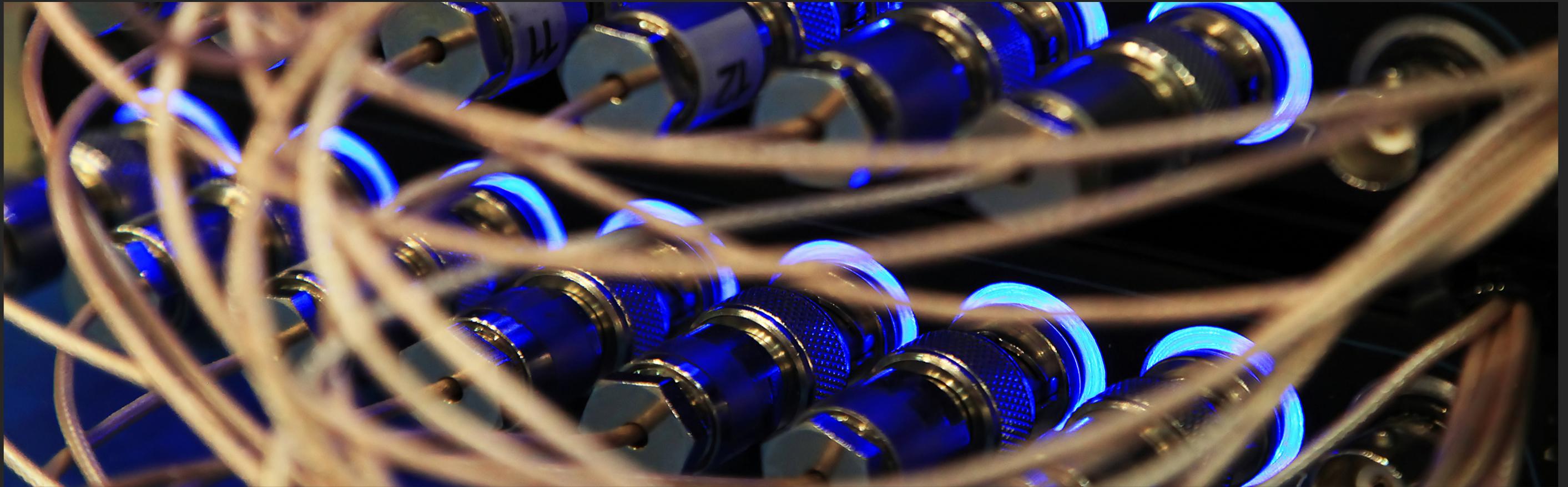




FUTURE WORK SCENARIOS

2021-2025

S I M O N
W A L L E R
. L I V E



NOTE

The following scenarios were created to help understand how remote and hybrid work arrangements might play out over the next few years. As I write this in mid-2021, this is a hot topic for many boards and organisational leaders. There is a clear tension between what many employers and employees would like and this is further confused by ongoing challenges with a global pandemic, intermittent lockdowns, uncertainty in the global economy and countless other factors.

The good news is that scenario planning is particularly useful when it comes to complex and uncertain problems. That being said, I'm not promising that the following scenarios will give you all the answers but I certainly hope that it will help you identify better questions.

Simon



WHAT IS SCENARIO PLANNING?

Unlike other strategic planning approaches that aim to define a single preferred future for an organisation to aim at, scenarios acknowledge that the future is complex and unpredictable. Rather than determine one future and be guaranteed to get it wrong, scenario planning helps decision makers understand the 'boundary of the future' through multiple scenarios that are all credible, equally probable and yet entirely different.

There are many benefits of the scenario planning process. It results in decision makers thinking more deeply and critically about the trends shaping their organisation's future. It encourages greater flexibility and responsiveness as operating conditions change. And it provides a basis for identifying new strategic options, as well as testing existing ones.

