

MHPWHITE PAPER

How organizations benefit from good work and corporate responsibility.



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Introduction

New Work is not just the latest hot topic.

A glance through the management literature of the past 20 years makes it abundantly clear that although the German economy may be lacking in many things, it is certainly not short of fashions, trends and innovations.

Scrum, design thinking, blockchain, chatbots, hackathons, apps and any number of smart and lean solutions – all of these accelerate the megatrend of digitalization, and some also boost the downstream subtrend of "something to do with people." The half-lives of the prevailing dogmas have shortened to the point that rumors are circulating of heads of department allegedly throwing heavy A4 hole punches at young management consultants after hearing the word "agile" for the seventeenth time that day. Fuses may be short, but the journey is long.

Against the backdrop of all these developments, one could be forgiven for thinking that "New Work" is simply another in a long series of similar innovations to have gained popularity among the upper echelons of management, and that it will be superseded in short order by the latest variant – New Work 2.0, for example. Not be confused with Work 4.0, which is also a phenomenon. It is easy to get mixed up with all these innovations, after all.

Yet those who view New Work could not be more wrong. To reiterate: New Work is not just the latest hot topic.

Frithjof Bergmann developed the concept of New Work back in the 1970s and 1980s, when society was undergoing a period of radical change similar to what we are experiencing today. Automation was entering all of the economic spheres of industrial society, and developments in the nascent field of robotics were making work easier and improving efficiency, especially in the automotive sector. At the same time, many people were afraid that their jobs would disappear, and some wondered whether they could keep up with technological developments. While all of that was going on, the broader political situation was raising complex questions about freedom and security. On top of all that, the global economy was rocked by a series of cataclysms, including an oil crisis and a banking crisis. And individuals were faced with the task of navigating these stormy waters.

What role should individuals play in these social, economic and organizational movements? What should the work of the future, human-machine collaboration look like? What is the interrelationship between the meaning of work and the value of work? All of these questions served as the superstructure and foundation for the theory of "New Work", which was the term devised by Frithjof Bergmann for his conceptual framework.

And these questions have not lost any of their relevance – indeed, they are more important than ever during the time of a global pandemic.

A multitude of companies, research institutions, and even the German Federal Ministry of Labor and Social Affairs are carrying out research into topics relating to work and the workplace of the future. They are searching for new management models and opportunities for operational self-organization, such as holocracy and swarm intelligence. Every company wants to avoid a "silo mentality." It is no longer only large corporate groups that are setting up their own labs, hubs and accelerators to initiate new forms of collaboration. Yet some people are still laboring under the impression that an update to the IT operating system is all that is needed to establish New Work successfully within a company. Others pin up large posters in the staff canteen, between the football table and the healthy breakfast cereals, attempting to breathe fresh life into a stale corporate culture and put the "New" into "New Work" cheaply and without making any

real effort to change. They certainly harbor ambitious hopes, but their chances of success are slim to none.

What exactly is New Work?

At its core, New Work can be boiled down to two essential components:

- **1. Creating a people-friendly working environment in which people like to work and can perform to the best of their ability.**
- 2. Ensuring that businesses do not shy away from their responsibilities toward people and the environment.

With a view to translating this overall framework into a constructive and transformative system, MHP has developed a New Work model that connects the dots between intra-organizational change and its significance for the long-term success of the New Work concept. Five dimensions of New Work have been identified and will be examined in more detail in the remainder of this White Paper. New Work | October 2020

The MHP "New Work" model

MHP has developed a holistic model for comprehending "New Work"

Spaces and **Environments**





Implementation in the organization







People and Culture



Short term



Spaces and Environments



Whenever people are asked to name their favorite places to work, their answers are remarkably similar:

- In a café
- On the beach
- In the library
- On the train
- On the sofa
- In a hammock

Rarely (if ever) does anyone answer "in the office." But that's hardly surprising.

Most people in Germany with office-based jobs work in typical offices. They often share these offices with their fellow employees, although some have an office to themselves – in some cases as a marker of hierarchical superiority. Sometimes large numbers of employees are spread across vast open-plan offices, often referred to simply as open-plan offices.

As a basic principle, we pursue two objectives when creating workplaces and work spaces:

- People should work in them.
- People should work together in them.

