



Transitioning into a 2021 mindset – reflecting and adapting for a successful year

A discussion on the new challenges and
opportunities for businesses in 2021

Part 2

ReedSmith

Driving progress
through partnership

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“But as we seek to recover, what will the world look like after the pandemic? Will business be conducted differently on the other side, or will the “**new normal**” look just like the old one?”

Nola Beirne, Consultant, Senior Advisor

The discussion continues with in-house legal teams...

Spring/Summer 2021 – A new dawn in the fight against the pandemic: moving into the “new normal”

As vaccine rollouts in the United States and the United Kingdom enable a cautious emergence from lockdown, we are seeing a gradual return to some aspects of pre-pandemic business and social life. But as we seek to recover, what will the world look like after the pandemic? Will business be conducted differently on the other side, or will the “new normal” look just like the old one?

Reed Smith recently brought together senior leaders from the corporate suite and the legal teams of client organizations to look back at successes and failures in how businesses navigated the pandemic, and to share their thoughts as to how they see business, and society, reemerging. We are grateful to our participants for sharing their insights, which we have aimed to capture in this report.

This roundtable was part of a wider series of Reed Smith events hosted for senior business leaders, general counsel, legal and business teams, and senior management to share experiences, discuss live issues, and explore strategic ideas for the future.

Our roundtables are held under the Chatham House rule, and accordingly, all comments are unattributable.



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Please note: Throughout this report quotes in **colored italics** are direct quotes from the session





The pandemic and its **impact** – the contrast

As we move into the second quarter of 2021, we are seeing an evolution in perspective across several of our client industries ranging from infrastructure finance and global financial services to transportation technology and recreation. The fallout from the pandemic and its ripples has been distilled to reflect the positive effects as well as the downside faced by organizations.

“All things considered, it has been a crazy but interestingly positive year... We are a bit worn out.”

The highs

Clients spoke of how the pandemic and other ensuing factors worked in their favor or how they were able to successfully pivot their businesses in light of the challenges they faced. ***“When there is loads of action, there is lots and lots of work.”*** Clients embraced the challenges head-on and worked to turn them into opportunities.

Market volatility has been good for some and bad for others – For some financial institutions, national infrastructure issues and a tough winter in the South created tremendous volatility and opportunity in the energy and commodities sector, resulting in a standout year. *“Anything in the FT [Financial Times] when there was a problem – we were there or anxious about it.”* These firms *“were in the right place at the right time”* to offer risk management solutions.

Initial uncertainty has turned to optimism – *“There were tough moments last May, waking up expecting to get an email ... makes you thankful for what we have.”* *“Most of the problems have been good problems...”* Businesses were also creative, developing innovative strategies and, in some cases, forming unexpected partnerships to take them through the pandemic and several years into the future. *“Now we are very optimistic about how the future will be when people are vaccinated and back to moving around normally.”* Clients with an office presence in Asia noted their gratitude for the opportunity to learn from how their Asian colleagues went into the first lockdowns early last year. *“The path well-worn helped us move through the crisis with more confidence.”*

The desire to be outside has helped generate increased revenue – The focus on personal wellness and fitness was exceptionally good for those in the recreation sector as people sought to spend more time escaping to the outdoors. *“A pleasant surprise as a year ago, survival was front-of-mind – we benefited from unexpected tailwinds.”*

Pivoting priorities – Businesses involved in technology and transportation reacted to the abrupt downturn in customer demand by exploring shoulder industries and developing alternative products or services. Non-performing and aspirational divisions were sold off or mothballed and new engagements were developed by forming fresh strategic partnerships with an eye toward the *“changed post pandemic world.”*

Smart and forward-thinking IT investments paid dividends – The move to “WFH” (working from home) for clients that had previously invested in their technology platforms was seamless, as they had not been tethered to specific physical offices and had already embraced videoconferencing prior to the pandemic.

