Workplace Transformation
BMO
Road to Recovery: Expert Conversations

Eric Boles:
Hello and welcome to another episode of "Road to Recovery: Expert Conversations". I'm your host Eric Boles. Where we work has been evolving over the years. If you walked into an office in 2019, it will look dramatically different from how they looked even just 10 years ago. 2020 has accelerated that evolution. My guests today are on the leading edge of how the workplace will continue to transform. Peter Miscovich is the managing director of Strategy and Innovation at JLL, George Della Rocca, is the Global Head of Corporate Real Estate at BMO and Jonathan Franze is the Director of Enterprise Technology and Employee Experience at BMO. Thank you all for joining me today. And for those of you watching on LinkedIn Live, we will be taking your questions live, at the end of the stream. So please comment with your questions. I'm gonna jump right into it. Question number one, and this is for Peter and George. Prior to 2020, the workplace was evolving. And what were some of the trends that were emerging? Start with you, Peter.

Peter Miscovich:
Eric, thank you so much. Pleasure to be with everyone today. What we saw prior to 2020, was the emergence of the experiential workplace, coworking, flexible work and accelerated emerging technologies, really advancing and changing how people work. What COVID-19 has done in 2020, it has actually served as an accelerant to further these trends and even accelerate existing trends that were already underway. And I'll let George provide a greater context, George.

George Della Rocca:
Thanks Eric and Peter. And I'd say just building off of Peter's comments. Remember BMO is a company with tens of millions of square feet of office space and very diverse business groups. So a lot of the trends we've been seeing in the marketplace, we've seen all of them because we have pretty much any kind of space that you can think of. Including retail, office space and critical facilities. The key trends we were seeing really were around things like the technology and advancement that you referred to but also inclusion and wellness and elements like that where they were becoming more incorporated into the workplace and in how we deal with our employees, accessibility, diversity, and inclusion. The other piece of it was really around collaboration in the office and outside of the office. So some of the things we've seen accelerated were already happening. And what I'd say is the increased enablement that technology has kind of brought to bear recently and most companies had to really move quickly to enable this, it's really changed things. The one thing I would point out though, there were a few trends we were seeing that were really kind of not what I'd say COVID-friendly. And that's things like agile work. So for software development, where

folks are actually not required but preferred to come in to work together in teams and it's more of an analog type of work than digital. So we've had to kind of flip that around and figure out how to keep that kind of work going. So looking to the future that's going to be one of the challenges we have to deal with. Some of these non-COVID-friendly trends, densification of space, hotelling and desk sharing are not things that employees are gonna see as a positive right now. So we're really thinking about how do we look at this in the future. And I say what COVID has really done right now, in addition to accelerating things, it's actually created different expectations. And I think that's what's underpinning a lot of the acceptance of what we're doing right now, aside from the fact that it's mandatory, it's required. There are still people going into work. We still have lots of employees that are required and essential employees. But what's happened now is the expectations of people, of managers, of employees and corporate culture has changed dramatically. And what I think is gonna be important is if that maintains, then we'll be able to do a lot more things and be a little bit more creative. If it doesn't, then we're gonna probably have some different challenges. Last thing I would say, is around the utilization of office space. Historically, probably for the last 10 years or so corporate real estate people have been tracking this and you've seen utilization around 60 to 70% in general. That's not for everybody, but in general. So if you think about it, we probably were already doing quite a bit of this without formally recognizing it. So we're probably a little bit down this path, a little more than we thought when this all started. Back to you Eric.

Eric Boles:
Appreciate it. Appreciate that George. Jonathan, it was mentioned about how technology is enabling this. So can you share with us how has technology enabled this trend?

Jonathan Franze:
Sure. So, you know, in support of that real estate strategy, in support of the different ways of working, what we've been doing is providing solutions that enable essentially work from anywhere. And we've been doing that for quite some time. I would say though, back to Peter's initial comment, adoption was relatively slow. Wasn't necessarily a priority for many business units. And so you know, I think part of it is just a little bit of uneasiness, how employees will work from different locations, different office spaces, working from home, versus the traditional way of working, right? Monday to Friday you sit at the same desk, I know where you are, I see what you're doing. Obviously, I think there's also the perceived costs of enabling that way of working as well from different business units. And then you know, the last six months has really accelerated the adoption of all these solutions and so we're in a much better place due to the current situation.

Eric Boles:
Thank you, Jonathan. I just wanna point this out, if you're watching us live, please join the conversation. Use the chat feature to please send in your questions. We wanna keep you engaged. With that being said, I'm gonna ask this next question. And this is going to be for

all three of you, but I'm going to begin with Peter. As we look to the future, what does the next five to 10 years look like for the future of buildings and office spaces?