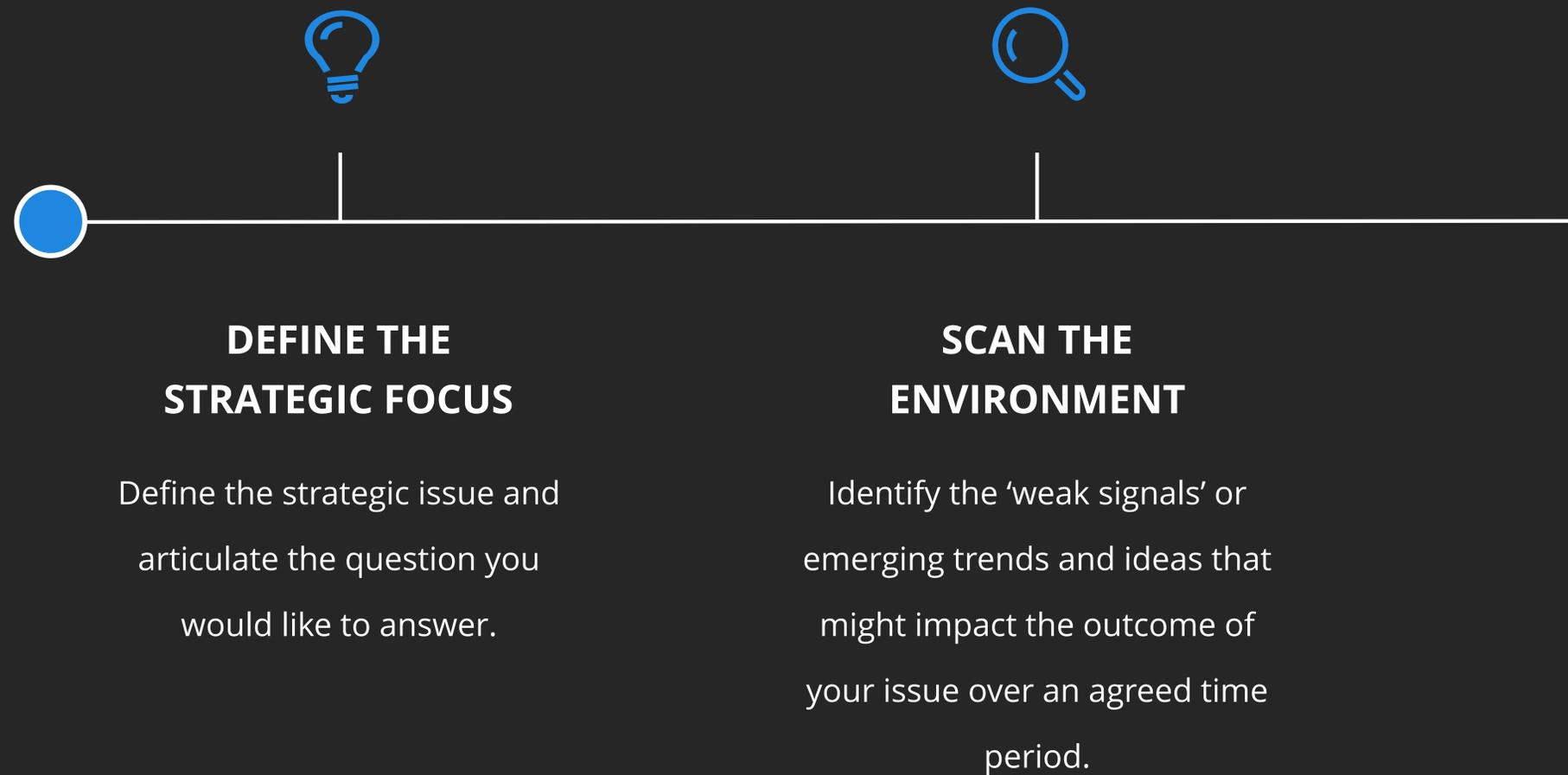
Since its inception in the 1960's by Royal Dutch Shell, scenario planning has helped leading global organisations outperform their competitors. But you don't need to be a Multinational organisation with a full-time scenario planning team to take advantage of this approach. The scenario planning approach can be tailored to address strategic challenges of all shapes and sizes.

