

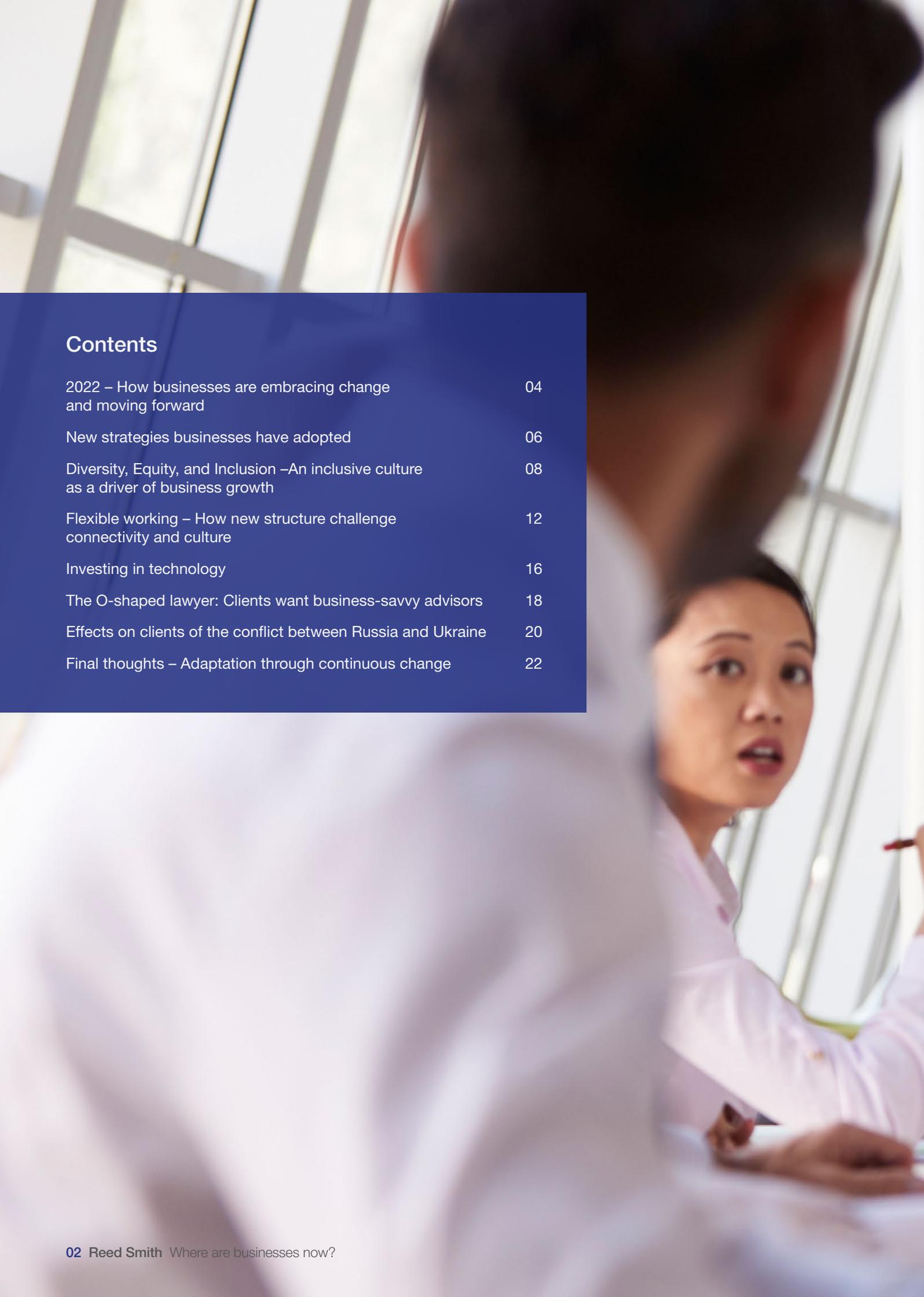


Reed Smith Virtual Roundtable Series

Where are businesses now?

