

EXECUTIVE REPORT

Return-to-Office Update 2023

A follow-up program designed to increase understanding of how plans have evolved as the industry seeks to adopt a “new normal.”

Introduction

Roughly 18 months after first surveying member firms on their plans related to the post-pandemic office landscape, the Nicsa Fund & Investor Services Committee conducted a follow-up program designed to increase understanding of how plans have evolved as the industry seeks to adopt a “new normal.”

Survey data was collected during the third and fourth quarters of 2022¹. Responses were limited to one per firm. The 35 responding firms represented asset managers, broker/dealers, custodian banks, transfer agents, and other professional services firms within the industry.

The survey included 20+ questions. Most questions used a multiple-choice format but, given the evolving nature of the work environment and related policies, respondents were encouraged to provide additional detail.

Hindsight is 20-22

In 2021, data was collected during the month of April. Vaccines were becoming available on a rolling basis across the country. Because return to office efforts were still in the planning stages, there were a lot of unknowns. According to 2022 respondents, nearly 75% of firms utilized internal resources to craft policies and a plan surrounding return to office strategies. Ten of these firms also tapped the expertise of consultants and outside counsel.

Providing a vastly different perspective from the 2021 survey, all 2022 respondents indicated that their firms have returned to the office. For over 90% of respondents,

that return has not involved being in the office 5 days a week. Among those who said that they have returned to work in a format similar to pre-COVID, several noted that their in-office activity is typically onsite with clients and so is based on client needs.

Vaccine Policies

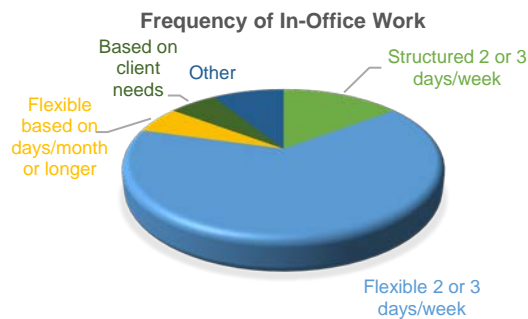
With vaccine policies continuing to evolve, the 2022 survey showed an increase in the percentage of firms who said that they were either requesting (20%) or requiring (31%) that employees become vaccinated. Slightly under 50% of respondents said that they have no mandates or policies regarding vaccines; this compared to nearly 70% of 2021 respondents. Some of this change may be attributable to reduced accessibility of vaccines during April 2021 as compared to present. Notably, 24% of those who do not have mandates explained that they had previously required employees to be vaccinated to return to the office, but those requirements were lifted in second half 2022.

For those with vaccine guidance in place, the policies were typically not imposed by role but were instead applicable to all employees for over 75% of respondents.

Structuring a Successful Hybrid Environment

Flexibility was a key consideration in defining what “hybrid” means for most firms. Sixty-five percent of respondents said that they had flexible models in which employees were expected to be in the office 2 or 3 days per week, but that the employees or teams were able to choose the days.

¹ August through October 2022.



Additional activities highlight the continued importance of work-from-home (WFH) considerations as firms respond to continued interest in a hybrid environment among existing and prospective staff:

- Thirty-four percent of 2022 respondents are updating job descriptions with WFH abilities/requirements, up from 11% in 2021. Several additional respondents noted that this topic is in discussion.
- Despite the premium placed on the availability of WFH opportunities, this does not mean a wholesale adoption of required WFH. Only 9% said that they are requiring some employees to work from home, down from nearly 33% in the 2021 study.

Over 50% of responding firms said that WFH employees can work from any location. Among those who had a formal or informal policy regarding proximity to an office, specific considerations included that employees must remain in the U.S. and that in certain states, there may be tax or payroll challenges.

In addition to WFH incentives, some employers are offering perks that make coming into the office more enjoyable. One firm mentioned bringing in food, while others are offsetting commuter

costs with transportation reimbursement. In response to the decrease in foot traffic in some office areas, one firm has implemented a trial with local off-duty police to provide escorts between the office and nearby transportation.

Implementing Flexibility to Attract and Retain

When asked to describe post-pandemic changes to their retention strategies, several firms noted that they have allowed fully remote positions or movement to a different office location.

“We put a premium on finding the ‘best’ talent regardless of geography.”

Others mentioned that they have adjusted salary ranges to meet market demands or offered retention bonuses.

“At this point, Managers are provided flexibility to approve hiring/retaining employees outside of our specific office footprint if needed based on specific/unique skill set and/or performance.”

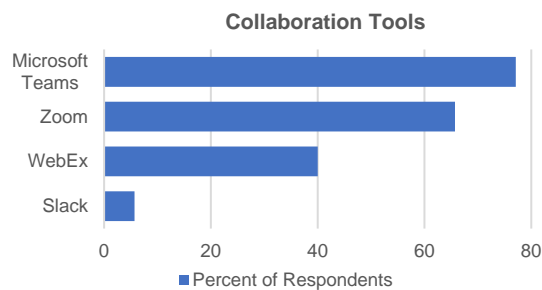
Slightly more than one-third of respondents said that they are providing resources to people working from home permanently. Although a number of these respondents said that these resources are limited to core technology such as laptops and monitors, others said that they have provided resources such as stipends, office furniture setups, enhanced internet connections, and dedicated IT support.