To read more about how scenario planning works and the benefits it can generate, you can read more on my website

simonwaller.live/scenario-planning/



THE SCENARIO PROCESS





PROCESS CONT'D



DEVELOP AND PRIORITISE THEMES

Group data from the environmental scan into themes and prioritise themes based on relative impact and predictability.

DEFINE SCENARIOS

Using high-impact, hard to predict (yet independent) themes, define what four possible futures might look like.

DEVELOP NARRATIVES

Build out each of the four scenarios as a narrative, taking us from the present out to the defined time horizon.

SCENARIOS IN USE

Use the narratives to inform strategic conversations, engage stakeholders and test current and future strategic options.

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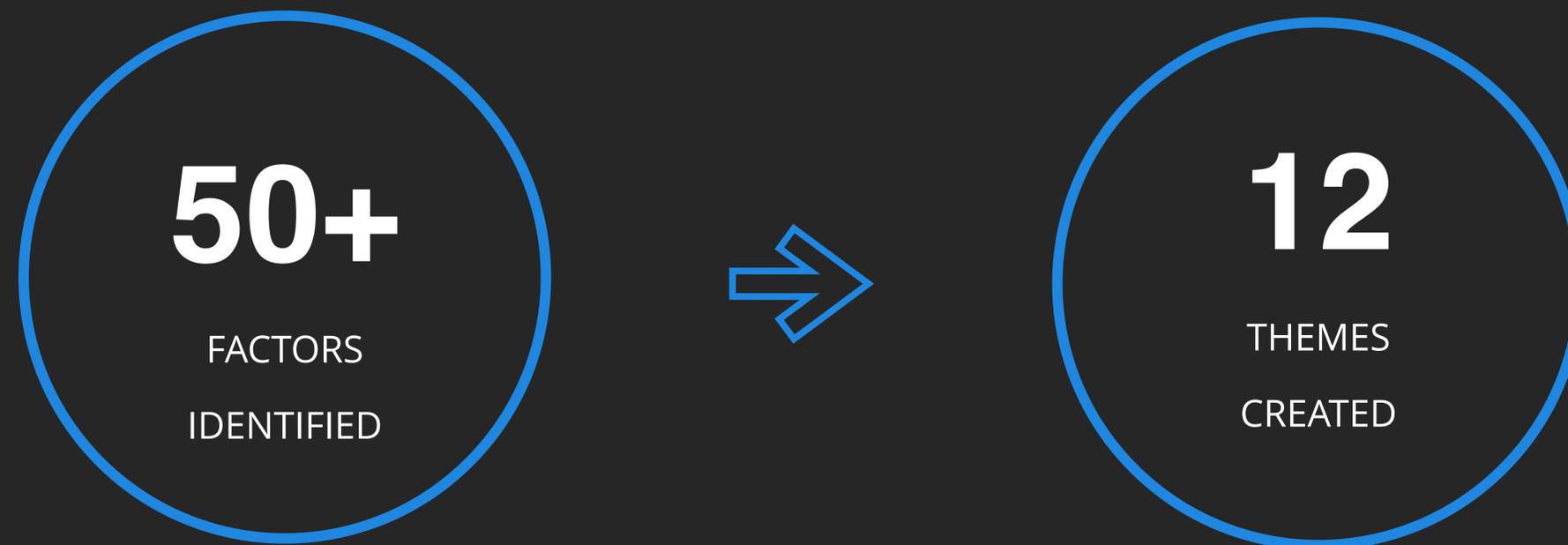
THE STRATEGIC FOCUS

**HOW WILL COVID IMPACT
HOW AND WHERE PEOPLE
WORK FROM THROUGH TO
2025?**



ENVIRONMENTAL SCAN RESULTS

The environmental scan was undertaken by myself and my research team. The scanning process identified more than 50 different factors that could influence the outcome of the strategic question. These factors were then aligned into 12 strategic themes.





STRATEGIC THEMES

Attitudes Towards Globalisation - Will the pandemic result in the rise of nationalistic values?

Flex Becomes Normalised - How fast will remote and flex work arrangements be accepted?