Peter Miscovich:
Eric, that's a great question. And I think what we'll see over the next 10 years, given the acceleration of COVID-19, this combinatorial convergence of new enabling technologies as Jonathan mentioned, new remote work and hybrid workplace behaviours that George mentioned and then finally, we're working with Accenture and a number of firms in creating digital twin, augmented and virtual reality workplace environments. So potentially in 2030, you actually may have the choice of working from home, working from a coworking site, working from the office or working in virtual reality. And those solutions are here today. And I think what's very exciting for BMO and you know, this pandemic has been horrific and it's had so many terrible consequences. But it is enabling and pushing us forward with entirely new ways of working. Which could be very exciting.

Eric Boles:
Wow. Before we even move on to George, Jonathan, you know, it's always been said that opportunity comes at a difficulty but what you just got to describe, I couldn't even imagine. I mean the virtual workplace, the option of four different worlds. Thank you so much for that, Peter. How about you George?

George Della Rocca:
Yeah, I'd agree with Peter. I mean the acceleration in this is a big piece of it. And I think from my perspective, I've been doing this quite a long time and we've seen other areas of of business in the world that have changed very quickly. And I'd say ours has been affected very, very materially. And I would almost say that the impact of this is like a 10 to 15 year on forward. It's not a three or five year. And the reason for that is really, this is such a complex topic with so many social, economic, and human constructs built into it. The change is so difficult in this area. And I'd say we're all reading the stories in the papers and you see almost every day, there's at least one story about the office, the workplace. The office is dead, the office is alive. We're gonna see different buildings, we're going to see everything in the world change completely when we go to work. And I agree with that to some extent, but for sure there's going to be a lot of change. But I say one thing to start off with, the office is not dead. That's my opinion. And I think what's gonna happen is it's going to change. So yes there will be office buildings, there will be people working in them, but what they're doing in the office buildings will be quite different to some extent. So we're gonna look at this as kind of an ecosystem. So if you think of the broader ecosystem of the workplace, starting with the person, waking up in the morning and doing whatever they do at home to what they do at work and what they give an evening, and when that work day ends, we're looking at it holistically. So if you think of it from your workplace, your home and the third place that Peter is referring to, some of those are virtual reality, a cafe, a coworking location, a subway, whatever it might be, work is getting done everywhere and always. So obviously there's trade offs when you start to do that, it affects human behaviours and

affects quality of life and balance of life which is a little bit difficult. I think though, we're looking at this from a business point of view and it's not trying to say, but it's one size that fits all. So we're looking at kind of across the board. How do we look at this as some people will be doing a 10%, some will be doing it 50%, will be doing at 100%. So there's a continuum of this. If we look at the extended impact of this. So I think if this becomes an accepted concept that we're actually gonna be able to work anywhere and that stays in this holds and expectations don't change materially, we're gonna see this open up waiver pools, we're gonna see a change how we design our spaces. We'll talk a little bit about that later. We're gonna see how we use our branches, our other offices differently. So we've got distributed real estate everywhere. We can start thinking about it in a different way. So it doesn't make that only one business uses their space in one way. We're opening that up quite a bit. So then it's gonna become a little more cross functional, a little bit more shared. The other thing that's really interesting, I think it's gonna level the playing field for some people as well. While there'll be some trade offs for some people, it might be a little more difficult working this way and they may not love it. For others if you have trouble commuting or if you have a disability, this might level the playing field. Presence in the office is no longer required or expected. So I think that I will leave it there. That's kind of how I see it developing.

Eric Boles:
Thank you George. How about you Jonathan?

Jonathan Franze:
You know, I think if you just listen to what Peter and George said, you know, the technology that people are gonna have to use is gonna to have to support that. So it's a seamless transition regardless of where you're working, you know, regardless of which office, you may be in various offices, right? Coworking spaces and so that needs to be key. Ubiquitous access to all office resources. So if I today I'm used to going to one or two locations and tomorrow have a plethora of choice, right? And so how do I access resources in those spaces? How do I know what meeting rooms, where do I sit? What kind of technology do I have access to? And so that's gonna be key as well. And you know, in support of that really, I think we need to think about technology in terms of effortless tech. And so things need to be similar in different spaces. You need to have access to everything. You know, gone are the days where you need a set of instructions or a guide to be able to utilize something. You know, it's not efficient, it's not effective, it doesn't create a great experience. And so those really are the areas that we're focusing on.

Eric Boles:
Peter, do you have a response to that as well? You can add?

