stop working, some offices are actually closing down for a week to allow employees time to decompress and reset. “Employers need to be creative and help their workforce rejuvenate. Vacation used to be the answer, but with colleagues still working and scheduling things, technology has made it really easy for the employee on vacation to let work creep into their time off. A week with forced office closures has been seen to help people to disconnect from the office,” Miller says.

Private equity firm CD&R is among the organizations that added more firm-wide days off to give employees time for respite. “We have historically had more holidays than our peers. We already had eight more days off than what is given on the New York Stock Exchange, but we extended

that even more,” says Nathan Schray, director of talent and organizational development with CD&R. “Vacation is great, but if everyone else is working, there is a constant strain and pull, which prevents employees from fully unplugging. This allows employees to stop worrying about the email backlog. It may not go on forever, but for now we know this is having a positive impact on our employees.”

Sandra Grinker, a principal and vice president of human resources with AEA Investors, says whether or not there was a real difference to people’s stress levels, mental health and well-being, employees expressed the personal challenges they were dealing with more often and explicitly during the months that AEA’s workforce was remote. “People were afraid and concerned about their loved ones’ health and safety, on top of juggling a bunch of new responsibilities at home,” she says. “It was a lot for people to handle.”

“

**Making communication a priority was key to helping our employees because we might have not otherwise known what was going on.**

**Sandra Grinker**

Principal and Vice President of Human Resources, AEA Investors

While working remotely, limited contact with employees was concerning to AEA given the historically highly collaborative and in-person culture that the firm thrives on. As a result, the firm engineered conversations that might have otherwise happened organically. These conversations helped identify workers who were feeling disconnected.

“In the absence of office dialogue, we created opportunities to forge relationships and check on people in a thoughtful way. We had partners mentoring associates on a specific basis and we encouraged that on every level,” Grinker says. “Many at AEA were reaching out to their teams to keep track of how employees were doing, where they were living and what was going on with them in general.”

Recognizing that each employee was going through something different, the firm sought to accommodate >>



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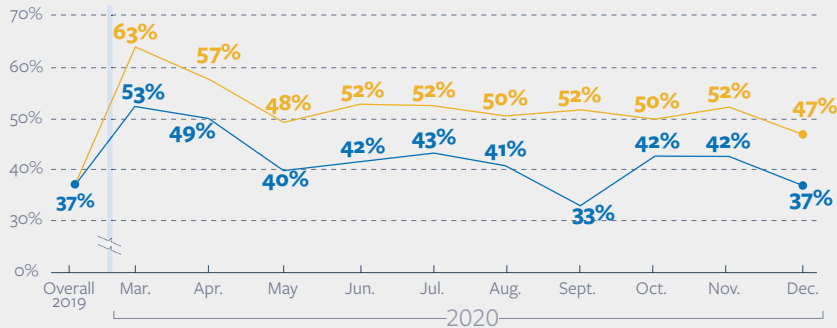
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## Worry And Stress Are Higher For Remote Workers Than For On-Site Workers

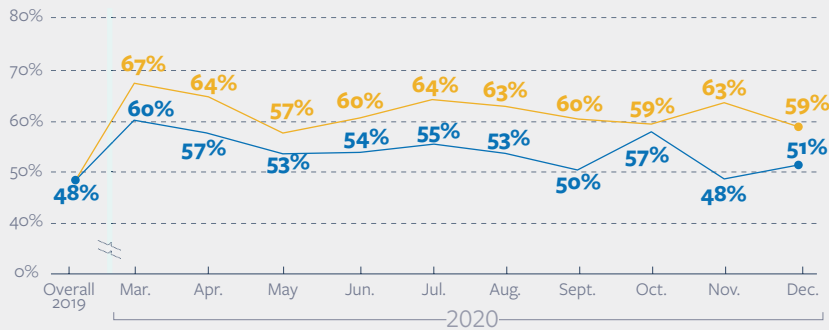
Did you experience the following feeling during a lot of the day yesterday: **WORRY**

● Working from home ● Not working from home



Did you experience the following feeling during a lot of the day yesterday: **STRESS**

● Working from home ● Not working from home



SOURCE: Gallup Workplace Tracking

SOURCE: Gallup, COVID-19 data from March to December 2020

their respective needs. “It was clear that people’s experiences were varied and we offered different resources so that everyone would find something that resonated with them personally,” Grinker says. “Making communication a priority was key to helping our employees because we might have otherwise not known what was going on with

people and been able to provide support accordingly.”

In addition to creating very focused opportunities to check in on employees, AEA partnered with Stoa Partners, a team of neuroscientists from the Haas School of Business at the University of Berkeley to deliver lunch-and-learn-style sessions, featuring discussions about achieving

productivity from home. Presenters offered realistic and effective tips and tricks grounded in scientific research on how to make the most of the situation and avoid burn-out.

“Our people are a very data-driven group. Hearing about the data behind how the brain works was appealing. Many of our employees reached out after the fact with follow-up questions, which seemed to indicate a significant level of engagement,” Grinker says.

Recognizing that mental health is important and reaching people is a challenge, insurance companies are doing what they can to identify the issues so they can address them. Technology is playing a key role. For example, UnitedHealthcare has introduced the use of predictive analytics for employer-sponsored plans to help identify people in need of support related to the social determinants of health.

The UnitedHealthcare capability can help employers predict the likelihood that their employees may have a need for a social intervention, assessing more than 300 markets across the country and analyzing over 100 metrics.