New shoots of creativity – The time away from the physical office for some has allowed for people to find *“blocks of time where you can think about things and be creative”* for problem-solving and raising awareness of others to offer positive assistance. *“There were a number of successful projects which resulted from that activity.”*

“Hopefully time will draw a little of the poison out...**take the tribalism out of our politics and culture.**”

Interaction models have changed – *“We miss the interaction with the business – we normally sit near other groups and haven’t had an opportunity to bump into each other.”* The lack of personal contact has been a pervasive topic and one of increasing concern throughout the pandemic. Senior management has had to contend with the detrimental effect on corporate morale – no matter how well the business has been doing. A silver lining against the backdrop of the challenges has been that *“people get to spend more time with family not having to commute.”*

Work, work, and more work. – As expected, global organizations faced similar challenges regardless of location. Large legal teams around the globe found it *“super grinding.”* *“When there’s loads of action, there’s loads of work.”* For one client, working from home has been *“incrementally less efficient but effective,”* For another, the psychological toll of operating through the pandemic presented a challenge to legal teams – particularly when working with varying personalities in management. This problem manifested itself in the form of a *“retreat of introverts in isolation.”* *“We have virtual coffees and try to recreate the conversations at the watercooler for a few minutes to combat the feeling of isolation.”*

The increased reach of politics – The “triple-header” of the pandemic, politics, and social justice issues has not escaped the workplace. *“Politics has shown up in our business and in our operations.”* This is evidenced at some places by a resistance to mask-wearing and vaccines, with open arguments occurring during team meetings. For one client’s corporate parent with diverse product lines, navigating the political minefield has been a challenge as they seek to bring together multiple brands within the portfolio and try *“working to be a unifying force.”* The experience has *“crystallized what people identified with,... and I don’t think that will change.”*

Technology will only go so far when the core of the business is transportation. The inability to move people during COVID resulted in a large number of layoffs and contributed to the racially motivated reprisals we continue to see across the United States. While political overtones were not so much of an internal issue, the combination of what transpired led to a *“rough, sad summer that seeped into the recent attacks on Asian Americans – mind blowing.”* Panelists with Asia-headquartered organizations or those with a significant number of Asian employees emphasized the toll the harassment and attacks are taking, and the resulting low morale and atmosphere of fear. *“I heard stories from my colleagues being followed or incidents regarding family members...”* Measures such as adding anti-harassment training into the corporate curriculum are being considered as they grapple to provide assistance. One panelist said they recently took a class in bystander intervention.

The lows

The transformation to normalization

We are witnessing an emergence from the dark days of the pandemic. WFH has been a polarizing and emotional subject, and younger staff want to interact and spend time with colleagues, go to the pub, and take vacations. It will be interesting to see what the remote working situation is two years out. For now, companies continue to evolve and strategize for the future.

The “new normal” is now just the normal. As with previous virtual roundtables, our client participants agree that a form of remote working, such as a hybrid model, is here to stay and that the health and safety of employees globally is increasingly in the spotlight as the *“head office is very, very concerned about people’s health and safety.”* Compounding the challenge, companies have also been dealing with differing generational and cultural perspectives.

Adaption will be quicker for some industries than others – Generational bias to embracing new ways of working is evident in some long-established and inherently conservative companies and industries, particularly in the financial services sector. In contrast, our clients in younger, more nimble consumer products or technology companies who were quicker to implement change have benefited from a more flexible and open culture and work environment. *“The transition has been much easier than initially expected into this post-pandemic world.”*

WFH productivity gains and mistrust – The technology revolution that gave us the ability to work from anywhere has been revolutionary but has also highlighted certain drawbacks and issues within long-standing corporate cultures and their senior management. Historical and organizational practices continue to factor as biases against remote working. *“We grew up going to an office each day.”* For some, the push for people to be together again is driven partially by a mistrust of staff working remotely – a theme that has come up in previous roundtables.

