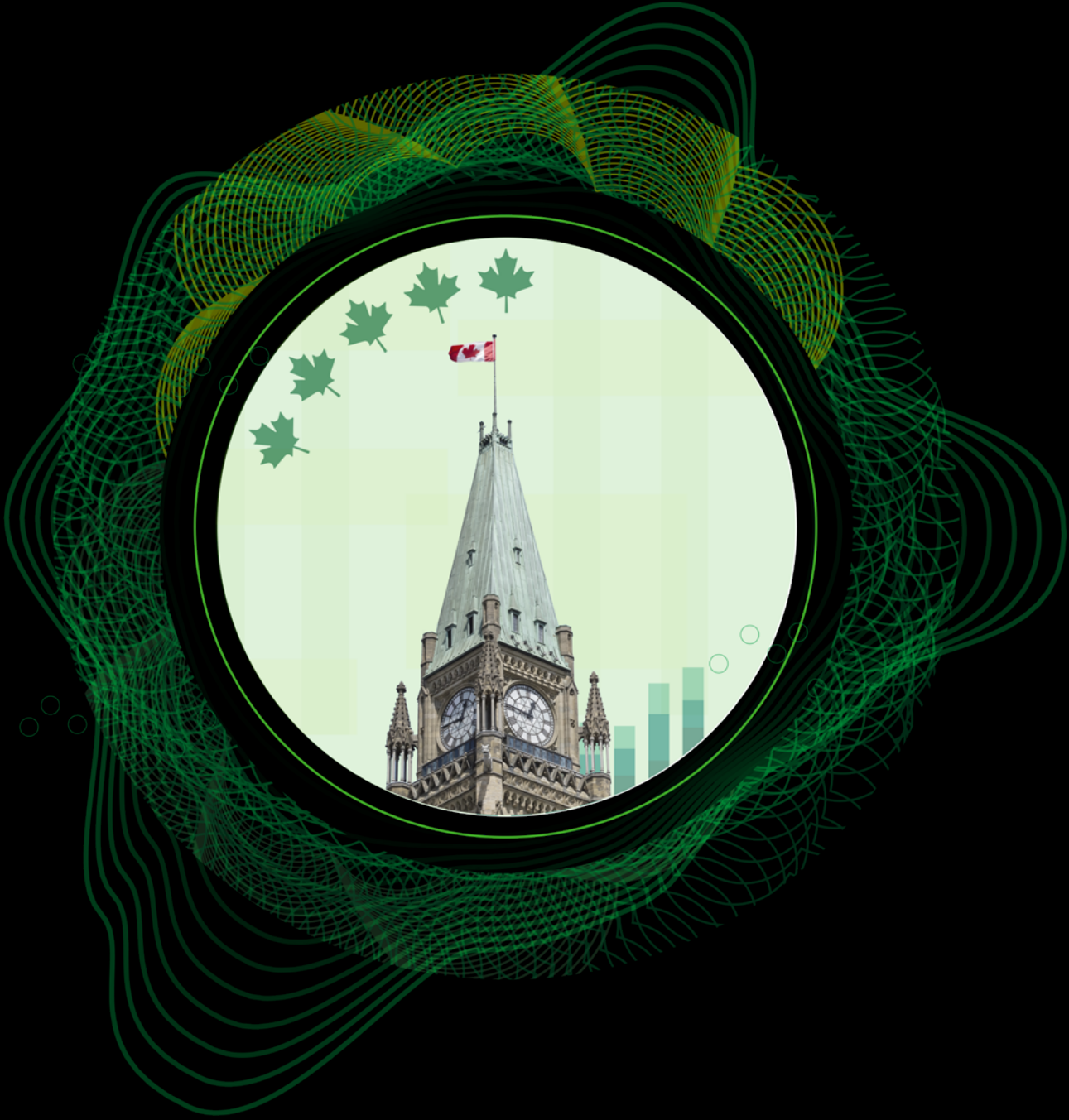


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Moving beyond
virtual connections
The future of work
for financial Crowns

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Moving beyond virtual connections

"We've never faced more competition for talent... we are reinventing the world and we don't have the talent to do that."

—Dave McKay, CEO of RBC¹

For the first time in history, the world experienced an almost overnight shift to remote work. As COVID-19 spread, causing widespread shutdowns, organizations quickly realized that technology is not the main barrier to a successful workplace—that it is, in fact, a key enabler. That settled, many workers saw their volume of work increase as regular face-to-face interactions were replaced with continual virtual ones, such as the now-ubiquitous back-to-back meetings, often leaving leaders with little time or mental capacity to focus on the broader business issues at hand. As such, leaders now see the need to consider new approaches to talent, including open talent, to redefine the very nature of work (e.g., with hybrid work models as the new norm), and to rethink the notion of productivity based on roles and outcomes, as opposed to volume of tasks. This phenomenon is supported and well documented by Deloitte's Future of Work perspectives in [banking](#), [insurance](#), and the [public sector](#). But which talent-related changes will have a material impact on Canada's financial Crown corporations?