Clients' approach to reshaping how to
work, function and scale in 2022

ReedSmith
Driving progress
through partnership



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Another year of embracing change and living with uncertainty – a discussion on how to move forward and scale your business

The discussion centered on:

- **New skills** needed for businesses to survive and flourish in the wake of the “post-pandemic new normal”.
- How clients are ensuring lawyers deliver not only the **best legal advice** but also ensure that they are getting the **best value**.
- What clients expect from lawyers in terms of the **use of technology**: whether they expect more use of technology, or are simply focused on the end cost.
- What businesses are doing to **maintain their culture** throughout increased and ongoing remote working.
- Whether **ESG** has become an important consideration in clients approach to their 2022 business plan and what their current commitment is in the space.
- How organizations are tackling **diversity-related issues**, and initiatives that have been impactful and successful.

2022 – How businesses are embracing change, adapting to ‘no normal,’ and moving forward

We are delighted to be reconnecting with our clients in our first set of roundtables to discuss the current and topical issues they are facing. As employees are now working in various capacities (remote, hybrid, and full-time in-office working), businesses are realizing (and accepting) that the term “post pandemic” means learning to co-exist with COVID-19 rather than ever truly ‘returning to normal.’ We are finding ourselves now adjusting to a period now where there is ‘no normal.’



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COVID-19 has transformed many things, including companies’ business operations, and has raised many questions about how companies will move forward organizationally and culturally.

The fact is that we might not have all the answers right now, and that is OK. There is power in vulnerability and transparency in acknowledging that we might not necessarily know how to move forward. One of the objectives of the Reed Smith roundtable program is to help our clients with this – by sharing ideas and insights, and discussing the ways in which companies figure out the “how”.

This roundtable was part of Reed Smith’s wider series designed to create a platform for senior business leaders, general counsel, legal and business teams, and senior management representatives to share relevant business experiences, discuss live issues, and explore strategic ideas for the future. Our aim is to foster a real peer-to-peer learning environment, allowing clients to discuss real and current issues in an informal but informative setting.

Our roundtable events, in their virtual and in-person formats, are held under the Chatham House rule. Therefore, in this report, we have not provided specific names or examples, and we have kept the report confined to themes with the goal of outlining our clients’ approaches to business in 2022 – reshaping how their businesses work, function, and scale.

As we continue to explore some of the critical issues in-house legal teams are dealing with, we are grateful to our clients for their participation and thought-provoking discussion. We look forward to continuing the dialogue with them as the global changes become our new reality.

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



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New business strategies: Responses to 'how' we move forward effectively



“We have spent a lot of time as a senior leadership team on how we’re working to change the way we think, we work, and where we do the best work.”

Companies have spent considerable time looking at how to implement new working policies from the lessons learned over the last two years.

Some companies are “coming out feeling confident about the recovery and what’s in front of us.” Others are still figuring out how to move forward using the new structures they have developed.

Clients spoke about the challenge of being prepared for the next potential crisis: staying ahead of market trends and managing risks, whilst remaining focused and organized. Consideration of the potential risks of any new business opportunities has also become more important.

Senior leaders have further encouraged their employees to expand upon business skills so that they can offer enhanced levels of value to their clients in this increasingly challenging business landscape. This includes keeping track of further advancements in technology, especially those relating to remote working; keeping diversity, equity, and inclusion at the forefront of business strategies; and recognizing and embracing evolutions in the company culture.

We delved into these areas with our clients to better understand how they are effectively implementing a broad range of changes and how they feel these have impacted their business planning and strategies.



**Diversity, Equity,
and Inclusion – An
inclusive culture can
be a powerful driver
of business growth**

“The UK House of Commons recently reported that companies in the top quartile for gender diversity on their executive teams were 25 percent more likely to have above-average profitability than companies in the bottom quartile.”¹

Clients were vocal about their need to expand their approaches to diversity: their company values, challenging issues, as well as the new policies and practical measures they’ve put in place to address the new status quo.

The flexible work environment necessitated by the past two years created challenges, but also offered opportunities for business to adopt broader work practices.

We are seeing an acceleration of new work dynamics, landscapes, and issues - many positive - that require the consideration of new business strategies. It is an exciting, and sometimes daunting, time for organizations.

There was a lot of discussion about a new generational workforce that has emerged post-pandemic and the split in attitudes between the “*millennial*,” “*gen x*,” “*baby boomer*,” and “*silent generation*” workforces – with the latter preferring that everyone be back in the office full-time in a face-to-face work environment as soon as possible. There was much thought-provoking discussion around the traditional office environment, which seemed to favor some demographics of employees over others, and there was dialogue around the fact that not everyone wants to return to the old ways. It is likely this debate on remote working vs. working from the office will continue until a natural work environment is organically formed. In this regard, time will tell, and it will be exciting to see what the future of the office environment will look like.

