

Feasibility Analysis of a CIBC Wood Gundy Transition to a Remote Workforce

for

Honourable John P. Manley, P.C., O.C., Chair of the Board, CIBC
Victor G. Dodig, President and Chief Executive Officer,
CIBC

Edward Dodig, Executive Vice President and Head of Private Wealth Management,
CIBC

By:
Max Foran
English 301 Student

August 3rd, 2020

Table of Contents

Abstract.....	3
Introduction.....	3
Statement of the Problem facing CIBC Wood Gundy.....	3
Discussion about the Changing Workplace Environment.....	4
Purpose of this Report.....	5
Description of Primary and Secondary Data Sources.....	5
Data Section.....	6
Presentation of Data.....	6
Discussion	10
Possible Challenges Encountered in the “At Home Economy”.....	10
Proposed Plan for CIBC Wood Gundy.....	10
Gradual Transition to Remote Collaboration.....	11
Modification of Current Systems in Place.....	13
Benefits of Transition.....	13
Conclusion.....	14
Summary and Interpretation of Findings.....	14
Limitations of the Data.....	15
References.....	16

Abstract

The COVID-19 Pandemic is presenting a new reality within the workforce. In the early months of 2020, hundreds of thousands of employees across the world were transitioned from working at the office to working in their homes as world governments struggled to control a global virus. It has been the largest work-from-home experiment in recent history, and it has justifiably led to questions about the future of the workplace. Once believed to be necessary for companies and their employees, high rent offices in downtown locations are beginning to look increasingly expensive while the benefits of the office space are becoming less clear. Work-from home software such as Microsoft Teams, or Zoom Video has proven, in some cases, to be a successful alternative to in-person collaboration. To that effect, the COVID-19 pandemic has been the catalyst for many corporations to question whether it is possible for a business to operate smoothly with the employees working from their homes. This report investigates whether CIBC Wood Gundy is one of those corporations that could feasibly make this transition.

INTRODUCTION

Statement of the Problem

CIBC Wood Gundy is the corporate and investment banking arm of the Canadian Imperial Bank of Commerce (CIBC). They are a full-service brokerage firm that employs tens of thousands of people across Canada. In managing that staff, CIBC Wood Gundy occupies prime real estate locations all across Canada, many of which are in Canada's downtown centres. The Bay-Adelaide branch in Toronto, the René-Lévesque branch in Montreal, and the Bentall branch in Vancouver are just a few examples of large office

spaces in premier sections of the city's downtown centre. This begs the question: In today's increasingly digital world, do the high rent costs of these locations justify the reasoning behind even having an office in the first place, that is, to cultivate company culture and employee productivity? In other words, is it feasible for the daily tasks of CIBC Wood Gundy to be executed with a remote workforce? The assumption has always been that a designated office is essential to running a successful business operation. The COVID-19 pandemic, however, is presenting an opportunity for that assumption to be challenged.

Discussion about the Changing Workplace Environment

Although COVID-19 has been influential in accelerating a possible transition to the "at-home" economy, these trends are not entirely new. In a report commissioned by Gallup Inc., an American analytics and advisory company based in Washington, D.C., it was discovered that an increasingly larger number of companies have been offering their employees the ability to work from home. In other words, companies are beginning to offer flexibility in the working arrangement for their employees. Not only are employers becoming more flexible about where their employees work, but the traditional office layout of the "Boomer" generation is steadily disappearing. In fact, many companies are now looking towards creating an "open-office" concept, giving their employees the ability to come and go as they please, and reducing the presence of private offices reserved for senior employees. The fact of the matter is that remote work has been on the rise for some time, and that the COVID-19 Pandemic is another event that has brought the merits for that transition to the front of the minds of many corporations.

Purpose of this Report

The purpose of this report is to determine the current sentiment about working remotely. If it can be determined that employees generally support remote work, this will give corporations greater incentive to weigh the positives and benefits of such an operation. In turn, this will help corporations make decisions about the feasibility of transitioning their workforces online. That being said, every business has its own unique requirements in a working environment, and therefore, this report is written in the context of CIBC Wood Gundy. The aim, therefore, for the purposes of CIBC Wood Gundy, is to show that there are merits for transitioning their workforce to remote collaboration. CIBC Wood Gundy is a business that incurs millions of dollars in office space rentals each year and this report serves as an exploration into whether those costs can be mitigated.

Primary and Secondary Data

The primary data used in this report was gathered through surveys and interviews. The surveys were targeted to those who are currently employed as well as students that are entering the workforce. Furthermore, interviews were conducted with current and former employees of CIBC Wood Gundy to understand whether they viewed it as feasible to conduct their job from home.