The new capability uses de-identified claims data from more than 100 million UnitedHealthcare members. Through analytics and aggregate claims data, employers can design and implement health care strategies to identify the need for support.

Others believe that being in the office can help combat some mental health issues and allow employers to physically see employees. Schray says there are actually days where working from home will be encouraged and other times when being in the office makes better sense. >>



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## Technologies that may help employers determine employees' mental health

- **Wearables and digital biomarker apps** can be used to collect physiological data via a range of different methods. For instance, an employee can use their smartphone to self-report their mood or record their voice as a means to gauge their emotional state, or use their smart watch to track their heart rate, skin temperature and electrodermal activity to assess their well-being. Innovative forms of data collection like these can be integrated into broader offerings; for instance, if an employee reports persistent low mood, a digital solution may suggest they take a few days off or point them to personalized coaching or therapy.

Such interventions can be made without the disclosure of an individual's personal details; the employer sees only anonymized aggregate data. Employers can use the data to identify and address pain points in the workplace, and to provide employees with objective measures of their well-being at an individual, team or organization-wide level. George Eleftheriou, CEO of Sentio Solutions, which develops biomarkers and digital therapeutics for mental health using data from wearables and mobile devices, notes, "We expect that by 2025, measures of mental health can be taken as easily as glucose levels today."

- **Prevention and treatment solutions** are likely to form the core of employee resilience and mental health programs. They offer various degrees of human touch, from prevention chatbots to in-person psychotherapy, and use a range of techniques from meditation and hypnosis to cognitive-behavioral therapy. Some focus exclusively on mental health; others also cover sleep, nutrition and other aspects of physical health to create a more comprehensive picture of employee well-being. Employers can use them to provide employees with a range of personalized offerings, from resilience training to clinical help.
- **Analytics tools** are often deployed in conjunction with remote data collection using the output from wearables and digital biomarkers. They can alert individual employees when they should consider taking time to recharge, for instance, or notify leaders when teams seem to be experiencing high levels of stress. On a broader scale, employers could work with solutions providers to measure well-being across their workforce and use prediction algorithms to link these findings to productivity. At an individual level, employers could use analytics solutions to help identify employees at risk and, with their agreement, refer them to internal or external support services.

For example, on Mondays the firm has office-wide meetings and physically lacked the space to fit everyone in one room comfortably. Employees wound up pulling up chairs or standing. "This created an awkward space and was literally giving some people a seat at the table, while others lingered in the back. Technology democratized those meetings. It is helpful for our staff to work from home during that time and it puts everyone on equal ground. When deal teams have to meet, however, we believe that it's better to do that in person," Schray says.

In addition to exploring different working options, CD&R's Diversity and Inclusion Committee is looking at new benefits for working parents in both their U.S. and U.K. offices. "Policies and benefits for working parents, both male and female, would benefit a huge cross-section of our employee base. The challenges faced by working parents came into sharp focus during COVID and it's an area where we believe we can provide more support," says Schray. //

<sup>1</sup> *The 2021 Workplace Wellness Action Index, commissioned by MOBE and conducted by YouGov and The Harris Poll, surveyed 201 HR decision-makers at companies with 5,000+ employees and self-insured/self-funded health care coverage, and 2,572 consumers across the country.*

<sup>2</sup> *Jaqueline Brassey, Anna Guntner, Karina Isaak and Tobias Siblingzahn, "Using digital tech to support employees' mental health and resilience," McKinsey & Company, July 8, 2021.*

*Sidebar excerpted from "Using digital tech to support employees' mental health and resilience," McKinsey & Company, July 8, 2021.*





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# Q&A

## Employee Wellness in 2021



**Will Glass**  
Senior Vice  
President  
(left)

**Brian  
McGratty**  
Vice President  
(right)

*With employee benefits increasingly top of mind, company leaders in the middle market are looking for innovative strategies to fund and design effective health care plans. Brian McGratty, vice president at McGriff, and William Glass, senior vice president at McGriff, discuss the unique considerations for middle-market business leaders looking to implement transformative health and wellness initiatives for their teams.*

### **Q How do you help company leaders design effective health care plans?**

The key lies in helping companies measure their risk tolerance and creating the appropriate funding mechanisms for that level of risk. It's important to carefully measure the culture and demographics of an organization to help it utilize health care in a way that's most efficient for it. We start by asking questions: What's your strategy? What are your current challenges? What has been driving cost increases in recent years and what have you done about it? We determine risk using not only claims data but also company culture, industry benchmarks, population health trends and current case studies. Then, we create incentive-based wellness programs that reward positive voluntary employee behavior that engages them in their own health care – like establishing a relationship with a primary care physician, staying apprised of lab results, filling out health risk assessments and more. Rewarding employees with dollars is a great retention tool: If they leave the employer, they leave the dollars behind. These strategies also improve health and increase productivity and morale among the workforce. With the employer engaging in risk, we then are able to reward the client, not the carrier.

### **Q What are some of the unique considerations for business leaders in the middle market?**

McGriff's mission is to bring A-level consulting to the middle-market space. The middle-market companies we work with have between 200 and 3,000 employees. That's a big range, which means that understanding the unique culture and needs of each organization is paramount. Most of our competitors' programs are designed for Fortune 500 companies; they put a standard platform in place at each employer. We operate differently and execute our programs depending on the dynamics of that particular organization. We focus on national accounts and have clients in all 50 states; complicated multi-state, multi-site exposure is where we excel. If a company has most of their employees in one location, for example, it might make sense to set up an onsite or near-site clinics where employees can get lab work done and see a physician's assistant for a mini-physical. For a company with multiple locations across states, it might make more sense to partner with local primary care providers. If a business is spread across rural areas, a mobile unit for preventive exams might be the best option. Again, no two clients have the same challenges. They're all different based on their needs.