Panelists discussed the monitoring of employees to ensure appropriate hours are spent working. Current measures range from client surveys, to filling out time sheets, to regular one-on-one check-ins – *“What are you up to? Are you keeping up your work? Are you maintaining your service level?”*

“It will be interesting to see what the **remote working** situation is two years out.”



“Moving to working from home was **seamless** for us.”

Positive feedback is another activity gauge. It tends to be frequent regarding high performers (“*Herculean effort throughout the pandemic*”) and infrequent regarding others, which can lead to questions. One participant commented that there needs to be more focus and faith in the hiring process – trusting the people you hire. *“I know what everyone is working on... I know if cases are progressing the way they need to.”*

Within many organizations, there are “pyramids” of conversations, and *“noise comes up pretty quickly.”* This transparency has, to some extent, been beneficial – particularly in large cities where the *“lockdown has been hard on younger staff without family or living in small apartments and unable to leave.”* HR teams have stepped in, taking on the heavy lifting and providing assistance and counseling, thus mitigating “disengagement” by and large.

Hiring, retention, and integration – The double-edged sword of operating remotely comes into play when seeking talent and mentoring new hires. While being remote is a competitive advantage to flexibility when engaging at the VP level and above, *“new hires and junior team members not being in the office are missing out on the one-on-one mentoring opportunities and watercooler chats”* where so much is picked up through osmosis. Not having those individual encounters, watercooler catch-ups, and on-the-spot brainstorming sessions has proved difficult for junior team members who are progressing in their careers and need to learn by seeing their colleagues “in action” – something very difficult to replicate in a virtual setting. While platforms like Zoom have proved to be invaluable in connecting colleagues, it is difficult to interpret body language, which can be important not only for junior team members but also for everyone.

For the most part, employees have risen to the occasion and met the pandemic challenges head-on. Companies have revised WFH policies and bonuses to remain competitive and retain staff. *“To be competitive, we need to give a work from home policy.”* HR is credited with developing assistance and supportive policies for all employees and especially those in need of help. Unfortunately, there have been cases *“where employees took the opportunity to tune out,”* cementing a road they were already on.

The importance of corporate culture – Legal teams continue to influence the discussion and work on coherent and consistent remote working policies. *“We are at an inflection point that we need to figure out what we are doing to evolve.”* The pull of the legacy work ethic is strong as *“we fear we are losing the magic thing that helps us make money and manage risk.”* Policy development around ad-hoc flexibility and to ensure transparency and accountability are moving forward is a priority – *“a push-pull, but we know we can do it.”*