Generational Leadership Shift - Will Millennial leaders bring new values and norms to the workplace?

Individual Values Change - Will the pandemic have a long-term impact on people's individual priorities?

Organisational Culture - Is an organisation's culture compatible with remote and hybrid environments?

Redefining Cities - Can the CBD and regional centres quickly respond to the needs of remote and hybrid work?

Remote Reduces Costs - Will cost reduction (rather than employee benefit) drive remote work?

Speed of Vaccination - How will attitudes towards vaccination and the speed of vaccination change?

Technology Improvements - How far can technology close the gap between real world and virtual experiences?

Unemployment Rate - Will we see sustained low unemployment or is this a short-term anomaly?

Vaccine Incentives - Will we devise suitable incentives to reach and maintain herd immunity?

Virus Spread - Will continued mutation of the coronavirus mean the spread cannot be controlled?



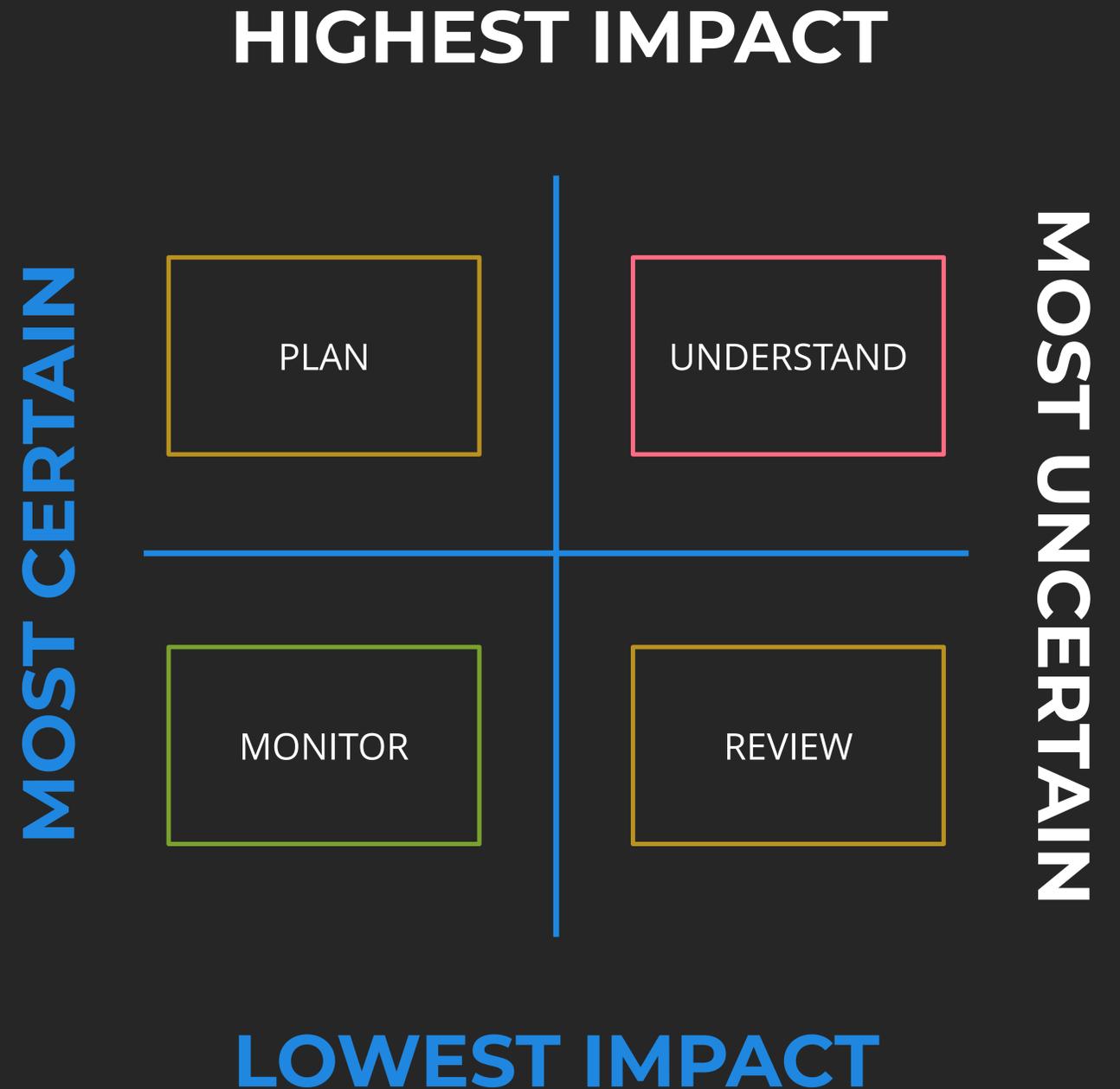
PRIORITISE THEMES

Although all these themes have the potential to impact the strategic question, they will not do so equally. Some have the potential for greater impact than others.

In addition, some of these themes are relatively stable and their outcome predictable. These are likely to be the things that are already being planned for or being monitored.

Of most interest are the themes that are both high -impact and uncertain. These we need to understand better and will become the focus of our scenarios.

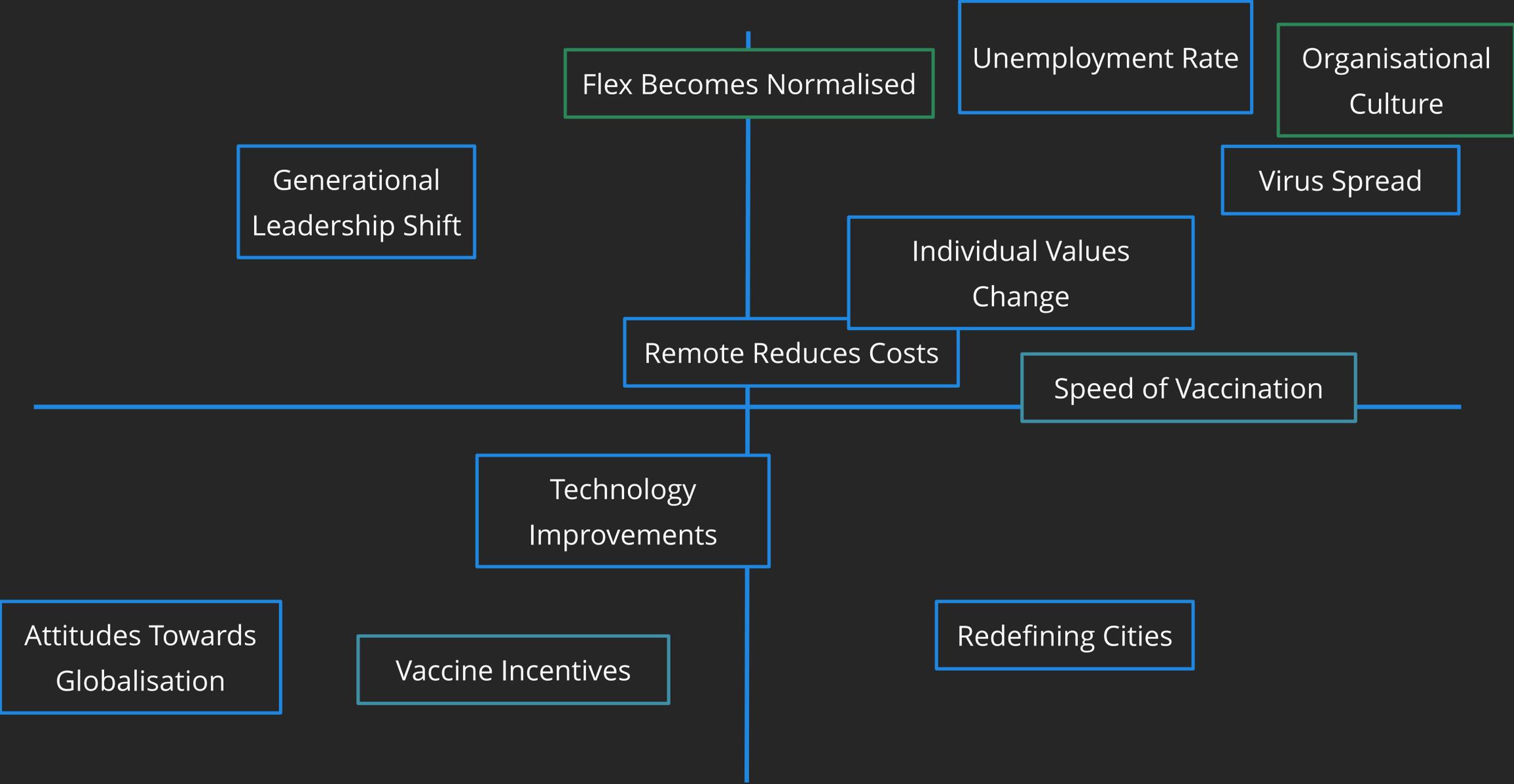
Over the next page is the prioritisation matrix for the twelve themes that were identified.