Regardless of strategy, our technology and platforms bring together financial accountability, clinical and behavioral insights, incentive-based programs and data analytics to help employees become their own health champions and reduce their personal risk profile, as well as that of the larger organization.

### **Q How do you see companies looking to transform after COVID-19?**

Our clients were well-poised for dealing with COVID from the outset because they were already leveraging technology effectively; they didn't skip a beat from the early days of the pandemic. We have helped clients implement technology solutions including digital postcards, mass text alerts and video on-demand for open enrollment. An employee can sit in their kitchen at 8 p.m. with their spouse making those important decisions. We spent a lot of the last year helping our clients educate their employees on how to stay engaged with their health and wellness despite not being in the office. With our mobile technology, employees have communication and engagement tools at their fingertips anywhere they are located. //

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## Q&amp;A

Illumiti Talks M&A,  
Tech and ERP Systems

**Nir Orbach**  
Founder and  
Former CEO,  
Illumiti



**Lorraine Howell**  
Vice President  
of Innovation  
and Continuous  
Improvement,  
Illumiti

*In June, Toronto-based Illumiti, an SAP systems integration and management consultancy in North America and an SAP Platinum Partner, was acquired by Syntax, a multi-cloud and multi-ERP managed cloud provider. By joining forces, Syntax and Illumiti can now offer more companies and industries end-to-end technical and functional SAP solutions and expertise. Syntax is a portfolio company of Novacap, a Montreal-based private equity firm.*

*ACG Contributing Editor Danielle Fugazy sat down with Nir Orbach, founder of Illumiti and former CEO, and Lorraine Howell, vice president of innovation and continuous improvement at Illumiti, to discuss how technology is evolving and how it can help companies thrive in the future. Orbach is now a managing partner with the firm. What follows is an excerpted version of their conversation.*

**Q Fugazy: Can you tell me about the acquisition and what led up to it?**

**Orbach:** We've grown tremendously during our first 20 years. We're a boutique systems integration firm reselling SAP products and we deliver enterprise resource planning (ERP) solutions based on their technologies. Over the years, SAP has continued to evolve their solutions and expand their portfolio through various acquisitions of other technologies. What we've found is that, over time, customers wanted more solutions than were available from SAP, but it was extremely difficult for us to offer the services and grow our own business at the same pace as SAP because we were privately funded and growing organically.

We reached a point now where more and more customers are looking at us as trusted advisors and hoping we can help. But in cases where we couldn't

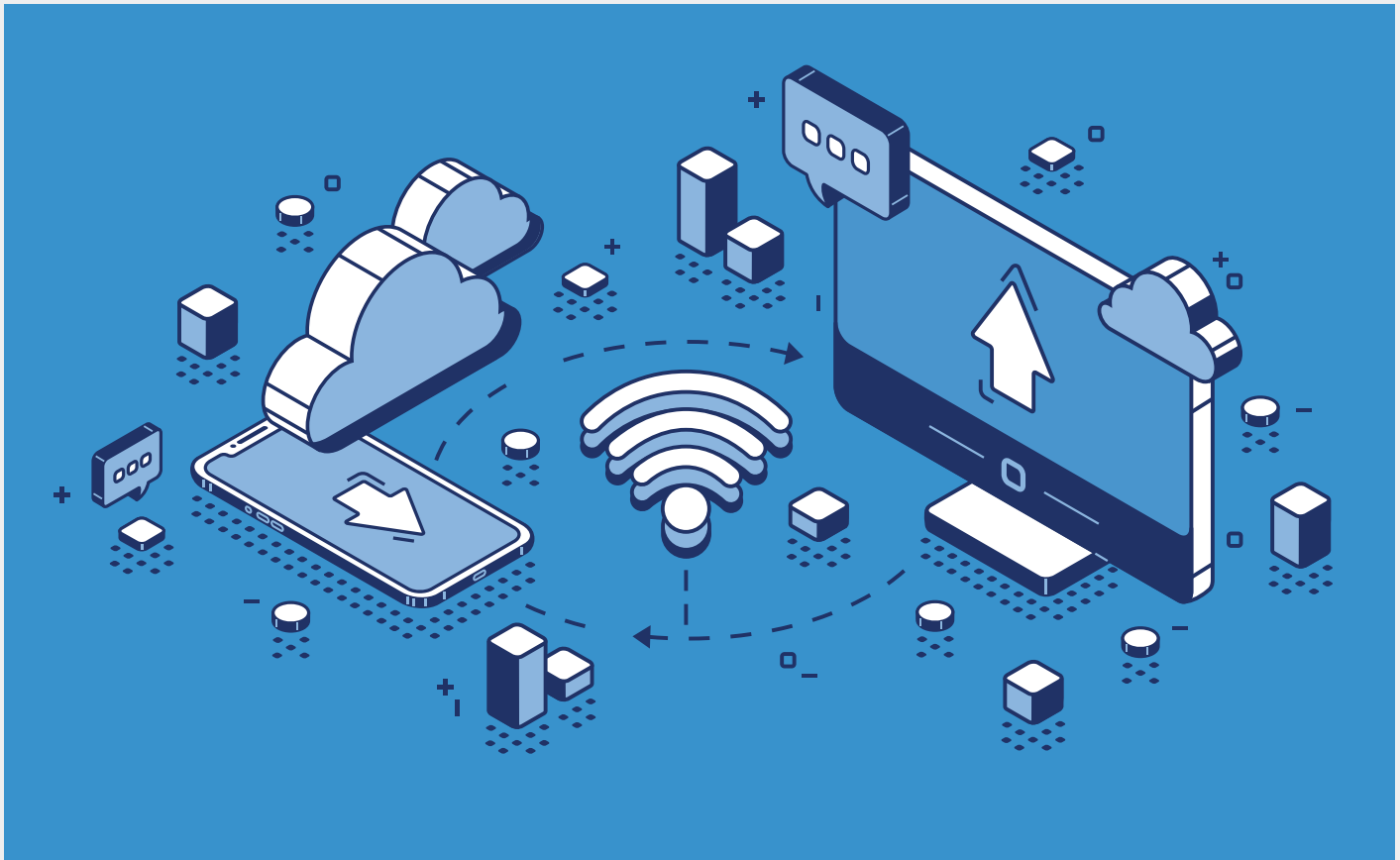
do the work ourselves and had to go to third parties, there was a certain risk in that. We saw tremendous synergy with Syntax because they have a cloud infrastructure and managed service business – a service we see most of our customers needing and that we were providing primarily through third parties. Our customers were frequently indicating a preference for a single vendor to manage both their SAP infrastructure as well as the SAP application support, and we had started to develop the additional core competencies prior to the merger. Syntax has a mature, world-class managed service business that now addresses this important gap we were looking to fill. The deal made sense.