In addition to the primary data, two articles that investigate the current dynamics of the workplace were used. The first, as previously alluded to, was a formal report commissioned by Gallup Inc. This report investigates many developing trends in the

American workplace by surveying the wants and needs of employees across the country. The report is presented as a resource for “business leaders optimize their attraction, retention, engagement and performance strategies in a time of extraordinary change.” (Gallup, 1) The second article used was published in the Harvard Business Review and is titled *The Implications of Working Without an Office*. It was written by Ethan Bernstein, Hayley Blunden, Andrew Brodsky, Wonbin Sohn, and Ben Waber. This article is relevant to the report as it discusses current employee sentiment about remote collaboration with a focus on how employees have fared during the “work-at-home” measures of the COVID-19 pandemic. Furthermore, the article discusses the benefits, the drawbacks, and areas of improvement for remote collaboration, all of which are important considerations for any corporation looking to improve their corporate culture.

DATA SECTION

Presentation of Data

Below is a presentation of relevant questions that were targeted towards current employees and those with aspirations to enter the workforce. The survey had 9 questions in total with a mix of multiple choice and agree/disagree questions. There were 14 submissions, and of the 14 people surveyed, roughly half were individuals who are currently employed while the other half were students. The intention of the survey was to ask opinionated questions to the participants to learn about their preferences in a working environment.

The first set of agree/disagree questions asked about the perceived ability to work efficiently and productively from home. Assessing worker productivity is an

important point of consideration because one of the risks of working remotely is that it will lead to a *loss* in productivity for any given corporation.

Assess the following statement: I would be able to do my job with the same accuracy and efficiency from home as I would in the office.
14 responses

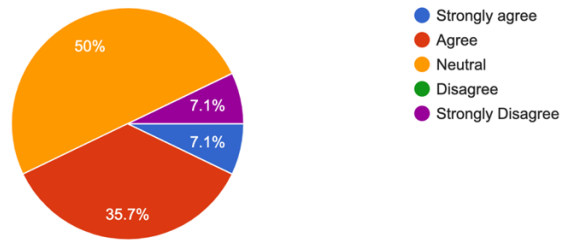


Fig. 1: Survey respondents assess their efficiency of working remotely

Assess the following statement: My productivity would decrease if I were to work at home full-time.
14 responses

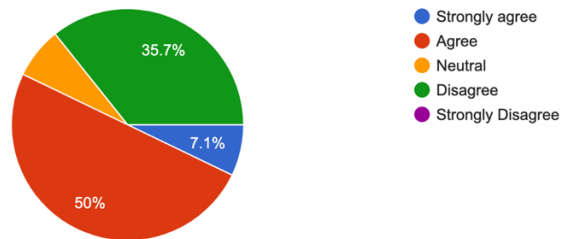


Fig. 2: Survey respondents assess their productivity of working remotely

For the first question (see figure 1), the majority of respondents selected ‘Neutral’ or ‘Agree’ with a few people disagreeing. The second question (see figure 2) – which asked about the productivity decrease of working from home – was a bit more telling with over half of the respondents either selecting ‘agree’ or ‘strongly agree’.

It is important to consider what this data might reflect. One of the individuals surveyed expressed that they were a medical student in a work-placement. Fields which require large, and expensive equipment are clearly unfeasible for “at-home” work.

Doctors, engineers, and manufacturing jobs are the kinds of jobs which require access to extensive equipment.

On the other hand, white collar jobs which are computer based are more likely to be effectively performed from home. To speak to the possibility of this, it is interesting to note the responses of current/former employees at CIBC Wood Gundy.

2 former employees, and 1 current were interviewed from CIBC Wood Gundy. They were asked various questions about their ability to perform their job from home if CIBC Wood Gundy were to implement this approach long-term. One employee was concerned about losing the ease of access in interacting with her supervisor if she were to work at home. She also expressed the need to access client documents in the filing cabinets of the office. “Being in the office allowed me to easily walk over to my supervisor’s office if I had any questions. My job also required me to deal with physical copies of highly confidential client files which could not be performed at home.” (Annie Leblanc)

Although ultimately, she believed that it would be unfeasible to conduct her job at home, the problems that she raised are the kinds that have potential and legitimate solutions in our digital world. Communication with supervisors and other co-workers can be effectively carried out with office software such as Microsoft Teams, and/or Zoom Video. The usefulness of these applications is continuously improving. Furthermore, Client documents can be uploaded on a secure server which will improve the efficiency

of locating a document. For legal purposes, however, a secure sight will still be required to store the original copies of the files.

Another employee was more convinced that he could conduct his job from home: “For the most part, yes. The project work can be done out of the office, which takes up roughly 80% of the duties. The rest involves taking calls from internal staff to help with any application issues.” (Mike Emanoilidis) He emphasized a need for better infrastructure to facilitate internal communication from home.