HIGHEST IMPACT

MOST CERTAIN

MOST UNCERTAIN



LOWEST IMPACT



SCENARIO DEFINITION

Of the twelve themes, the three that we need to understand best are

1. Organisational culture and the rate at which flex becomes normalised
2. The ongoing spread and mutation of coronavirus
3. The unemployment rate and to an extent, the strength of the global economy

All three of these themes will help shape the scenarios. In this case, the normalisation of flex and the unemployment rate were chosen as the primary axis to define our four scenarios.

Over the next page, the combination of the extreme positive and negative of these two themes are used to determine four possible future scenarios.



HIGH UNEMPLOYMENT

FLEX IS THE EXCEPTION

The Great Regroup

Despite the best efforts of the federal government, the Australian economy stalls. As workforces downsize and culture suffers managers force employees back into the office to regroup and regain control.

Flexibility First

As the pandemic drags on and a global recession looms, employers embrace remote workers along with global outsourcing in an attempt to reduce overhead costs and drive efficiencies.

Us vs Them

As Australia struggles to reach its vaccination targets, tensions grow between pro and anti-vax camps. Is flexible work still a perk or is working from home for people who are no longer welcome in the office?

In This Together

As unemployment continues to fall, employers look for ways to attract and retain the best workers. Flexibility is no longer a nice to have, it's the baseline for an increasingly empowered workforce.

FLEX IS NORMAL

LOW UNEMPLOYMENT



SCENARIO ONE

THE GREAT REGROUP

Despite the best efforts of the federal government, the Australian economy stalls. As workforces downsize and culture suffers, managers force employees back into the office to regroup and regain control.



By late 2021 it's clear the road to recovery still has many twists and turns. The global supply chain issues originating during the pandemic are yet to abate. This means both the raw materials and finished goods required by Australian businesses are becoming incredibly expensive, that's if they can be obtained at all. Nearly two years of operational uncertainty and now dramatically rising costs are pushing many small businesses to the wall.

Global supply chain issues are also putting upward cost pressure on government infrastructure projects and by mid-2022 a number of contractors have pushed to renegotiate contracts. As negotiations fail to reach a swift conclusion, work is halted on a number of signature projects and contractors are forced to start laying off workers.

As unemployment starts to rise the

power balance between employees and employers swings dramatically. And although some employees try to hold on to the flexible work arrangements initiated back in 2020, increasing uncertainty is forcing people back into the offices as businesses seek to resize and regroup.

Subsequently, employees who only recently moved out to regional centres in search of better work/life balance are now heading back to the capital cities in search of stable work and shorter commute times. In their wake, they leave falling regional house prices, lost household equity and smaller regional centres once again struggling to maintain a viable population.

By late 2023 there is a semblance of the world returning to normal. Supply chain issues have largely been resolved, the global vaccination drive is almost complete and the Australian economy

is once again on the rebound. Australia has reopened its borders to skilled migration and with federal government support, there is a push to dramatically increase Australia's sovereign manufacturing capability.