Additionally, what made this particular merger great is that Syntax was providing cloud infrastructure to manage services to a large group of SAP customers. In North America, they did not

**To really understand the business impact of people, leaders have to measure the business outcomes of what they generate. When you invest in salaries and training, there has to be a measure of what that cost is bringing back in terms of retention and satisfaction.**

**Lorraine Howell**

Vice President of Innovation and Continuous Improvement, Illumiti



have the capabilities to provide those customers with the traditional business consulting that we can provide at Illumiti as part of our core business. Through the marriage of these two businesses, we have another 300 customers in North America that we are able to target with consulting services, and we have the ability to bring our offerings to Syntax's customer base. For me as the founder, it has obviously been a big change, but an exciting change. One of the key responsibilities as a founder, and with the weight on my shoulders as an entrepreneur, was to ensure that we can continue to grow and be successful, and that we can continue to have new opportunities for our employees that give them interesting career development opportunities.

Joining forces with Syntax will enable Illumiti to grow at a much faster pace, expand our service offerings to customers – and, most exciting for me because Syntax is backed by Novacap, a private equity fund, we will also have additional money to support further acquisitions that align with our growth strategy. That is one of the key areas where I will be personally involved: looking at strategic growth opportunities for Illumiti and Syntax to further round out the service offerings that we have.

**Q Fugazy: Let's talk about digital transformation. What does digital transformation mean?**

**Howell:** Digital transformation

requires helping customers realize that things have changed. The ERPs they built years ago are really antiquated now and don't give companies a lot of leverage to use new technology to enhance their businesses. Digital transformation is really about introducing new technology into an environment that would make it easier for them to access their data, interact with their systems and people, and be able to automate components of their business. It's using technology to give you what you need to run your business better.

**Orbach:** The goal of most digital transformation is automating manual business processes and eliminating paper-based processes. It's also about enabling, through mobile technology,

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various processes to occur in the field or from people's homes – or just whenever they're not at their work stations, thereby helping companies deliver greater efficiency. That's a key aspect of digital transformation. Adding to that is the whole integration and digitization of these processes, which gives companies an ability to gain crucial business insights in real time and enable businesses to make better and faster decisions, which is ultimately what it's about.

**Howell:** It's also about the cultural change your company has to go through. Because it's a buzzword, everyone hears it and they kind of shrug it off as if it's just something that SAP and other ERPs made up to get them to spend more money. But ultimately, for a company to actually embrace this, they have to change culturally and actually challenge the status quo within their organizations, get comfortable with change, and get comfortable with failure to a certain extent, so that they can improve the way they deliver their business.

**Q Fugazy: How should readers think about ERP systems, and how they can benefit a business?**

**Howell:** ERP stands for enterprise resource planning, and it's about looking at all the resources within your business and being able to plan how they interact and work together to deliver the results of your business. When you run your business, the departments within the business typically work in silos. For example, companies that have an order creation department get calls from the customer and they record all this information – a million years ago it would be put on a piece of paper and handed to someone. What we want to do as a

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**Digital transformation is really about introducing new technology into an environment that would make it easier for them to access their data, interact with their systems and people, and be able to automate components of their business. It's using technology to give you what you need to run your business better.**

**Lorraine Howell**

Vice President of Innovation and Continuous Improvement, Illumiti

process is have the order come in from a customer and automatically generate information for the production and planning process. Ultimately, the goal is to ship a product, and once that product is sent off to the customer, we will have an automated invoice bill to go with it. And then, of course, that invoice needs to be paid, so finance has to get involved in this process. We're taking those types of end-to-end processes and linking them to each other through business processes in a system that would make those things flow seamlessly from one to the other. An ERP brings all these individual things together into one system.

**Q Fugazy: Can you explain how a cloud ERP system works, and the advantages it provides?**

**Howell:** This was always a very interesting topic because the whole idea of cloud was very vague in the beginning. A lot of our customers thought of cloud initially as taking this ERP system, which was sitting in their own data center, and giving it to somebody else to manage. Now we call that hosting.