Factors that could contribute to changing work models for financial Crowns:

- The rise of the open-talent economy allows financial institutions to tap into a broader spectrum of engagement models, including the gig economy, crowdsourcing, and contractors. Workers across models will all have different career paths and aspirations.
- The changing nature of jobs broadens the type of talent required by financial institutions. Augmented with cognitive technology, this enables organizations to free up a part of their employees' capacity.
- The increasing focus on diversity and inclusion is pushing organizations to align their diversity targets with business goals rather than with check-box initiatives like gender parity and visible minority representation.
- As the workplace becomes an increasingly fluid concept, organizations in the financial services industry (FSI) will need to adapt their management practices and modernize physical and remote workspaces to support new ways of working (protected blocks of time to reflect on complex business issues, "no-meeting" Fridays, etc.).

To thrive, we believe these trends can be applied across three focus areas for financial Crowns:



Workers

Workforce management, access to talent, recruiting, and employee engagement are some areas where the private sector is noticeably more effective than financial Crowns are. The latter must navigate the challenges posed by an aging workforce and labour shortages while also competing with other industries to appeal to an increasingly diverse and dynamic younger generation, including those from underrepresented groups such as Indigenous peoples and those with certain religious or gender identities.



Work

Leading private sector banks and insurers have been fast movers in adopting digital solutions, but the nature of the work performed in financial Crowns is still some distance away from being ready for automation. Artificial intelligence (AI) and other technologies such as robotic process automation may change the nature of roles in a post-pandemic remote work environment, forcing financial Crowns into decisive action sooner rather than later. A more pressing challenge will be their ability to prepare and retrain their workforce to perform new tasks and use novel technologies that improve organizational productivity.



Workplace

While state-of-the-art offices and flexible management practices are becoming the norm in the private sector, many financial Crowns are still in the early stages of experimentation. To attract top talent in an increasingly diverse workforce in both rural areas and urban centres across Canada, they need to adopt new work delivery models to increase employee collaboration. These models must be agile, adaptable, and accessible to all citizens. It must be stressed, however, that few if any organizations have fully solved this challenge, and that adopting an openness to experimentation will be key.

These trends are not distinct; there is considerable overlap among them. It's clear, however, that if financial Crowns want to be relevant in the future of work—a future that is already here in many respects—they'll need to quickly adapt to the trends of the open-talent economy, the changing nature of jobs, and increasingly fluid workplaces.

The emerging open-talent economy

How can a financial Crown stay the course on a large multi-year transformation while adapting to the changing resource needs of everyday operations? How can it leverage options beyond the traditional route of hiring more talent, and consider alternative talent models?

The financial services workforce is transforming, becoming more diverse both in the types of delivery and the workers it attracts. From gig engagements to microwork and crowdsourcing, financial institutions now have the option of temporarily engaging highly skilled workers to solve some of their most complex issues. Millennials and members of Generation Z make up the bulk of this workforce, often adapting faster at a fraction of the cost of traditional contractors.

With the pandemic acting as a tailwind, the gig economy appears to be thriving in Canada, with over one-fifth of all businesses having outsourced tasks, projects, or short contracts to freelancers and gig workers in the previous 12 months.²

As private sector corporations continue to figure out the best tactics to attract a more diverse workforce and hire for some of the rarer role profiles, financial Crowns must accelerate their recruitment of talent to solve their most pressing business challenges. Furthermore, they must be sure they are hiring to reflect the values of the Canadian populations they serve, from visible minorities and Indigenous groups



“The Government of Canada (GC) has been testing several models for recruiting and mobilizing talent in the Public Service in the digital age. The most ambitious of the projects is the GC Talent Cloud, which aims to become a validated, searchable repository of cross-sector talent. This study looks to Canada to see if governments can lead paradigmatic shifts in a digital age or only innovate in incremental ways.”

—Observatory of Public Sector Innovation, in *Embracing Innovation in Government: Global Trends 2018*⁵

to other traditionally underrepresented people in the workforce. A good example to follow is the Government of Canada’s (GC) Talent Cloud, the world’s first recruitment engine for gig workers who want to work in government.

Launched in 2018, Talent Cloud was a three-year experiment that reduced the recruitment timeframe from 197 days to 40 days.³ Candidates could apply for temporary postings by directly showcasing their digital portfolio, rather than the standard resume approach through a staffing agency. Since the project’s inception, it has been found

that approximately 95% of hires continued to remain in government, including through term renewals.⁴

If they are to remain relevant and attractive to workers in this new economy, it’s important for financial Crowns to consider:

- Which parts of the organization would most benefit from open talent and which type of open talent would fit best for each case?
- How should people from open talent be integrated and what’s the best way to support their flexible working styles?

The changing nature of jobs

Many financial Crowns are piloting new digital technologies to improve the efficiency of back-office processes and as a result, some employees find their tasks have been automated or changed entirely. How can a financial Crown balance the need for organizational efficiency with setting up their people for success?