But like many of Australia's big industrial sectors such as mining, agriculture and tourism, the bulk of manufacturing jobs can't be done remotely. Within these industries, it's challenging for white collar workers to reclaim the flexible work arrangements they once had, and to be honest, most are just happy to have a job.

By late 2024, the economy is back in full swing and the job market is once again tightening. With it, the demands for flexible work arrangements are also again front and centre. The only real question is whether this time they'll stick.



SCENARIO TWO

FLEXIBILITY FIRST

As the pandemic drags on and a global recession looms, employers embrace remote workers along with global outsourcing in an attempt to reduce overhead costs and drive efficiencies.



Even in late 2021, there was still hope that our borders would be open within six months. But the outbreak of the new Zeta strain of COVID, first detected in central Africa, has put that idea to rest. Not only is this new strain more contagious and deadly, the best of the existing vaccines are only 27% effective in containing it.

Although some developed nations were approaching vaccination levels required for herd immunity, the new strain sets back global efforts by at least 12 months. The WHO is confident a new vaccine will be found, but it will take time to manufacture and distribute.

As the strain takes hold in the US and Europe, hospitals are once again reaching capacity and lockdowns are reintroduced. As frustration in the general population grows, it's little surprise many choose to defy them.

In the US, the push back is particularly

strong, and it's perhaps unsurprising that Donald Trump is a strong voice during the US midterm elections.

The election result for the Democrats is disastrous and a divided and conflicted US Congress means Biden is unable to get much needed stimulus out into the community. From the outside, it looks as though the Republican party is happy for the economy to fail, as long as it takes Biden and the Democrats with it.

The ramifications for the global economy is significant and this, along with ongoing friction with China, weighs heavy on the Australian economy. As businesses struggle to adjust to a long, drawn-out recession and look to reduce costs and increase flexibility, alternate work arrangements are one of the few bright lights that exist.

Not only does flexible work reduce overhead costs such as exorbitant CBD rents, it also allows organisations to

hire from regional, interstate and even international workers who are happy to do the same work for lower wages. In addition, flexible work arrangements are seen as a low cost or no cost perk that can attract talent in lieu of cold hard cash.

The other bright light is that the pandemic has dragged on investment in and the development of collaboration technologies has continued to boom. By 2024, many organisations are testing virtual reality based workspaces.

By 2025 the world is finally on the way out of the pandemic. Realising that no one is OK until we're all OK, this time around the vaccine is made freely available to everyone, everywhere in the world.

As the global economy moves towards a post-pandemic boom, there is no doubt flexible work arrangements are here to stay for good.



SCENARIO THREE

US VS THEM

As Australia struggles to reach its vaccination targets, tensions grow between pro and anti-vax camps. Is flexible work still a perk or is working from home for people who are no longer welcome in the office?



It turns out that reaching herd immunity is much harder than people first thought. The rise of the Delta variant with greater transmissibility means that 80% of the eligible population now needs to be vaccinated before we can get back to normal. And although a spate of lockdowns towards the end of 2021 drives up vaccination numbers, there is a largely silent portion of the population who have no intention of getting vaccinated. Ever.

By early 2022, the vaccination drive is stalling and the National Cabinet is in desperate need of new options if it hopes to open Australia back up for business. Although not popular with civil libertarians, a vaccination passport is put in place to provide greater freedoms and benefits to those that have been fully vaccinated. These freedoms include discounts on hospitality and travel, and immunity from state-based lockdown rules.

Although it does help support a vaccination surge, it also creates a growing divide in Australian society between pro and anti-vaxxers. Although perhaps not its primary intent, the vaccination passport is also used increasingly by businesses to determine who is welcome back in the office and who is not.

As the divide grows, 'work from home' becomes less and less about what employees could do if they had the choice and more and more about what they have to do when they aren't welcomed back in the workplace. Somewhat ironically, returning to the office has now become a symbol of freedom.

By the end of 2022, business leaders are becoming increasingly frustrated with workers who refuse to get vaccinated. After a test legal case in the High Court, it is deemed that vaccination can be required on OHS grounds and it isn't long before

employees are being openly fired for refusing to get vaccinated.