Most employees praise hybrid and remote work structures as having a positive effect on their work-life balance. Research has shown that this is especially true for those who have parental and other care responsibilities, as well as newer generations of employees. Our panel discussed what businesses can do to encourage staff to see value in returning to the office and they agreed that organizations need to work “*harder and faster towards creating inclusive workplace environments*” by promoting a work environment where different perspectives are encouraged and accepted.”

The new office dynamic - the evolution of generational issues

Clients spoke of the diversity of issues they face and highlighted that each business faces its own specific challenges. It was also clear that companies are still at various stages of their journeys to establish strategies that address the need for their businesses to recruit a more diverse workforce.

One area that everyone seemed to agree on was that creating clear, specific, and transparent goals within their business is key to achieving targets for diversity, equity, and inclusion.

The issues businesses are facing in terms of diversity are evolving. Gender pay gaps still continue to be an issue for some of our clients’ organizations, and it became clear during the discussion that all the panelists were seriously considering different ways to address recruitment and ensuring that their related processes are fair and representative, particularly in respect of apprentice-based businesses, although there was a general consensus that this has become an issue for most businesses.

¹ “Diversity Wins: How Inclusion Matters.”
By Dixon-Fyle, Sundiatu, et al., for McKinsey
& Company, April 6, 2022

A new debate has arisen in this new pandemic period concerning the argument between remote working and the hybrid working model. There are pros and cons with both models, but everyone agreed that remote working tends to have a more negative impact on employees entering the workforce at a young age.

For some, remote office work cannot be a substitute for in-person work and learning from peers and seniors, office socialization, and *“learning through osmosis.”* This needs to be addressed in the planning and assessment of more junior team members and workload structures to ensure they are able to grow and progress.

“The ability to teach in these difficult remote environments is something we are going to have to invest in and adapt to, in order for everyone to feel like they’re learning.”

Actions and measurable steps: What are clients are doing to combat bias

Just as businesses no longer view flexible working as a ‘nice to have,’ extensive and effective diversity initiatives are now considered an essential part of modern business. It is not acceptable for rudimentary policies to exist purely for box-ticking purposes. Most clients cited substantial efforts they are making towards ensuring their strategy and business planning take into account the need for diversity at the heart of all their initiatives – be that in recruitment, internal promotional structures, or financial incentives.

Clients spoke of how diversity metrics increasingly form part of their wider financial objectives and targets. Diversity objectives are now a key component of executive compensation and form part of the measurement of senior management team performance. There are also moves to make diversity targets more exacting, as reports on diversity inclusion are being generated with actual numbers, drilled down to the team level, so that individual objectives are transparent, clear, and more specific, thereby introducing more accountability for senior management.





“Index of measures is now part of the annual review for all senior leaders in terms of whether or not the statistics are working.”

Diversity is also being tackled more comprehensively in recruitment, with firms hosting training sessions on subjects such as unconscious bias, to aid fairer interview processes. One client also spoke of their efforts to ensure the performance of their employees is fairly reviewed in terms of assessment for promotions, with *“bias ambassadors”* present at all performance review sessions to mitigate bias.

“As part of the performance management process, we have established bias ambassadors to make sure people are being reviewed equally and fairly.”

There is clearly a shift in attitude by businesses towards creating a more diverse workforce. The panel discussed other initiatives that some have implemented around increased investment in skills and talent, both inside their own workforces and within the community.

Some of the initiatives they discussed include:

1. Creating a pipeline for talent by providing junior diverse colleagues with the right career opportunities and support through training to help increase their prospects of promotion to managerial roles.
2. Providing increased funding to help form better partnerships with schools, community programs, and mentorship programs. Bias presents a lack of funding in these areas, and should be recognized by industries to provide training to their employees on how to build these relationships
3. Increased investment in the form of senior hires, with some companies creating a head of diversity for each of their different divisions to further embed their efforts.

“Innovation thrives on diversity.”

Key Takeaway: Research increasingly indicates that companies with diverse leadership are more profitable and more successful in their individual markets. Having visible role models that replicate diversity in the community will help a company in its recruitment, and equality of opportunity will contribute to a more stable and satisfied workforce.