If we add New Work as a reference framework, two further objectives can be identified:

- People should like working in them.
- People should like working together in them.

The importance of workplaces and work spaces has rarely been as pressing as it is today, with the world in the throes of the COVID-19 pandemic. When office buildings closed their doors overnight and work was liberated from the conventional office complex, the social and collaborative value of even the most mediocre of working spaces suddenly became apparent.

Employees cannot informally exchange information "at the watercooler" when working from home. Short and simple queries can be answered far more constructively in situ than they can via a voice call or message-based chat. Files, folders, hard drives and databases are often difficult or even impossible to access at home. A single participant dialing into a meeting remotely has little chance of getting their ideas heard as effectively as the other participants who are actually present in the meeting room. Visibility and invisibility – to managers and to your teammates – are largely determined by the nature of the workplace, and so the workplace can also often influence your chances

of promotion. All too often, performance is assessed on the basis of how long an individual is physically present in the office, which is a phenomenon known as presenteeism. This is a newfangled word for an old-fashioned concept, and one which also does a supremely good job of embodying the exact antithesis of New Work.

Quite apart from all of that, a central location where work can take place is essential for constructive collaboration on a shared task. If we want our work areas to reflect the human need for social interaction and to facilitate different working methods and paces of work, it is equally important to set up areas that make different types of work possible in the first place. Examples include cafés for informally exchanging information, libraries for concentrated work, conference rooms for joint calls and creative rooms for workshopping. Even open-plan offices – which are often the subject of loathing – have their purpose in certain specific situations, such as in editorial news rooms, where varied types of information need to reach lots of people in the shortest possible time.

This variety of workplaces is what turns a work space into a working environment. A working environment of this kind can be conceived with well-thought-out architecture, enough open spaces for creative design and sensible infrastructure. It is hard to overestimate what a phenomenal influence a positive work space has on communication and collaboration.

One of the key challenges of the future will be maintaining smart workplaces not only in office buildings, but also in people's homes. Even before the COVID-19 pandemic, it had become clear that designing a flexible workplace was of paramount importance. Certain groups, such as parents, benefit from the option to work flexibly from home. In addition, smart systems will continue to make inroads into office life, offering many previously unimagined opportunities alongside such innovations as automatic parking space reservations, indoor navigation, lunch roulette, and onboarding via VR/AR.

Above and beyond all these considerations, however, it is essential to ensure that people feel comfortable in their working environments, enjoy working there and have access to a people-friendly working environment.

Motivation / Commitment Intrinsic motivation promotes creativity, communication and better, higher quality work



Tools and Technology

Demand-oriented hardware and software with unbureaucratic access

Constant questioning of the tool landscape

MHP New Work

The New Work concept relies heavily not just on the workplace, but also on the tools and technologies used there. The German Federal Ministry of Labor and Social Affairs (BMAS) has identified the thematic area of digitalization as one of four megatrends in its "White Paper Work 4.0." ¹ Yet this is rarely reflected in the technologies used in working environments. Even in companies carrying out complex and highly professional work, one could be forgiven for thinking that the software in use was programmed by members of the AV club at the local elementary school.

During their non-working hours, employees routinely do things like use cloud systems, communicate with each other in real time via collaboration tools, store a redundant copy of a birthday party invitation and use different end devices without any major problems, yet their use of digital technologies in the office looks very different. Any business owner who carries out a survey on employee satisfaction with the technology used within the business should be sure to schedule in enough time to sit down with a strong chamomile tea and a hypertension tablet after reading the results. The number one criticism heard in such surveys is "It doesn't work," closely followed by "It's too slow." Tools and technologies are rarely programmed from the user's perspective, making it particularly difficult for technophobes to operate them. In some situations, this results in inefficient workarounds or blatant misuse of software – referred to (with some exaggeration) as "incompetence compensation competence."

Yet people do not struggle to fully engage with technologies solely because these technologies are outdated or badly defective. The technologies themselves – starting with the end devices – often fail to live up to user expectations in terms of ease of operation and esthetics. People use gadgets such as tablets, smartphones, 3D glasses and smartwatches at home for the sheer fun of it, but companies are universally reluctant to equip their workforce with appropriate digital tools. In this respect at least, they are cutting corners in the wrong place.