The next set of survey questions received a more positive response if CIBC were to decide moving in the direction of a remote workforce:

Assess the following statement: If my employer offered me the opportunity to work from home full-time, I would accept.
14 responses

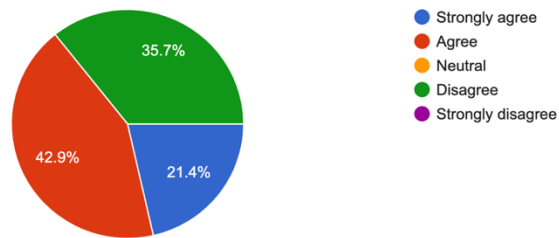


Fig. 3: Survey respondents on their attitudes towards working remotely

Choose the option that best suits your preferences in a working environment:
14 responses

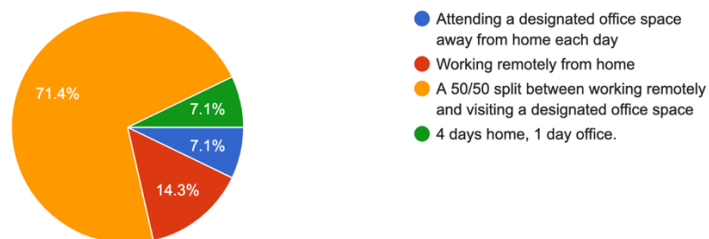


Fig. 4: Survey respondents on their preferences in a working environment

What do you consider to be the biggest drawback to working remotely?
14 responses

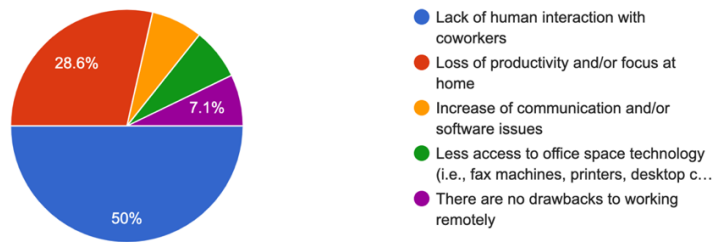


Fig. 5: Survey respondents on the drawbacks of working remotely

This data shows three things: participants are in favour of working at home if their employer gave them the option to, participants overwhelmingly favour a fluid workspace as opposed the traditional office (9 a.m. – 5 p.m., Monday through Friday), and the greatest perceived drawback to working remotely is not the loss of productivity, but the lack of interaction with coworkers. This presents an interesting option CIBC in deciding how to transition. Either CIBC could transition to a remote workforce completely, or they could start in phases by having a rotational workspace where employees can visit should they require a workplace with the majority of the work week being spent in a location of the employee’s choosing (i.e., home, public library, coffee shop, etc.).

DISCUSSION

Possible Challenges Encountered in the “At Home” Economy

Given that there seems to be some support generated for virtual work, it is important to consider the challenges associated with such a transition. An investigation of these challenges is presented in an article published in the Harvard Business Review; *The Implications of Working Without an Office*. The data in the article was generated by surveying over 600 American white-collar workers about their experiences of working

virtually. (Bernstein et al., 2020) One of the greatest drawbacks of working at home (as was witnessed in our survey) is the loss of human interaction amongst coworkers. Specifically, the possibility for ‘unplanned interactions’ – where people who don’t normally work with each other cross paths in the office – is non-existent. The benefit of these interactions is that they can be a spark for new ideas. “Steve Jobs thought such serendipity was so important that he specifically designed the building for Pixar Animation Studios, in Emeryville, California, to maximize such interactions.” (Bernstein et al., 2020) In addition to losing the spontaneity of workplace interactions, the ability to foster strong relationships with co-workers seems to diminish if communication is entirely web-based. Online work software, while practical, doesn’t always capture the benefits of in-person meetings since much of communication is non-verbal in nature. It is without question that there are still challenges associated with working virtually, and any transition is likely to encounter some obstacles. Whether or not the benefits outweigh the negatives remains to be seen. In sum, if CIBC can reduce their cost exposure to high rent office buildings without losing significant worker productivity, the decision for transitioning will garner more support.

Gradual Transition to Remote Collaboration

The plan recommended to CIBC Wood Gundy involves a gradual transition to remote work so that there is ample time to plan and solve for the immediate drawbacks. The plan has three phases should be executed as follows:

Phase 1: CIBC Wood Gundy, effective 2021, will offer employees the option to work at home for 50% of their weekly hours. During this time, CIBC will make no

immediate changes to their office locations while an emphasis is placed on assessing the benefits and negatives of the transition. This “pre-transition” year will give CIBC the opportunity to develop the appropriate infrastructure necessary for a complete transition. At the conclusion of every quarter (i.e., Q1 '21, Q2 '21, Q3 '21, and Q4 '21) a detailed survey will be sent out to all employees giving them the ability to provide feedback on their experiences of working virtually. Suggestions for strategies to increase the ease of transfer will be welcomed.