Peter Miscovich:
I would certainly build on both George's comments and Jonathan's comments. We're gonna be moving into a new era of human to machine collaboration. And we're gonna move from

an era of people managing technology, to technology managing people. And AI enabled workforce management platforms will really plan our day. And I welcome that. I welcome my digital twin, being able to answer 70% of my email. I look forward to the day where, you know, technology, it should be a joyful experience and an enabling experience. And I think COVID, again for all of its challenges and difficulties on a socioeconomic level, it is accelerating digital transformation to perhaps this more highly enabled, joyful future state. And I know that's a strange word to use relative to the corporate workplace, but we really should experience joy in our day. And perhaps these new ways of working will enable that further.

Eric Boles:
Well, one of the things you just emphasized, Peter which is especially for myself, who's listening to these three experts and not only are you guys three experts, you're describing and living in a place many of us have to hurry up and catch up to. So we're still dealing just with the difficulty of the situation versus being able to even envision what you're describing. And so when you use the word like joy, when you use the word like hope, I actually thank you for that because it creates almost more hopeful future than one where we're just scrambling to survive versus being told how we can actually thrive through it. And so you know, for all three of you, I really appreciate this. Now before we go to the next question, I want to emphasize again, we love to hear from all of you, so let us know what you think and we'll have our experts actually answer your questions directly. So we're going to the last question that we have for you here before we get into our audience questions. And this is question number four, and it's for all three of you, but I'm gonna begin with Jonathan. And that question is, what should be the guiding principles behind any design?

Jonathan Franze:
So we've always used "intuitive," "human" and "effortless" as guiding principles. I would say what has come up and what will be front and centre as well is really around flexibility. So as the workplace continues to evolve, we need to be able to act quickly. We haven't always done that in the past. And so we need to be more agile than ever in order to address anything that comes up and be able to meet those needs. So flexibility I think would be the third guiding principle.

Eric Boles:
Appreciate it. How about you George?

George Della Rocca:
This is a really great question 'cause this is really where the rubber hits the road. And in thinking about designing what we're talking about here, this end-to-end ecosystem and the things Peter has talked about when you think about it is how is AI incorporated? How does this work from end to end? It's extremely complex. And for us in real estate where we've dealt with physical things forever, becomes more a conceptual design question around designing an operating model. And I will say one thing, this is not gonna happen by

accident. So it's not like you do what you walk away and it's going to write itself. This is gonna require an ongoing effort. And I think one of the biggest things we have to be very careful for all of us in our companies and everyone listening, you have to figure out how do you retain your culture in doing all of this? Because if you're disconnecting people from physical places and from seeing each other as frequently as they may today, you're gonna lose something there, but you have to figure out how do we gain something back on the other side. The other piece that goes along with that all the time is innovation. And innovation can happen in any different way. So you have to figure out how we enable people differently. Some of the things Peter referred to may do that, some of it has to be proven. I will say that there is no one that has all the answers to these questions. We are working on it at BMO. We're spending a lot of time on this and there's a lot of people working on it and we're using our experts to do so. I think one thing to think about is what we're looking at here is the purpose of the office. So why does the physical office exist and what is it gonna do in the future to enable people? And I think that's a different thing than we've done in the past. In the past it's been more around how many spaces do I need to put people into. Now there's gonna be a lot more thought around why is someone coming in and what experience do they have to have and what do they need to be able to do while they're there with people that aren't there at the same time. Whether they're in another country or whether they're at their home or whether they're on a- in a cafe or on a train or somewhere else. Thinking about all of those things, makes it a much more complex design, but it's also a lot more exciting for us. And I think Peter's point around joy and making sure there is some element of that, a lot of people love going into the workplace. So if we're gonna take a little bit of that away, how do we give something back to them that's cool, interesting or fun?

Eric Boles:
Great insight George. I will tell you I was on actually a coaching call this morning with the CEO of an insurance company. And I told him what today's discussion was about and what you just spoke to George was the question he asked. He goes, "I can clearly look at our numbers, our results and see that productivity has not necessarily dropped at all." He goes, "my concern is I don't just lead productivity, I also lead culture. And what I don't know what to do is, how do I maintain that in this type of a remote environment. When I'm not seeing people and my strength of leadership is in person and connecting." And so it's fascinating to see leaders having to learn, a totally new discipline. So George, thank you for that insight. I want to end this question with Peter and then we're gonna go to the questions that we have from some of our audience.

Peter Miscovich:
Thank you. And I'm building upon-

Eric Boles:
Yeah, absolutely.