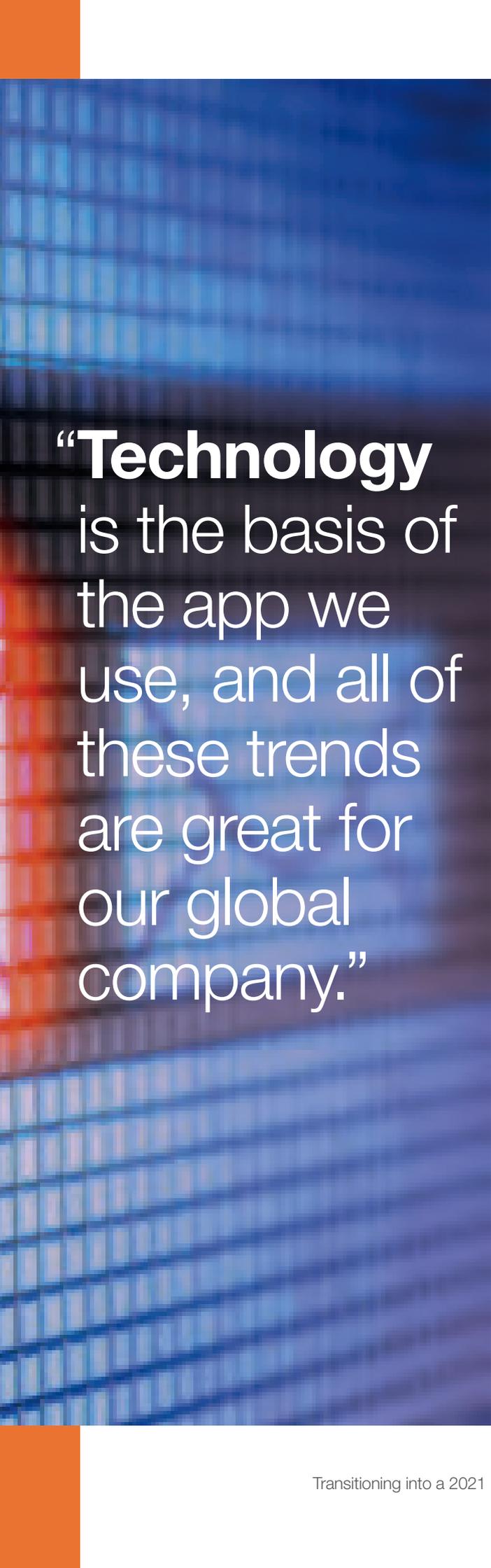
Corporate culture continues to change and adapt. Some management teams have moved to operating remotely from their personal locations of choice – in many cases, choices based around lifestyle. This eliminates the need for people to congregate at head offices, meeting as needed at regional business units or subsidiaries – also reducing the need for business travel. *“I have not been on a plane as much – which has been a bit of a cultural challenge.”*

Focus on productivity, not location – Technology companies have, more often than not, fostered a tight-knit culture, shunning individual offices and meeting around a table or on sofas. This togetherness prior to the crisis proved helpful for dealing with real-time situations. The existing in-person bond allowed teams to maintain a similar level of connection more easily and without having to scramble and reach out to team members – *“our people remained close throughout the pandemic and did not break the bond.”* There was a heavy reliance on existing social capital in order to help maintain relationships and productivity. Moving forward, some clients commented that the office will be the *“part-time element,”* and most work will be remote. *“The way we worked before the pandemic has us well suited to have flexible office hours when the pandemic ends.”*

“I don’t care where you are as long as you are doing your job **effectively.**”



The business
model of the
future
– the role of technology



“Technology
is the basis of
the app we
use, and all of
these trends
are great for
our global
company.”

Certain workplace habits that developed during the pandemic can prove problematic for IT, data storage, and compliance as *“colleagues write way too many emails since they can’t walk down to your office.”* For some organizations, email overload is the consequence of underutilized chat facilities and a reluctance to pick up the phone because of “Zoom fatigue.” Legal has been vocal to management about the potential for future administrative headaches due to increased emails *“becoming part of the record.”* Interestingly, the more frequent email exchanges have become akin to text or instant message conversations and reflective of changes in communication methods and style.

While texting and popular messaging applications such as Slack and Skype have been around for years, we are seeing a move to integrate messaging apps into existing IT platforms – a good example of which is Microsoft Teams. People now tend to text more than they email, so *“we have had to teach people that anything written down [in a work context] is potentially discoverable.”* As the evolution of communication practices affects the ways in which business is conducted, it is also important to *“try to keep some of the old habits when dealing in a fashion that is not email.”* Our panel also agreed that *“there is nothing wrong with picking up the phone to have a conversation.”*



“I am **optimistic** about the trends and where we will be in a year.”

Technology trends - Our diverse panel was asked for their views on technology trends and what is coming up on the horizon now that companies are able to focus on the business with less noise and distraction from external influences.