**Flexible working –
A new structure
that challenges
connectivity
and culture**

“Before COVID-19, businesses believed people would be less productive working from home. Remote working has proved this wrong.”

Through the lessons learned over the course of the last two years, we have undoubtedly realized a transformation in the workplace.

Within our clients’ businesses (and at Reed Smith), there was a lot of discussion around the fact that management teams have worked tirelessly to provide employees with the necessary tools to enable them to operate from home more efficiently. This is in addition to empowering teams to integrate better in the virtual work environment and, at the same time, helping employees to embrace and normalize technology. A common trend observed was that work productivity increased once employees adapted to the new virtual reality.

What are the benefits of remote working, and where are we seeing positive change?

With companies now having concrete policies in place for remote working, clients have seen noticeable benefits by offering enhanced flexible working options:

- 1. Better work-life balance** – creating a flexible workplace empowers employees to be engaged with their work and shows trust that employees will get the work done no matter how, when, or where it happens.
- 2. Increased productivity** – working flexibly helps management to define employee expectations and has translated into fewer distractions from the workplace.
- 3. Attraction of top talent and greater diversity** – given that the new generation of employees require flexible working as an option, flexible businesses can recruit from a larger pool of talent, leading to greater diversity as well.

Flexible working is also proving to be the main driver for employee well-being, which is advancing the productivity of businesses. Senior management now has a *“focus on well-being for their people – putting barriers in place that are healthy given all the work streams.”*

Throughout the pandemic, the panel members discussed how companies have been “rock stars” in offering their employees benefits to help maintain a better work-life balance. In this regard, they created an *“employer checklist”* to help ensure the well-being of their workforce.

Employer checklist: What are your employees’ needs?



Are you ensuring your employees’ well-being and morale are high so that they feel more competent and valued?



Are you finding ways to create a caring and collaborative work environment that protects the health of your employees?



Do you have benefits in place that support all of your employees facing different work-life issues?



Working flexibly has empowered employees to speak up about the benefits that are important to them – particularly when it comes to the needs of working caretakers and parents of young children. An increasing number of companies are now listening more effectively to the needs of their staff and providing enhanced support and benefits focusing on childcare as part of their employment packages. This is another important step to help attract and retain talent.

One client spoke of the appreciation she has for the backup childcare offered by her organization and the systems it has in place to ensure women have the opportunity to advance in their careers even while on parental leave. These enhanced policies have proved to have a compounding impact on the morale and well-being of staff as they can permeate the ethos of the organization promoting trust, loyalty, and closer-knit teams.

A family-friendly employer can be a significant benefit to a business as they demonstrate trust for their employees. They can also show that management is attuned to the needs of their people by doing what is best not only for their business but also for their employees.

Clients also touched on the benefits brought about during the pandemic that have now become part of the working norm, one of which is mandatory mental health days to deal with overtime and work “burnout.” Having the opportunity to have a mental health day has, at the very least, made employees feel increasingly valued and appreciated. While some might use it to unplug from the high-stress environment of their daily work routines (e.g., answering emails and phone calls), others might use it to catch up on personal responsibilities, like running errands, attending doctors’ appointments, or caring for a family member. We have seen clients opting to **“ensure employees’ well-being is top priority and provide them the accommodations they need.”**

Well-being services companies are providing:

-  Free Teladoc subscription to call a doctor at any time
-  Bright Horizons Child Care
-  Meditation apps
-  Disability accommodation
-  A team schedule for time-off – allowing the scheduling of backups where needed

“Flexible working is a double-edged sword. We need people together, but we need to harness flexibility in a way that appeals to talent and delivers on business goals.”

“Flexibility is the name of the game, but it’s in many respects – not just working from home vs. not, but empowering and engaging employees.”

Conclusion – focusing on connectivity creates an inclusive culture

Picking up the phone or having a Zoom call is now one of the easiest ways to stay connected with team members. Panelists who are also line managers shared that they like to take 30 minutes out of their working day to catch up with their teams, ask how they’re doing, and find out how they can better support them.