Companies that provide their employees with high-quality work tools send out two messages; an explicit request for high-quality work, and implicit appreciation for the individuals and their work. Companies that deploy systems designed and programed from the user's perspective can rest safe in the knowledge that these systems will function correctly and without operating errors, even for new hires, older members of the workforce and non-techy individuals. Companies that digitalize processes and decision-making procedures intelligently avoid delays – caused by lost sheets of paper, missing signatures and so on – and increase levels of efficiency, which in turn saves time and resources. Companies that go further and introduce systems empowering employees to organize themselves will find that employee satisfaction and efficiency gains create synergies that go beyond the simple use of these tools. MHP's "Skill Matching" is a good example of this phenomenon. The system allows employees to plan their career path within the company independently and autonomously. Even though it is "only" an IT tool, "Skill Matching" has far-reaching and long-lasting impacts on the entire organizational structure and empowers precisely those highly motivated employees who wish to take the initiative and plan their career.

The megatrend of digitalization means that IT plays a prominent role even in more certain times. During this global pandemic, the very existence of a company depends on whether the technology it uses can function, be transformed into a home office setting and used by employees working from home. We face the task of arranging all of this so that people can do their jobs without losing motivation or performing below target – which is nothing short of New Work.

1) The other three megatrends are "cultural change," "demographic change," and "globalization"



More motivation = better work Work results improve significantly in quality and quantity, if employees see a sense in their work



Organization and Structure



The German Federal Ministry of Labor and Social Affairs identified the topics of globalization and demographic change as other megatrends of the future. Innovations in terms of technologies and infrastructures mean that digitalization can already be experienced, at least in part, but developments in the organization and structure of individual companies are lagging behind.

Management

Demographic change not only shifts the average age of the workforce, but also alters employees' expectations of work, collaboration, management and leadership. In years gone by, the relationship between managers and their employees was shaped by a harsh tone on the part of the former and a willingness to not ask questions and to obey instructions – or even commands – on the part of the latter. Nowadays, the emphasis is placed on mutual trust and employees' personal and professional development. Even though technological progress is becoming a more integral part of the relationship between employees, management structures are moving away from technocratic forms of leadership. Especially in companies that owe their economic success to the creativity and innovativeness of their employees, boosting the motivation of their teams - rather than supervising their work - should be the central management task. Unfortunately, many companies still do not see things this way.

In many cases, the relationship between managers and team members is dominated by mistrust. For example, several managing directors responded to the COVID-19 work-from-home dictates by asking whether they could force their employees to sit in front of their webcams for eight hours, so that they could be sure that they were "really working." Others considered installing monitoring apps on company smartphones. There were even some who made unscheduled calls to employees on their fixed-line numbers for no good reason – simply to check that they weren't taking too long breaks. Why not discuss what is expected of employees in a transparent manner and agree milestones and interim results? Why not hold virtual team meetings and hangouts during which employees can present their results and enter into discussions with each other? These are guestions to which few can provide answers.

Organization

The organizational structure of many companies still resembles a pyramid with a small and select group of individuals at the top and a much larger group without management responsibilities at the bottom. Some aspects of this have in fact changed in recent years. First, "matrix management" has become popular. This entails the separation of local hierarchical reporting lines and technical reporting lines (to company headquarters, for example). Second, traditional organizational systems have increasingly been called into question by agile collaboration models.

More and more organizational developers are using organizational models that are completely removed from entrepreneurial contexts. The most popular forms of organization at the moment include "scrum" and various models involving the word "agile." Both frameworks can trace their roots back to the world of software development; IT specialists wanted to break out of the increasingly rigid cycle of tender specifications, performance specifications and waterfall project management and increase the efficiency of their development work. The main driver for codifying the agile manifesto was the desire to perform high-quality work, provide autonomous solutions to complex problems and replace outdated paradigms that tied software developers to certain processes and systems and held them back from developing good software.