Instead of you managing your system and dealing with all the infrastructure issues that come up, you'd give it to somebody else, and that person would manage all of that for you. The concept of "we're moving this to the cloud because we don't have to manually take care of the system" is not accurate. Cloud is really all about giving your employees access to the system wherever they are. Instead of them having to be in the office logging into a system to be able to do their work, they could

actually go on the internet through a browser.

**Orbach:** There are a couple of characteristics that help define what cloud ERP means in today's world. Part of it is the fact that the vendors who are providing the software are also providing access to the processes their software is enabling without the customer needing to own or manage any of the infrastructure. That's one benefit of cloud software over traditional on-premise software. And because it's provided as a service, the commercial model has also shifted to one where there's a subscription as opposed to a one-time purchase. What software vendors are doing now to make those products more commercially affordable is enabling multiple customers to use the same infrastructure securely, and that's called public cloud.

**Q Fugazy: Would anyone work outside of the public cloud these days?**

**Orbach:** There are two types of cloud ERPs, because everybody hosts their infrastructure in the cloud today. In some sense, all ERPs today are hosted in the cloud, but there is a distinction between a private cloud, where the infrastructure is exclusively running the software for one company, versus a public cloud where the ERP systems for multiple companies are running on a single set of shared hardware/ infrastructure. With public cloud, the software vendor controls the timing of updates and innovations, typically on a quarterly or biannual basis, benefiting multiple customers at each such upgrade, thereby reducing the overall cost of ownership of the ERP system. With a private cloud, the customer can control the timing of any upgrade or

## A good ERP backbone prepares businesses for future excellence by digitizing their processes, helping to drive consistency, and thereby provide accurate and timely insights into the business operations.

**Nir Orbach**  
Founder, Illumiti

other system change since it's a private environment.

**Howell:** One thing we've also realized is that there are some restrictions on configurability and changeability with public cloud. When you choose to go that way, you start reverting to best practices. Whereas in a private cloud, you're open to customizing the solutions to be more tailored to the company you're running. But both are cloud and you hardly ever see things that are running purely on-site nowadays.

**Q Fugazy: Why should PE firms consider ERP systems for their portfolio companies?**

**Orbach:** A good ERP backbone prepares businesses for future excellence by digitizing their processes, helping to drive consistency, and thereby provide accurate and timely insights into the business operations. When you think about private equity ownership,

most private equity firms are investing in businesses, but they're not really interested in managing the day-to-day operations of those businesses. They want to leave those businesses to manage themselves. Having said that, they want to get the insights on how the business is progressing with its vision and if it's achieving the targets set for it. Having a solid ERP platform can help to support the business and provide data to the private equity firms. And then when you add to that the fact that oftentimes private equity firms acquire a platform business on which to add more acquisitions, what an ERP system does is enable faster integration of acquisitions. That's often very important to the strategy of private equity firms. Whenever acquisitions are a key factor, there are benefits to be gained. We've done this extensively with mining companies, where we develop a template for a mine site, and then that firm will acquire additional sites where they can leverage



A photograph of four business professionals (two men and two women) sitting on a white bench. They are all dressed in professional business attire (suits and blouses). They are holding resumes or documents in their laps. The background is a simple, light-colored wall.

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**Nir Orbach**  
Founder, Illumiti

essentially the same solutions with only limited changes.

**Howell:** When private equity firms start acquiring other companies, it becomes a lot easier to integrate them into their environment and have holistic visibility across their entities. Even if they already have an ERP system, it shows clean data that can be integrated from one system to another. And divestment later on becomes easier with an ERP in place.

**Q Fugazy: How big does a company need to be for this to make sense? Are there industries that thrive using an ERP?**

**Orbach:** ERP systems can be beneficial to pretty much every company, even from a low threshold of \$15 million in

revenue and 30 employees. Our focus in particular is on midmarket companies that are typically between \$300 million and \$5 billion revenue, with certain sectors going above to very large companies. While our core focus is on four key industries – mining, engineering construction and operations, mill products and industrial machinery – ERPs are valid for pretty much any industry vertical.

**Q Fugazy: Can you talk about human experience management, why it's important and what that really means? People worry an ERP system will mean fewer jobs.**

**Orbach:** We're not setting out to eliminate roles. But often, when we

embark on these projects, we do streamline certain processes and as a result, those processes require fewer people. But what that means is that companies often have additional people available to do higher value work. It does involve challenges of retraining, but it opens the door to greater efficiency.

**Q Fugazy: How can firms rethink their investment in talent?**

**Orbach:** We look at human experience management as really the entire lifecycle of employees in a company, and how they can impact companies' success. People are the lifeblood of companies, and for most companies, the ability to attract and retain great talent in a very competitive market is something they have to be good at. They have to be able to excel in order to have the best teams and best products. So great human experience management tools help support smooth processes, both in day-to-day operations and leveraging those for performance and goals management. Companies and firms should care about these because they impact the experience of employees and their satisfaction. It's a tool to retain and attract great people.

**Howell:** There's a lot we've learned through the COVID pandemic about how to improve your workforce relationship. Understanding how your workforce can work remotely, for example, and if that is something that can persist beyond the pandemic. Are we listening to our employees in regard to their desires? I've heard a lot of companies saying, "Everyone is back in the office the minute this thing is over!" But is that really the right choice?