Organizations adopt cognitive technologies to reduce redundancy and optimize how work is done. The automation of day-to-day tasks has disrupted the traditional roles of workers in financial Crowns. To stay adept, employees will have to develop both enduring skills and breadth skills, as they become more technologically proficient or branch out into new functional or technical areas. For example, marketing specialists are now sometimes expected to become deep experts in the business lines they serve. New technologies also heighten employee concerns about job security. A financial Crown dealing with this will need to manage the disruption, helping its employees see the potential for career growth rather than fear job loss. To do this, technology integrations must focus on solving a problem, not executing a task. Leaders will need to balance and complement the capabilities of humans and machines so that each can perform efficiently and effectively. For example, Guardian Life Insurance, a US company, understood how technologies that collect health and lifestyle data—such as smart watches and vehicle sensors—can provide valuable data for an insurance carrier. The company partnered with a digital skills provider to upskill its actuaries through software development boot camps, enabling them to fill data science positions.⁶

To successfully navigate the shifting nature of roles, financial Crowns will need to consider the following questions:

- As AI evolves and disrupts roles in FSI, how do we identify and retrain workers who risk losing their jobs or who must adapt to a different role?
- How do we prepare our workers to successfully adapt to technological advances and use new tools?
- How do we balance the benefits of being the first adopters of new tools/ technologies against the unforeseen risks associated with adopting a new product for the workforce?
- As technology frees up more time for our people, are we comfortable as an organization with the notion of adopting a more outcome-based approach, where employees might have much more flexible schedules and not be measured by their presence or the volume of tasks executed?
- How can we redesign the work our people do so that it optimizes new technologies, minimizes dull and transactional work, and leads to better productivity and more attractive jobs?

The increasingly fluid workplace

Throughout the pandemic, companies have been cycling through different approaches to the workplace, such as incentivizing employees to come back to the office or making remote work a permanent solution. In any case, there is growing consensus that a dose of live interaction can accelerate a team's ability to make decisions and execute them. As the crisis passes and the nature of work adapts, how can an organization's leaders balance returning to a physical workspace with respecting the preferences of some to continue working from home?

Some organizations recognize that allowing their employees to complete some or all work tasks virtually is now a

permanent adjustment. Through telework and other remote-access arrangements, many employees can now work wherever and even whenever they choose. This needs to function alongside tactics that promote their wellness and provide them with learning resources and other tools to manage the quality of their overall work experience. Evidence suggests that decreased physical presence might have a mid- to long-term impact on innovation and worker satisfaction as a result of limited social interactions with colleagues.⁷ And this suggests that a fluid workplace that balances physical presence and remote working might end up emerging as the happy medium.

As private sector companies continue to focus on employee satisfaction by redesigning the ways of working, financial Crowns must compete by creating workplaces, both physical and virtual, that drive creativity and productivity. This will allow them to engage all their employees, promoting feelings of inclusion regardless of location or tenure. A model for this is the Bank of Canada's IdeaSpace, an innovation lab developed, designed, and customized based on employee input and departmental requirements.⁸

To stay ahead of the competition and successfully adapt to evolving ways of working, financial Crowns must ask questions such as:

- How can we attract and retain results-oriented talent in an environment where it's often challenging to hire for FSI roles in locations outside financial hubs?
- What tools or spaces can we create to enhance employee creativity? How can we best integrate these tools into existing spaces?
- How can we reimagine our workplaces as a magnet that draws employees in to collaborate, innovate, and build culture?

Working in a future that's already here

A recent report from the Canadian Chamber of Commerce, in collaboration with Deloitte, Business Insights: Q3 2021, revealed that businesses in the finance space saw the largest shift from office work to remote work, increasing from 13% to 36%. Of these businesses, 17% expect to reduce their office space.⁹

Just as ideas and expectations about work continue to evolve, so too must the ways that financial Crowns create value through their workers, the jobs they do, and the places where they work. To stay relevant in an industry that's constantly changing, they must look beyond technology and focus on amplifying human capabilities.

With collaboration, whether in partnership with machines or in teams across geographies, financial Crowns will need to make strides in these three areas to be able to deliver on their mandates:

- **Reconstructing the ways of working**

It's helpful to adopt a two-pronged strategy for effective work redesign. First, start small and look at ways technology can adapt processes and amplify employee capabilities. Second, look at the big picture to determine how redefining work will affect workplace roles, different departments, and the organizational structure as a whole.



- **Redefining the talent approach and proposition**

Organizations must be able to assess the skills required to solve a problem. Once a new talent system has been established, talent leaders can either build or access an alternative talent pool (such as through the gig economy or crowdsourcing). They can attract or retain a newer generation with unconventional skill sets (such as data science), or upskill or reskill their existing workforce for new roles.

- **Creating an elastic workplace**

As the hybrid nature of work becomes more engrained, workplace design should maximize collaboration, access, connections to talent pools nationwide (not only near the organization's headquarters), and productivity while staying consistent with the infrastructure, technologies, and talent engagement model needed to develop the next generation of leaders.

Endnotes

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