Peter Miscovich:
Jonathan and George's good comments. I would add three other guiding principles for the future. One would be digital. The workplace will be digitally enabled, internet of things, sensory, contactless. Digital workplace as a guiding principle. The second would be elasticity. To Jonathan's comments about flexibility, George's comments about agile working. So elasticity, no matter what happens, the workplace and our corporate work lives and actually, perhaps even this ecosystem approach becomes highly elastic. You know, we are watching COVID closely. If we have subsequent waves of COVID, could we reenter the workplace then re-exit the workplace and reenter again? So how do we create an elastic, hybrid approach? Then finally resiliency. You know, right now in the US, we have a major hurricane bearing down on the Southern part of the country. And we are in a combinatorial convergence world where pandemics, natural disasters, economic disasters, all can happen simultaneously. So how do we ensure human performance? Ensure our people are properly equipped to survive and hopefully thrive with joy relative to all of these challenges that we're experiencing simultaneously. And I think this is part of Eric and panel, this is part of our new challenge at a societal level and certainly at a corporate level.

Eric Boles:
Again I can't emphasize enough Peter. I love hearing when you include the word "with joy." That really raises the bar. Well, it's such a good point. I wanted to ask, we got our first question from our audience, and this is from Jeanette. And her question asks, "Once initial setup has happened, is it not good for businesses to have people work from home for the business?" And I'm asking Peter if you can weigh in on that first.

Peter Miscovich:
I think from our experience and certainly George would have a lot to add here as with Jonathan, there needs to be a balance of return on investment to human performance and employee satisfaction and what makes sense for both the employee and the organization. And we're finding with our monthly human sentiment and employee sentiment surveys, people need to be cared for in their organizations. And so looking at both the caring, nurturing and supportive people and if that means working from home and then looking at the organizational objectives, including the financial objectives, how do we marry and merge all of that in a way where there's strong return on investment, but we also enable human performance? So that would be my response and I'm sure George or Jonathan may have additional comments.

Eric Boles:
George, if you don't mind, chime in on that.

George Della Rocca:
Sure. And I think again, it's a complex question because there are so many dimensions to this and what does cheaper mean? So it might be cheaper to leave some office space and have the person work from home and you don't pay for the office space but what's the trade

off in potentially, depending on the work that person is doing whether it's productivity, career advancement, there's a bunch of other elements built into this that are very, very hard to measure. And I will make a comment about the continuous productivity we have seen and most companies are saying, you know what? We haven't seen a big drop off in productivity. I have to believe that some of that not dropping off is related to the fact that we're kind of- a bit of this is a momentum we're posting on before we build for tens and hundreds of years in some companies where it's kind of easy in a way to keep going with what you were doing. But I think a year from now, if you've been doing this and new people come into the organization, is it really gonna be the same story? That we will probably find out a little bit about in six months as we know we're going in this mode for a little while longer, let's see if it's still there. We think it will be if we manage properly, but if you don't pay attention to it, it could get quite a bit more expensive.

Eric Boles:
Thank you for that George. We have another question. This question is from Palmina and it is specifically for Jonathan. And the question is, "how is security and sensitive information managed with a remote environment?"

Jonathan Franze:
That's quite the question. So I'd say when we first started off, over six months ago, where there was a huge population that all shifted to work from home, we did encounter a few issues, you know, relating to security. One would be am I able to print or not? And if I am able to print what happens to that information, right? Do I dispose of it the way I do typically in the office? There was use of different video conferencing tools, right? That that were not necessarily approved. And so I think we hit some bumps at the beginning. What I would say is, we already have a large population that works from home today. And so the systems are well-equipped. And the key, I mean ultimately is to ensure that we understand any type of requirements that people have and build that out in enterprise solutions so that people don't go off on their own and do their own thing. I think that is really the key. Because as we build tools to work from anywhere, it doesn't really matter if you're at the office or you're at home, they are secure and are designed to be worked that way. It's those little gotchas, when you're put into a situation that you haven't been put into before, where things creep up.

Eric Boles:
Thank you Jonathan. I wanna first of all say to you guys, thank you for sending your questions. We have a question here from Mahmoud and the question asks, "How long term do you think small and medium businesses will last with the shift without making remarkable change?" And that question is for Peter.

Peter Miscovich:
Yeah. Excellent question. And I think I'll reinforce the guiding principles in our earlier conversation. So for a small and medium business today, and we're seeing this you know,

across various geographies, the ability to be digital is key. Digital businesses will survive, whether you're small, medium, or large. The second would be elasticity. How elastic is your operating model, your real estate footprint, can you use coworking versus committing to a longterm lease? Can use hybrid coworking work from home and perhaps even low cost virtual reality versus committing to large real estate or operating expenses. And finally resiliency. I think whether you're a small business, a medium business or a large enterprise today, all of those shocks and challenges that I described in my previous response, Eric and team, those affect everyone. And so we would in particular hope that larger firms we've had some very good, you know, signs from firms like Microsoft and Apple and others to help smaller and medium sized businesses with technology investments. And I know BMO and other banks are looking to help small and medium businesses make those investments so we all can survive this very challenging economic environment. So thank you for that excellent question.