For most of our clients, remote working, as a surprising but welcome development, has resulted in increased team and office collaboration. With the adoption and use of platforms like Zoom and Microsoft Teams, managers who lead global teams have seen increased communication streams, cross-collaboration, and team diversity. In some instances, there has been a better sense of connection with employees, colleagues, and team members due to the ease with which everyone can communicate. Some also commented on how they use features like FaceTime on their iPhones to have regular catch-ups with their teams. Whilst not the same as the office *“water cooler moments,”* they have become a good and effective alternative.

This has become a new and challenging issue for employers. How can they offer a flexible or hybrid working environment whilst, at the same time, maintaining their culture that offers a welcoming environment for new and junior employees?

“Flexible work is not a one-size-fits-all.”

The consensus of our clients, regardless of their business, was that **flexible working CAN work if you invest in your employees and the workplace culture.** Utilizing chat technologies, virtual platforms like Zoom, or the “old-fashioned” method of picking up the phone are simple ways to check in with colleagues and ensure flexible working is effective. The simplest strategies have proven to help maintain team culture, trust, and employee motivation. *“Communicate. Communicate. Communicate.”*

“Cross-world connections have been stronger than ever.”

Flexible working – despite the common benefits, there are some downsides

Despite the numerous benefits of flexible or hybrid working, organizations with a workforce not returning to the office run a significant risk of losing company culture and alienating younger and new employees, especially in medium-sized and larger companies. This becomes a balancing act, particularly in apprentice-based businesses, where young professionals could lose out on mentorship from their senior counterparts due to less frequent in-person meetings. *“I learned so much sitting in a partner’s office and just listening and seeing.”*

Some ideas our clients shared that help to maintain and promote an inclusive culture in a hybrid working environment include:

-  **In-person and virtual social hours/coffee chats.**
-  **Ice breakers before starting meetings** – informal chats allow team members to feel heard.
-  **Zoom vs. telephone check-ins** – Face-to-face conversation has proved to show a stronger connection between employers and employees, whilst also helping build team morale, lessen separation awareness of remote working, and stimulate teamwork.
-  **Reward and recognition** – recognizing remote employees during team meetings helps team members feel included even when away from the office.



Investing in technology for the advancement of virtual working and recruitment

“We cannot slip back to only valuing the people in the room. [There needs to be a focus] on understanding and managing the hybrid environment where there will be some some virtual people in the room.”

According to some of our panel members, enhancing remote work *“improves work collaboration.”* It became clear since the onset of the pandemic, the most commonly used technology has been video conferencing.

Platforms like Zoom and Microsoft Teams have brought enormous benefits to global teams, allowing for increased interaction, an even playing field for all levels, and regular communication. It has helped with seamless working and facilitated frequent *“touch-ins”* with team members.

Inclusive culture while being remote

“Zoom has brought enormous benefits, as well as trials and tribulations. It is very democratizing because it encourages team leaders to make more contact with their team members. It encourages more feedback and more contribution from people because everyone has an equal share of real estate on the screen.”

Businesses have been encouraged to advance their technology platforms that provide seamless work streams for their employees. Efficient systems are essential not only for effective communication between colleagues but also to assist teams with reviewing and collating matters for flawless work outcomes. In client service sectors in particular, investing in technology that allows for important documents and resources to be centralized is an important growth area.

“My team has never been closer than it has since we started using Zoom. While this is weird to say, remote working encourages more communication, transparency, and speaking up.”

Investment in flexible working has become an important pillar in the recruitment process

Our clients are seeing a *“benchmark decision and desire now for new employees – if they are given a flexible working policy.”* Recognizing this trend, senior leadership now acknowledge that if they are going to recruit remote employees or allow employees to work from home several days a week, there needs to be an investment in new skills and the introduction of innovative methods to ensure employee retention. Some businesses already require managers to take training courses on how to manage their teams remotely – a conscious step towards inclusiveness by seeking contributions from all team members.

With hybrid work being the new normal, at least for the foreseeable future, the investment required for maintaining an inclusive environment while remote is essential.

The benefits management has seen in hiring “remote employees” are the new skills and diversity they bring to the business. While attracting and retaining remote workers has its own challenges, investing in technology helps towards building trust with employees who have expressed a desire to work for a company. Managers are encouraged to familiarize themselves with their company’s internal capabilities in technology. *“Understanding the use of tech platforms efficiently and effectively – this is the best way to support your employees and clients in a virtual environment.”*



The O-shaped lawyer: Clients want business-savvy advisors

“Lawyers need to know the client’s business at least as well as they do themselves. We don’t have time to get the lawyers up to speed.”