Consumer product companies are honing their direct-to-consumer businesses, doing much more online than prior to the pandemic, which has led to significant growth in operations for e-commerce businesses. *“For us, it was already there, but has been accelerated – and that customer behavior is sticky.”* By the same token, focusing on and streamlining their online presence has created challenges for those companies seeking to connect with and serve their brick-and-mortar customers. They are *“frankly now playing a little catch-up with the other large retailers in terms of our online presence and operations.”*

While organizations were already investing in developing applications, e-commerce, the blockchain, and cryptocurrency prior to the onset of the pandemic, clients noted that the trend has been and will continue skyrocketing. *“Whatever allows people to access more products is a good thing.”* If more technology is indeed *“better,”* careful consideration is needed for data security. *“Keep an eye out for security issues.”* Data breaches are common, and the information is often used on the dark web to take advantage of people. *“We are respectful of the threat.”*

Investing in cryptocurrencies is becoming more of a trend. *“Bitcoin is really interesting.”* While central banks are lagging behind in crypto and adopting blockchain technology, *“they are slow and a bit draconian, but will no doubt catch up.”* Bitcoin will be subject to regulatory and compliance requirements along with cryptocurrencies. The value of this technology for corporations lies in blockchain and distributed ledger technology, which is used for transactions, contracts, and record keeping. Blockchain is already having a significant impact on supply chain management. *“It has real value for us.”*

Public concern and pressure from investors is influencing technology development across various sectors. The rise of ESG (Environmental, Social, and Governance) is a key tenet for our clients. Protecting outdoor space and the environment, increasing the focus on diversity and inclusion, and broadening diverse marketing efforts and customer outreach will help push companies in the *“right direction,”* *“result[ing] in a more diverse customer base.”* *“It will be good for our company and good for our people.”*

When addressing technology disruption, clients said, *“we are collaborative connected problem solvers... who come up with solutions.”* Client organizations are always *“organically morphing, expanding in one area and contracting in another and trying to accomplish more.”* Clients discussed how technology is moving constantly and at a faster pace, and a balance is needed as life cycles across industries and sectors ebb and flow. *“Technology... – it’s always there.”*

External

influencers

society, trends, and politics (a New Deal)

Businesses continue to reinvent themselves in an effort to build on what has worked for them over the past 14 months and shelving what has not. Managing the economic, social, and political ramifications for business and culture still has management teams spinning a number of plates at the same time. As the world begins to recover and focus on a new tomorrow,

“the effects of last year will continue to shape strategies [over the coming years].”



“Whatever allows more people to have access to **more products** – that’s a good thing.”