Eric Boles:
Thanks Peter. I got another question and this question is gonna be for George. And George, the question is, it is from Richard, and he is wondering, "what's the most surprising thing you've observed over the last six months with such a large enterprise trying to react so quickly?"

George Della Rocca:
Yeah, that's a great question. And I'm not sure anything surprises me anymore, but I was I would say amazed a little bit about when I looked at the complexity of the issues we were dealing with and how broad and widespread they were and how granular they became when you start talking about the impact on every individual in the company. How our company was able to get together and make decisions at the enterprise level, with all of our businesses involved on almost by the hour. It was incredible the level of engagement and response that we had to this. Dealing with very difficult issues and very quickly. So, you know, people tend to rally in a crisis but I think when you're an enterprise this big, it's on a whole other level of difficulty to get people aligned and everyone has their own interests in their own business. But it was an incredible response and reaction. And it was really, I think I attribute it to the organization that was placed around it and putting in place a formal structure immediately really helped BMO respond to this. And we had daily calls with our executives on the call to deal with every single issue no matter how small it was. And we resolved things very quickly. And I think that's why we didn't have a lot of really major issues. We had some great response from the technology front 'cause nobody's ready to send this many employees home all at once. So there was some work to be done there and incredible response from the team. So standing up that many employees to work from home in that period of time was, I found it was unthinkable and it was done. And we did it in a bunch of our businesses so that was a pretty incredible thing to witness.

Eric Boles:
That's great George. Well, George we keep that momentum going. This question is for you. One more question for you. And this question from Debra and her question is "What will happen with company culture? Is it strong enough to sustain prolonged distance?"

George Della Rocca:
And this is, it's a great question. And it's actually, it's the thing that I think about the most. And it's because when you start talking to your employees and hearing what they're caring about and what they're thinking about. I mean culture is one of those nebulous concepts. What is culture? Culture is what? It needs people to be part of this company. It's how does it make them feel? How do your customers feel about you? So there's an element of this that is very difficult to define, but I think you're gonna have to replace some of the things that were happening before with something else, especially in the situation right now. And this comes down and we talked a little bit about this before, around communication. And you have to figure out the right modes of that communication 'cause sending emails out and posting things on your intranet, that's not gonna get you there. This comes down to the individual communicating with the individual. So your leadership, your managers, all the way down the line, have to be engaged and understand the impact the things they're doing or not doing, so that they actually can maintain what you had as a company. Because otherwise, it's very difficult to do that. It's not as hard with your existing employees but as you start to bring in different people or younger people come into the company, how do you get them, I'll say indoctrinated, but feeling like they're part of the company and it's really important. And it's an important element of being part of BMO for me. And I know it is for people that work on my team and I see that across the company. Being proud to work for a company is important. And how do you feel proud to work for that company? Part of this is just the interactions you have with your manager, with your coworkers, with our customers. It's extremely important. And we have to continue that. And again it's gonna come down to the day to day, it's the blocking and tackling. It's not just broad messaging. This has to happen in no time. All of our leadership.

Eric Boles:
George, that's a fantastic, not only fantastic answer, but all three of you, I wanna thank you so much for what you shared with us today is very clear that it's a both-and world that we're in. It's not just one or the other, but for technology, innovation, to not only ensure that productivity maintains, but also that culture and these human dynamics are also enhanced as well. And it's nice to know you all are on the front lines of making sure that continues to happen. With that being said, I wanted to thank you today, I wanna thank all of our LinkedIn audience who submitted questions and moved things in. I'm gonna ask that the audience not forget to join us on September 9th at 12 Eastern Time, 11 Central for another LinkedIn Live event, where we will address how the democratic process has changed. Again, I wanna thank you Peter, I wanna thank you George, I wanna thank you Jonathan, for your expertise, for being on the front line, also giving us some hope for the future. There's a quote that says, "When you have hope for the future, it gives you power in the present." And so I thank

you so much for what you were able to offer us today. With that being said to the LinkedIn Live audience, thank you so much. And please continue to follow along with these wonderful conversations of these expert conversations on the "Road to recovery". May you have terrific rest of your days.

George Della Rocca:
Eric, thank you.

Jonathan Franze:
Thank you.

Peter Miscovich:
Thank you.