One point that clients clearly conveyed is the need for their lawyers to be *“business aware.”*

There seems to have been a pronounced move from expecting outside legal teams to be purely specialists to a need for them to understand the wider picture that the businesses are part of.

Whilst sometimes clients bring in external legal counsel only for specific projects with a narrow or specialized remit, the overall expectation is that even if a lawyer or law firm has a particular sector focus, they should *“know their clients’ business and know it well.”*

External advisors who understand market trends are valuable as they can offer an outside and, importantly, a commercial perspective that is beneficial to clients who are solely focused on their day-to-day business.

One client described their recruitment strategy of seeking out lawyers who are looking to be business partners and who are already embedded within their teams, rather than having a separate legal function within the company.

Over the course of our roundtables, attendees reaffirmed that they value long-term relationships with their outside counsel and are willing to help with training to enable this – which offers a win for both parties. As another client bluntly summarized, *“whether or not outside counsel is up to speed on their business will be the deciding factor in whether or not they continue to use a firm.”*

“It is critically important [for external counsel] to know our business and also for them to be able to help us spot trends that will impact us.”



**The global conflict
between Russia
and Ukraine –
Its effect on our
clients' businesses**

“Businesses continue to improve on what is being thrown at them. And they will continue to flex this muscle as the next obstacle comes.”

The discussion briefly touched upon the impact the conflict between Russia and Ukraine has had on our clients’ businesses, either directly or indirectly.

Some clients have no business in Russia, so it has had a minimal impact, while others have businesses and employees on the ground in Ukraine, monitoring the crisis day by day. *“We have one hundred employees in Ukraine – the health and safety while managing our operations is a massive undertaking and high risk.”*

Organizations have been urged to act, and companies are increasing pro bono efforts to support Ukraine’s humanitarian crisis. Many businesses (including Reed Smith) have organized communications to support Ukraine through regional donation efforts and by providing legal assistance to refugees. Firms are analyzing the humanitarian crisis and partnering with other firms and NGOs to build a network of support.

As fighting in Ukraine continues, we are still tackling the continuous battle against COVID-19. As we consider moving forward, companies are reminded that the world will continue to change and evolve. *“We are not out of the pandemic yet, and we need to keep being flexible.”* With advancement in technology, vaccines, and a wealth of knowledge, industries have established more agility in preparing for the next challenge.

Comments from clients on Environmental, Social, and Governance (ESG)

“ESG aligns with our corporate values on a global basis, and we have a counsel committee that meets monthly to hold themselves accountable.”

“We have committed ourselves to net-zero operation admissions as a group by 2025 and to meet the net financing zero emissions for our financing activities by 2050.”

“It is something we are setting our standards and goals for, and each of our businesses are thinking about ESG. Our commodity and global markets business is looking at green initiatives and carbon reduction footprint initiatives every day. It’s something we are all focused on, and you can’t afford not to be in this environment.”



**Final thoughts –
Adaptation through
continuous change**

What we heard from clients:



The challenging elements that culminated in 2020 and 2021 have now been addressed and have better-positioned businesses for future and continued success. The next issue that needs to be addressed is: **how are we going to capitalize on what we have learned to ensure positive change?**



Through various different cultures and business perspectives, organizations will find their own solutions based on the type of work that they do. Whether it is learning how to work in a continuous hybrid environment, recruiting talent, or advancing diversity – all these developments will evolve and will emerge out of the culture of your business. **“Culture is the most important thing and has been the most important thing that it ever was.”**

Lessons learned from clients:



There is no right answer regarding how businesses should function. The ever-changing world has forced businesses and management to think “outside the box,” be flexible, and continue to make positive change, especially in the diversity space.



When planning for the future, it is important to make conscious decisions about what is best for your employees and business. Management and Legal are engaging in conversations and listening to the concerns of employees – whether around their mental health or work-life balance – and businesses need to “adapt and stay flexible” as this period of uncertainty continues.

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Investment in technology is important in continuing to engage with employees to maintain productivity, collaboration, and morale, but also to build flawless work streams in a remote working environment.

“There is no monopoly on good ideas for resolving these kinds of topics.”

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