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**Q Fugazy: How can technology close the gap between HR and business operations?**

**Howell:** I think to really understand the business impact of people, leaders have to measure the business outcomes of what they generate. When you invest in salaries and training, there has to be a measure of what that cost is bringing back in terms of retention and satisfaction. If you're running an ERP and you have digital technologies supporting that, you have better access to measuring the outcomes of those costs. It has always been quite easy to measure the costs of the workforce. I see it quite often that whenever a business is looking to cut costs, the first thing they do is look at the cost of the workforce and get rid of people. But what they're not measuring is the value those employees bring to the table. Technology can provide the ability to measure that.

**Orbach:** One other area that's exciting is some business process monitoring tools that can leverage artificial intelligence algorithms and business process flows to monitor how users are using a system to identify deviations from the preferred approach. Technology can help pick up on what was possibly an issue in training, and address it through education and ensure the system is used correctly.

**Q Fugazy: How can SAP solutions help shape the future of a business?**

**Howell:** The strongest technology foundation helps increase the efficiency of an organization and it will also help you look at the goals and long-term successes of that organization. Having that technology

foundation – and I'm now talking about SAP in particular – you would be able to divest or merge or exit to an IPO because you have access to all the data that you need. Investing in IT is important for successful exit strategies, and SAP can help in that process by providing the right tools and access to data and technology.

**Orbach:** SAP solutions help give you a sense of comfort in the auditability of a practice. Having great systems that provide clarity of what the business is doing is critical, and getting those answers is a lot easier with a good ERP backbone.

**Q Fugazy: What is the future of business?**

**Howell:** Digital and emerging technologies are going to play an enormous role going forward. We're looking at automation, artificial intelligence, machine learning and data management. Those are definitely going to grow in importance. But one of the newer things we are talking about is the idea of a composable ERP. I'm fascinated with it because it talks about the core ERP running your internal processes – anything you need to supplement that ERP would become a composable piece of your business. You could complement your business by linking into RPA, linking into machine learning, mobile applications, etc., and it would become a whole portfolio of solutions. And I think that the future of business would involve not relying on IT companies like ourselves, but to use some code solutions that are becoming more prevalent out there. Part of the digital transformation journey is to enable customers to build their own solutions as they need them. And when they become redundant

and no longer usable, the composable parts of their ERP are just recombined into something else. I think it's a combination of all these emerging technologies and this concept of being able to build what you need as you need it. We'll see if that happens or not.

**Orbach:** Just to take the technology side of it and translate it into how a business benefits from that, it really boils down to the ability of systems to guide business decision-making. Like today, someone would run reports and analyze the information and try to make informed decisions based on their analysis. In the future, more systems will analyze information for users and provide suggestions for the best possible actions. Technology being used to guide processes will also learn from the selections that business users make so that its recommendations improve over time. This will speed up necessary analysis and help businesses respond very quickly to changing needs in the market.

**Howell:** Predictive management is going to be a big part of it going forward, but there's a step beyond that called prescriptive. And I think the next step is that we'll not only find the system telling us what we need to do by predicting what needs to happen based on data that exists, but rather also prescribing what we need to do to make the right choices to be successful. And if you look at charts that describe the evolution of analytics, that's where data scientists see us going. I'm not sure if we'll see that in any of our lifetimes, but it is something we will see start changing. //

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# Inspireity®

GUIDE TO

## Leadership and Management

**Build trust**

Page 3

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**Lead and manage a  
diverse workforce**

Page 6

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**Reward and  
recognize**

Page 12



# Think of your favorite song—harmony, rhythm and melody, expertly layered, produce a sound you *love*

Much the same way, your employees can be deployed to create your ideal company.

But all teams need someone to lead the charge, to take them and the company to the next level.

The path to success is often challenging and complex. The best teams are led by someone who perseveres – no matter what. Is that person you?

And it's no longer enough to focus on the transactional aspects of management to succeed; managers must now develop and use leadership skills to build trust with their team.

So how do you elevate yourself to this level?

Let's explore the possibilities.

# Build a foundation of trust

Are your working relationships built on a solid foundation, or do you find them on shaky ground? Without a strong bond and mutual trust, it will be difficult to lead the team to success. Your employees should trust your leadership skills and look to you for guidance.

If your interactions with employees sound more like nails on a chalkboard instead of a symphonic masterpiece, try rebuilding trust — it's the bedrock of leadership and management.

## TRUST DO'S

Participate in day-to-day activities and make yourself available for questions

Make an effort to learn something about each of your employees

Be fair and consistent with both rewards and reprimands

Involve staff in important decisions to show you value their input

Be a good listener

Recognize an employee's contribution rather than taking credit for results

Make commitments, not promises.

Be true to your word

## TRUST DON'TS

Micromanagement  
Pridefulness or lack of humility

Failure to build relationships with individual team members

Dictatorial behavior

Failure to listen and accept other viewpoints

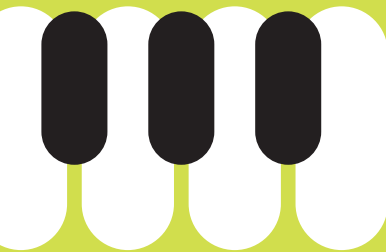


***“I suppose leadership at one time meant muscles; but today it means getting along with people.”***

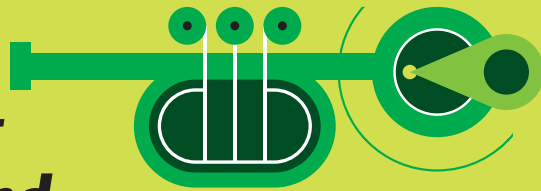
– Mahatma Gandhi

# Be a motivational maestro

An orchestra might play all the right notes without captivating the audience. To inspire emotion – joy, angst, excitement – an orchestra needs an inspirational leader. Cue the conductor.