Phase 2: If CIBC decides to continue with the transition, then, effective in 2022, all CIBC Wood Gundy Branch locations will downsize their rental properties to half of their usual capacity meaning that only 50% of the workforce at any given branch will be able to occupy the office. This will serve two purposes: firstly, it will lower the rental costs of CIBC Wood Gundy locations as the leases on the larger properties can be terminated in favour of smaller ones. Secondly, this decision stays in line with the preferences outlined in Fig. 4. The majority of respondents desired a work placement in which they could spend half of their time at home and the other half at the office. By lowering the capacity of the office by 50%, workers can be grouped into cohorts and placed on a rotational schedule as to when it is their turn to visit the office. This option preserves the element of interpersonal communication while offering employees the flexibility of working at home.

Phase 3: Upon completion of 2022, the next step depends on how well-received the transition has been. If the survey data shows that employees are mostly in favour of transitioning, then CIBC will continue the process by eliminating all permanent work locations. There will, however, still be a need for a few designated spaces. For example,

a meeting forum style building so that clients can speak with their advisors in the event that online communication be insufficient. In addition to that, a secure site for the original copies of client documents will be required for legal purposes. In the event that employees are against a complete transition, then CIBC can remain in phase two of the transition indefinitely. Phase 3, therefore, will involve significant deliberation.

Modification of Current Systems in Place

The transition to virtual work will require a significant overhaul of the current office infrastructure. The need for reliable communication software will be essential for all employees as expressed by a current employee. Therefore, CIBC will need to make significant investment in “virtual work” infrastructure such as laptops, software programs, and an intranet communication server. These are to be considered the “costs” of transition. By making an initial investment in virtual work platforms, however, CIBC can look towards drawing down their exposure to high office rents.

The Benefits of Transition

The greatest incentive in making the transition to a virtual workforce is the reduction of rental costs. According to a study published in 2019, the average cost for Class A commercial properties ranged from \$55 to \$95 per square foot in Vancouver, and from \$50 to \$90 in downtown Toronto. (Globe and Mail, 2019) These costs will be halved in the second phase of transition, and if the full transition is pursued, they will be eliminated in Phase 3. Therefore, the intention of this transition is to reduce operating expenses while, at the same time, not detract from worker productivity.

CONCLUSION

Summary and Interpretation of Findings

The findings in this report demonstrate two things. Firstly, there seems to be a preference amongst working class individuals to have more flexibility in their work location. Of the individuals surveyed in this report, the general consensus pointed towards a desire to work at least a portion of weekly hours at home (recall that from Fig. 4 the most popular option was a 50/50 split between home and the office). These findings are supported by the more extensive study found in the Gallup Inc. report, *State of the American Workplace*. The report claims that more than half of office workers (54%) say they would leave their job for one that offers flexible work time. The trends of corporations are confirming these preferences as “60% of companies offer their employees telecommuting opportunities — a threefold increase from 1996.” (*State of the American Workplace*, 2017) Should CIBC decide to make the transition then, they would not be an outlier, but rather at the forefront of the virtual overhaul of the workplace.

The second finding is that the typical tasks of employee at CIBC Wood Gundy can be carried out remotely. Employees have expressed their concerns with transitioning but ultimately, they expressed that if the infrastructure were in place, then the tasks could be completed away from the office. This points to the possibility that CIBC has in transitioning their workforce unlike more technical jobs like the ones find in hospitals or engineering firms. Further investigation is required as to the practicality of the transition; however, the possibility is nevertheless present.

Limitations of the Data

The greatest limitation present in this data set is the low number of participants involved in the survey. It is difficult to make conclusions about a general population when the sample is not necessarily representative of the whole. The findings, therefore, would be more conclusive if the survey was widely distributed.

An additional limitation to the report is the lack of access to pertinent information regarding the exact expenses associated with CIBC's rental properties. With exact figures, a more thorough cost-benefit analysis can be presented which possibly would further highlight the benefits associated with a transition. The final recommendations of the report, then, are to implement the strategy outlined, but to also acquire more data about the preferences of CIBC Wood Gundy employees through additional surveys. This will help to determine the extent to which a full transition would be supported.

REFERENCES

- Bernstein, Ethan, et al. "The Implications of Working Without an Office." *Harvard Business Review*, 17 July 2020, hbr.org/2020/07/the-implications-of-working-without-an-office.
- Gallup, Inc. "State of the American Workplace." *Gallup.com*, Gallup, 12 Dec. 2019, www.gallup.com/workplace/238085/state-american-workplace-report-2017.aspx.
- Kerr, Kathy. "Commercial Real Estate Outlook for 2020." *The Globe and Mail*, 3 Dec. 2019, www.theglobeandmail.com/featured-reports/article-commercial-real-estate-outlook-for-2020/.