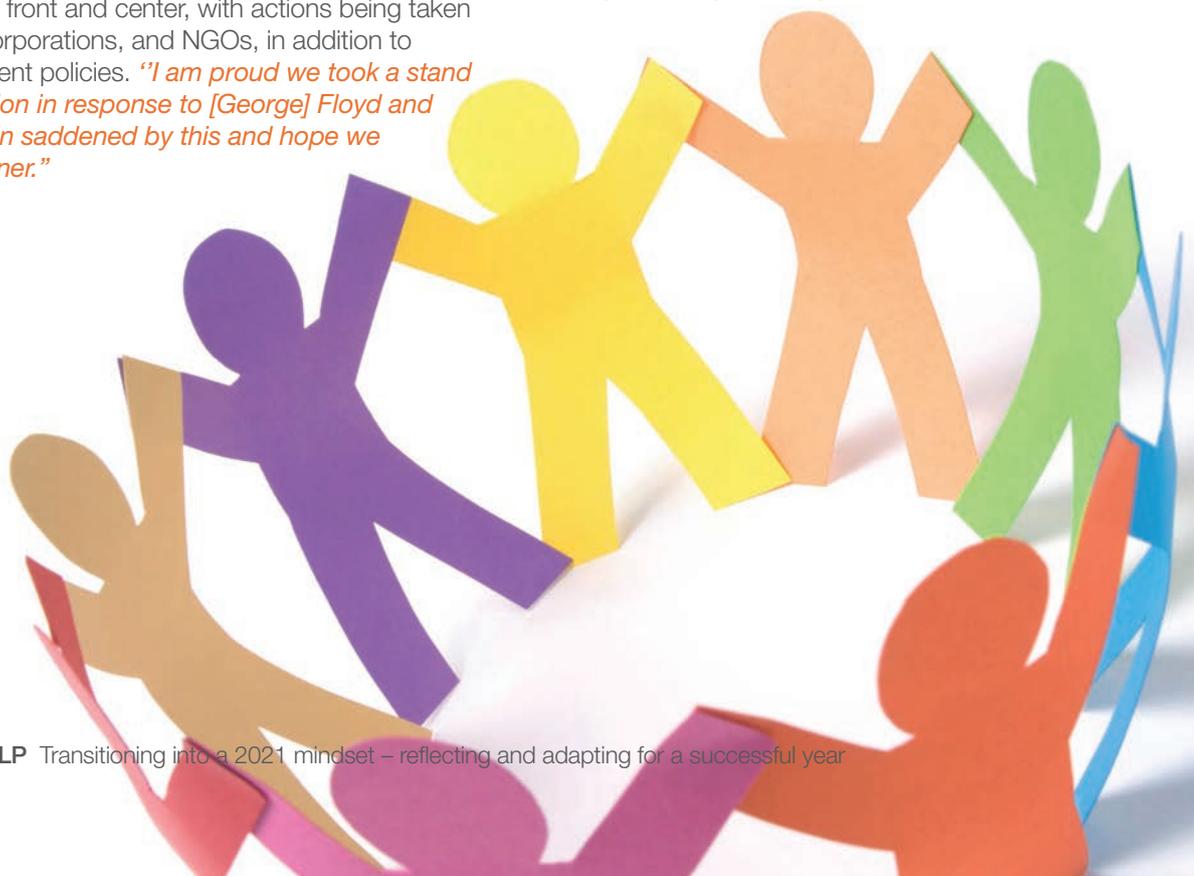
Organizations are only as strong as their people and are undoubtedly influenced by what is happening in the world around them – even to them personally. Naturally, mindsets will be altered and affect the conversations that are happening in the workplace and elsewhere. Our clients took a few minutes to share their top-of-mind thoughts on the current climate and their outlook for the future.

The recent attacks on Asian Americans is difficult to process. It is a symptom of the greater race issues that surfaced over the last four to five years. *“Everyone kept a lid on it before.”* Panelists agreed that what is happening is a global human rights issue that *“is potentially destructive to society.”* The combined stress of the pandemic, social issues, and politics affected everyone. *“It was so raw...it got to the point where I was shock-less.”* Businesses found themselves walking a fine line to maintain a balance internally and with clients in order to be respectful. In certain markets, *“we make it a point to not talk about God, religion, politics, or guns.”*

Looking ahead, there is both skepticism and hope – as the issues are front and center, with actions being taken by individuals, corporations, and NGOs, in addition to shifting government policies. *“I am proud we took a stand in voice and action in response to [George] Floyd and others.”* *“I remain saddened by this and hope we can turn the corner.”*

Politics aside, for some, there was a palpable sense of relief that the changes of administrations in Washington will provide greater transparency, predictability, and stability. *“I am relieved to not wake up to a Twitter outrage every morning.”* *“A return to rationality in government will be a welcome change.”* As with the sociopolitical concerns, there is both hope and uncertainty regarding what can and will be accomplished in the current term.

Regulatory change is coming, and rules will be tightened, presenting corporations with opportunities and challenges. Domestically, these can range from the treatment of independent contractors, to adding service fees, to dealing with state and local regulators. *“We will navigate through policy changes as everyone will.”* Certain internationally based entities will also come under greater scrutiny – as dictated by foreign policy and the focus on human rights and American values. *“There will be some thorny issues that they will challenge.”* Greater optimism prevails as it pertains to the economy overall. Rebuilding America’s infrastructure, rising job numbers, and a strong global market are all good for business. *“Having a president that is well meaning, even if you disagree with him, should help.”*



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