## Like a conductor, an adept leader:



**Keeps the big picture in mind**

 **Motivates** employees toward a common purpose

**Is a beacon of hope and optimism**

**Coaches, trains and mentors employees**



### So what kind of leader are you?

Do you inspire and motivate your employees to their best performance?

Does your style – whether you're a strong, quiet leader or a charismatic, fun-loving boss – jive with your team's needs?

Are you trusting and trustworthy?

Do you keep the big picture in mind?

# Create and support a noteworthy team

An inspired orchestra might make you smile or cry, but that falls apart if they haven't practiced, their equipment breaks or if everyone's playing a different version of the same song. Having a talented conductor managing the orchestra helps make the difference.

## What kind of manager are you?

Do you take the time to get to know your employees?

Do you clearly communicate your expectations?

Are you a micromanager, or do you get out of the way and let employees do their jobs?

Do you strive to hire the best people for the job?

Do you delegate tasks, or do you hold onto them out of fear?

Do you create opportunities for your employees to continue learning and developing?

Do you cultivate trust with your employees?

## Like a conductor, a good manager:

Organizes, plans and oversees the day-to-day processes

Ensures deadlines and goals are met

Assigns and delegates work

Provides employees with clear, consistent expectations



***“A genuine leader is not a searcher for consensus but a molder of consensus.”***

**– Martin Luther King Jr.**

# How to maintain harmony among *your diverse workforce*

Successful leaders know their team members and tailor their approach to each individual's needs, much as an orchestra conductor directs musicians with different instruments to play in harmony.



# Each performer is a unique composition

Experienced	In-office	Introvert
Fast-paced	Energetic	Remote
Low emotional intelligence	High emotional intelligence	Soloist
Newbie	Slow and steady	
Low-key	Team player	
Extrovert		



## How to direct like a pro

It doesn't matter if someone plays the piccolo, the viola or the string bass; people need many of the same basic things from their conductor. They want encouragement, support and guidance. The same goes in your office. Here are some tips for managing and supporting your diverse workforce:

- **Encourage open communication**
- **Build trust**
- **Meet employees where they are**
- **Keep an open mind**
- **Don't generalize**
- **Practice active listening**
- **Ask questions**
- **Focus on performance, not personality**
- **Be patient**
- **Treat everyone the same**
- **Use employees' strengths**
- **Set a clear vision for the team**



**FIND**  
**THE PERFECT**  
**HARMONY**  
**BENEFIT**

*between managerial  
and leadership skills*



## True for both leaders and managers

Actions influence the workforce in positive and negative ways

Skillsets are necessary for long-term success

Benefit from using the leadership skills of coaching, encouraging and motivating

Must balance tactical skills with soft skills

Some days, you're focused on inspiring and motivating your employees. Other days, you're working on managing the latest projects and making sure employees are meeting deadlines.

Whether you consider yourself a leader or a manager – or both – you must strike a balance between acting as one or the other. And sometimes, you may find you need to sharpen your skills more in one area. To know when to concentrate on each, ask yourself these questions:

### Is the work getting done well without my intervention?

If yes, concentrate on motivating the team to keep performing well. If not, put on your manager hat and ask the team what's getting in the way of better performance, then help them implement changes.

### Do you focus on results or process (how the job got done)?

If you tend to focus on process more than results, challenge yourself to become more comfortable with the reality that many alternatives may exist to getting the same result.

### Do colleagues in other parts of the organization come to you for advice?

If yes, you're probably seen as a leader. If not, look at what you can change to support and inspire others.

### What do you spend the most time talking about? The tasks at hand, processes and deadlines, or the big picture and strategy?

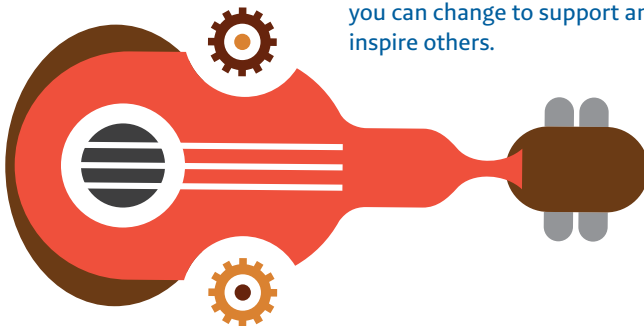
Managers need to discuss both, but pay attention to whether you're leaning too hard one direction or the other.

### Do you ask employees to accomplish objectives without explaining the need behind the request?

Employees are more likely to go the extra mile if they understand the reasons they're being asked to do something.

### Who is responsible when things go wrong?

Do you blame the team or yourself? A leader understands that it's ultimately her responsibility for the success or failure of her team.





# Composition of a leader

Work on these areas to improve your soft skills:

- ..... **Emotional intelligence**
- ..... **An eye for innovation**
- ..... **Endurance**
- ..... **High involvement in the business**
- ..... **Passion**
- ..... **High standards and expectations**

## Fine tune your emotional intelligence

Have you heard of emotional intelligence (EQ)? EQ is a competency that includes the ability to recognize, understand and manage our own emotions. It also means being able to recognize, understand and influence others' emotions.

*Emotional intelligence can be broken down into four areas:*

- 1. Self-awareness**
- 2. Maturity**
- 3. Social skills**
- 4. Rapport**

Improving your abilities in these four areas will help you to better understand yourself and your employees, improve communication skills, develop and maintain healthy relationships and much more.