As the global economy continues to rebound and the world is still scrambling for talent, it's not long before some enterprising business leaders start promoting their businesses as pro-choice, openly targeting anti-vaxx employees looking for a place to utilise their talents. And over time, these pro-choice workplaces also attract other employees looking for the ability to work remotely but without the stigma that's associated with flexibility in pro-vaxx workplaces.

By 2024, the COVID pandemic has been well and truly brought under control, but the divide it has created in society is as strong as ever. This divide is seen in all parts of life from social circles, to hospitality venues, retail outlets and workplaces, but perhaps the greatest symbol of this divide is people working from home.



SCENARIO FOUR IN THIS TOGETHER

As unemployment continues to fall, employers look for ways to attract and retain the best workers. Flexibility is no longer a nice to have, it's the baseline for an increasingly empowered workforce.



There is no doubt that the ramp up of the vaccination program in Australia was slower than expected. But numerous outbreaks and multiple lockdowns towards the end of 2021 have driven vaccination demand to an all-time high.

Looking back, it was the last six months of 2021 that were the hardest for business owners. Snap lockdowns made planning difficult and also severely dented consumer confidence. It was enough to send many small businesses to the wall. But by early 2022, the economic climate had started to thaw. The global supply of vaccine continues to ramp up and many developed economies are on the cusp of achieving herd immunity.

Fuelled by cheap interest rates and a population hell-bent on making most of their freedom, the global economy rebounds quickly. Although Australia is a little behind in the vaccination race, there is a clear shift in business sentiment.

Hiring ramps up and unemployment continues to fall. By late 2022, tightness in the labour market has created a war for talent. Businesses that have successfully implemented remote and flexible work arrangements during the pandemic now see this as a way of attracting new employees. Not only is it a perk that many employees are still demanding, it allows businesses to recruit outside their traditional geographical catchment area, broadening their employee base.

As remote and flexible work becomes increasingly normalised, it requires many organisations to step back and rethink many other aspects of how people lead, manage and work. Some do this successfully, others struggle, but what is clear is that a new generation of business leaders are needed who can communicate and lead at a distance and who are willing to put human values above financial ones.

The normalisation of flexible work has been a boom for regions but capital cities, especially Melbourne and Sydney, are struggling. By 2024, there is a glut of A-Grade office spaces in the cities but in regional areas, it's as rare as hens teeth. An emerging model for corporates is to have a smaller presence in the CBD and multiple small satellite offices in regional centres that their staff can visit, meet clients, access specific technology or just be sure to find support and camaraderie when they don't want to work from home.

Perhaps most challenging for business owners (apart from rising wage inflation and increasing costs) is the shifting expectations of an increasingly empowered workforce. Not just satisfied with being able to work from anywhere, employees are now demanding greater flexibility in work hours. The question is no longer whether Work from Home will become normal, it's whether we should all be having a four-day work week.



SCENARIOS IN ACTION

So what now? How do we reconcile these four possible, but quite divergent views of the future? How does this help us improve our organisational planning when we still don't know exactly what will unfold?

Most often, when I develop scenarios for clients, they are used as part of a series of facilitated strategic thinking workshops that feed into their strategic planning process. The workshops achieve a number of outcomes

1. Get everyone on the same page - On a daily basis, we operate on a set of assumptions about how the world works and what might happen next. But when people's assumptions diverge within an organisation, we can end up with wildly incoherent decisions and activity. Strategic thinking workshops are a great way of challenging assumptions and getting people on the same page.

2. Improve decision making - The workshops help participants identify the strategic sign posts that precede a series of events unfolding. This ability to 'pre-see' events allows for better planning and faster decision making.

3. Identify and test options - These workshops are structured to identify the strategic opportunities and challenges an organisation might need to plan for, as well as, possible strategic responses (or options). The scenarios then act as a 'sandbox' in which leaders can sense check their ideas.

Although valuable in and of themselves, scenarios need to be seen as the start of a strategic conversation, not the end of it. If you would like help in facilitating those conversations in your organisation, please get in touch.

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GET IN TOUCH

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