In order to meet their ongoing needs, firms continue to collect feedback from employees. Eighty-five percent of respondents have implemented employee surveys related to desire to return, wellness, resource needs, etc. This was consistent with the 2021 study.

Technology

The need to embrace technology has been impossible to deny since the start of the pandemic and is reflected in both increased adoption of technologies, including collaboration tools, and increased support needs.

Microsoft Teams emerged as the leader in collaboration tools among 2022 respondents. Thirty-one percent of respondents indicated that they use at least 3 collaboration tools.



With the wide adoption of alternative work environments has also come an increase in potential exposure to cyber risk. Approximately 50% of respondents said that their firms had implemented technology enhancements driven by cybersecurity concerns. An additional 46% of respondents said that they didn't have the knowledge to answer this question.

Respondents generally did not disclose specific cybersecurity upgrades, but general themes included:

- Increased variety and frequency of cybersecurity training for staff
- Additional authentication protocols
- Adoption of cloud-based technology
- Expansion of protections against viruses and spam

Thirty-four percent of respondents indicated that they had expanded IT resources to support the WFH environment.

Flex Time

Eighty-eight percent of respondents said that in the WFH environment, work hours for their staff will remain consistent with pre-pandemic expectations. For 80% of this group, that translates to a 9 a.m.-5 p.m. work schedule; the remaining firms commented that they would continue to allow the same flexibility that they did pre-pandemic.

- Fifty-seven percent of respondents said that managers will have discretion over flex time and other alternative work requests, which was comparable to the 2021 level of 53%.
- Twenty-nine percent said that HR policy would drive these decisions compared to 11% of 2021 respondents.

The sentiment that the majority of firms would anticipate returning to pre-pandemic norms regarding customer service carried over to expectations regarding standard operating procedures for transaction processing.

- Thirty-six percent of responding firms said that they plan to revert back to previous policies when appropriate.
- Twenty-four percent anticipate keeping pandemic-era procedures in place.
- One-third of respondents were uncertain whether policies would change back.

Office Space

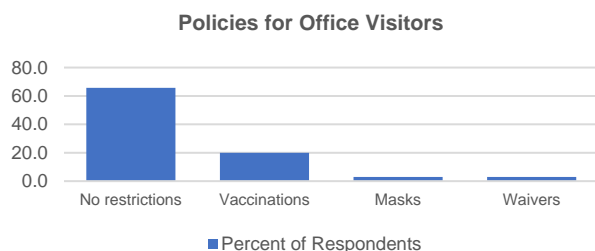
As firms think about the environment in which in-office work happens,

- Thirty-one percent of respondents are redesigning offices and cubicles;
- Twenty-nine percent of respondents are redesigning common areas; and
- Thirty-seven percent of respondents are reducing the size of their real estate footprint.

In addition, one firm noted that they had completed an office redesign before the pandemic, and another firm had completed the construction of a new smart headquarters earlier in 2022.

By comparison, 50% of firms responding in 2021 indicated that offices, cubicles, and common areas would be redesigned.

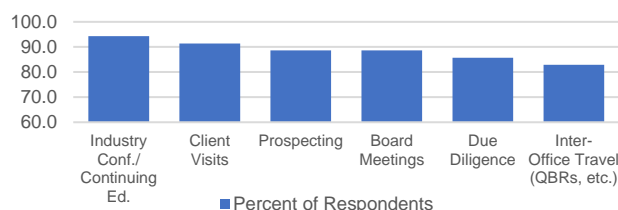
In addition to welcoming back employees, firms are again opening their doors to visitors. Sixty-six percent of responding firms said that they had no restrictions on visitors to their offices.



Travel

The 2022 survey revealed that one area where the new normal may be very similar to the old normal is travel. Although 25% of responding firms said that temporary or permanent changes to travel policies had been made, most respondents indicated few specific limitations on travel in 2022-2023.

Expected 2022-2023 Travel



As travel picks up, industry conferences and continuing education topped the list of approved travel, followed closely by client meetings.

About Nicsa

Nicsa is a not-for-profit trade association striving to connect all facets of the global asset management industry in order to develop, share, implement, and advance leading practices. For over sixty years, Nicsa has promoted an open and collaborative environment, where members' and partners' deep expertise and unique perspectives have come together to help strategically implement and support the industry's most vital issues. [Click here for more information about membership.](#)

About NQR

NQR has partnered with Nicsa to evaluate and report on the results of the Nicsa member survey. Founded in Boston in 1991, NQR provides transfer agent, intermediary, and service provider oversight solutions to leading U.S. financial institutions, including 8 of the Top 10 mutual fund managers and a majority of the Top 50. The NQR team averages over 20 years of industry experience in audit, operations, customer satisfaction, and compliance/legal. www.nqrinc.com