## Why is your EQ important in your role as a leader?

- Emotions play a tangible role in business.
- Body language and nonverbal cues are important.
- Getting to know your team is critical for success.
- Adapting to your company culture is essential.



# Practice, Practice, Practice

## Techniques for continual improvement

It's said that you can't achieve perfection, only progress. That goes for a career path as much as it does for learning a musical instrument.

### **Build a strong professional network.**

Being surrounded by other successful people can inspire and support you when things get tough.

### **Pursue training opportunities outside of the office.**

Sometimes you need a different perspective.

### **Take care of yourself.**

The better your health, the better you'll be able to handle anything that comes your way.

### **Stay current on industry trends.**

Your team looks to you for expertise.

### **Work in other areas of the business if possible.**

It will broaden your horizons and increase your value to the company.

# Put your top performers on center stage

Appreciation and recognition help motivate and engage employees, but they're not the same thing. Here's how to decide which to use:

## Employee appreciation

Designed to enhance employee morale

Marks milestones (birthdays, anniversaries, achievements)

Can complement a peer-to-peer appreciation program

Uses rewards like feedback, acknowledgement or bringing cake for birthdays

## Employee recognition

Rewards employee performance that achieves company goals

Highlights top performers while encouraging others

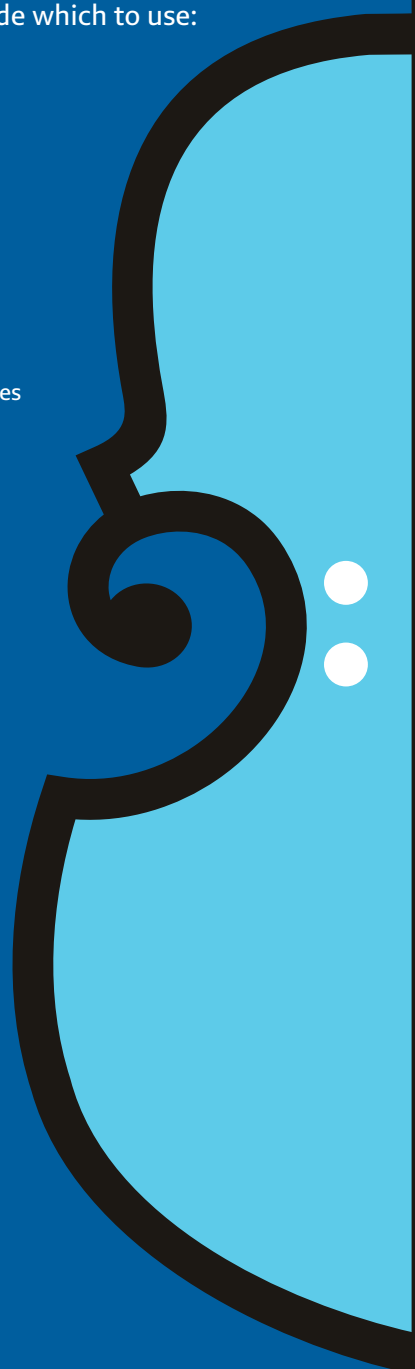
Celebrates company priorities and individual achievement

Is measurable and simple to implement, maintain and repeat

Uses individual rewards like raises, bonuses, gifts and promotions

## 7 ways to reward excellence

1. Be flexible.
2. Write employees a handwritten thank-you note.
3. Organize an off-campus outing.
4. Buy lunch for the team.
5. Award a traveling trophy to outstanding employees.
6. Create a VIP parking spot.
7. Offer learning opportunities.



# 4

## discipline steps to correct harmonic dissonance

Disciplining employees is a difficult, but important aspect of managing people.

Left unaddressed, a disruptive employee can lead to disengaged employees, low morale, decreased productivity and lost profits.

A progressive discipline policy provides transparency and accountability.

**1** | Verbal warning ▶ **2** | Written warning ▶ **3** | Final warning ▶ **4** | Termination

# 6

## rules to handle difficult conversations

Difficult conversations are unavoidable and often uncomfortable. These six techniques can smooth the conversation:

**Conquer your fears.** Don't put off the conversation.

**Do your homework.** Come prepared for the meeting with fact-based evidence.

**Focus on the performance,** not the person.

**Be positive and assume good intentions.**

**Leave your emotions at the door.**

**Find the right, safe setting** – your office, a conference room or coffee shop.

# How to find future *maestros*

A soloist may shine during performances, but they might not be ready to lead. Seek these five raw personality traits that are present in inspirational leaders.

## Raw personality trait

Empathy

Poise

Attention to detail

Ambition

Optimism

## Future leadership trait

Emotional intelligence

Confidence

Enduring focus on big-picture goals

Vision for the future of the company

Voice and tone that motivate and inspire

## When should you promote your employee to first chair?

Ask these questions before promoting a high performer to management:

### Does the employee have the right motivation?

Driven to get things done or by the need to advance into leadership?

### Do they have the necessary skills?

Are they leading or mentoring peers? Understand the “why” behind their work? Big-picture thinker?

### Have you prepared them for leadership?

Provide mentorship and leadership opportunities, offer training and give feedback.

### Are you ready?

If a top contributor moves into leadership, expect a drop in team productivity, at least temporarily.



## Benefits of great leaders and managers

Culture of trust  
and understanding

Employees feel  
understood

Greater resilience  
in crises

Enthusiastic,  
engaged  
employees

Lower turnover  
and better  
retention

Higher  
productivity  
and efficiency

Increased  
bottom line

Less wasted time

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