A full focus on customer needs, the elimination of cumbersome guidelines, an unconditional commitment to communication and collaboration and the highest possible quality standards meant that the agile model soon moved beyond the IT sector and was adopted by the broader world of work and business. Yet the principles of agile organization are by no means new. They are found in the autonomously operating special forces of many military forces as well as in churches and NGOs, where people typically work as volunteers or activists for a joint cause – often without fixed leadership structures.

Better work = Higher turnover Motivation and commitment of the employees are directly related to the success of the company

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Collaboration

Narrowly defined principles (scrum), forward-looking visions (the agile manifesto), newly created overarching role-based models (DevOps) and frameworks such as "Working Out Loud" describe what collaboration in organic collectives of this kind might look like. The term "Working Out Loud" embodies a mentality that can best be described by means of the German proverb "Do good and make it known." One of the main problems in the business environment is still that individual areas become detached from each other and form what are infamously known as "silos" - motivated by a fear that one day they might lose the knowledge-based advantage they hold and become less relevant within the organization. Working Out Loud proactively counters this fear by highlighting the benefits of shared knowledge and explaining how individuals who encourage their colleagues to become involved in their work tend to complete projects more successfully than their peers.



The organization and structure dimension is also subject to the rules outlined above: People perform best in people-friendly working environments where they like to work. This is particularly pertinent when it comes to issues relating to management, organization and collaboration. These also form an important – if not to say essential – aspect of New Work.

People and Culture



Growth and motivation through self-efficacy and "sense of purpose

The fourth megatrend identified in the "White Paper Work 4.0" published by the Federal Ministry of Labor and Social Affairs concerns cultural change. While workplaces and work spaces, technologies and organizational structures have undergone remarkable changes over recent decades, cultural change has advanced so much that we can talk about several paradigm shifts at once. In other words, no stone has been left unturned.

Vision

A former Chancellor of Germany once said that people with visions should go see a doctor. Given how often the word "vision" is used today, doctor's waiting rooms would be overflowing if everyone followed this advice. An examination of what a company has developed over many workshops as its vision, mission, guiding principle and strategy and what its employees "really, really" want has formed the entire basis of that company's actions. An entrepreneurial vision defining a company's place in the universe and describing how its products and services improve people's lives is no longer an esoteric curiosity. On the contrary. In a popular and well-received TED talk, author Simon Sinek explains the difference between companies that embody this kind of vision and those that regard employees merely as accessories to their production capacity:

"If you hire people just because they can do a job, they'll work for your money. But if you hire people who believe what you believe, they'll work for you with blood and sweat and tears."²

Companies that do not know what they stand for and that do not identify a guiding principle and act accordingly will find it hard to explain to their employees why they should come to work every day and collaborate on a shared goal with all of their passion and motivation. More importantly, what goal are they pursuing?

Meaning

Particularly the generations that are growing up with the knowledge that demographic change has created a skills gap are aware of their market value and use it to push through changes in areas that are important to them. The content of a company's profile presentation is therefore of interest not only to its employees,

but also to potential new hires, who increasingly base their choice of employer on whether the managers and corporate culture in a particular company will provide room for self-fulfillment and autonomy and support their individual sense of purpose.

Nowadays, no one is interested in the awards and achievements that were so prized in past decades. There is barely a single young person out there who wouldn't give up a corner office, a premium space in the parking lot and a trendy business card for the opportunity to work in an international and cosmopolitan environment where they can put their heart and soul into achieving their ambitions. Even employees with several decades of experience in the workplace are no longer willing to compromise their marriages and their health in the hope that one day they might be awarded a goldplated fountain pen for their efforts. In an era of stomach ulcers, hearing loss, heart attacks and burnout, the guestion of whether we should wear ourselves out in a corporate environment has become an existential issue concerning the meaning of life and career goals.

According to Teresa Amabile, a professor at Harvard Business School, people who find meaning in their work

Interdisciplinary teams (users, design, technology, business, stakeholders)



do their work better and go home happier. And she is not the only one to report on various experiments in which meaningful activities have been proven to double or even triple sales and the quality of work.³

In the introduction to this White Paper, we responded to the question of what New Work really is by describing it as, "creating a people-friendly working environment in which people like to work and can perform to the best of their ability." Companies that develop their workspaces, technologies, organization and culture with this dimension in mind – and with a central focus on people and their needs – are taking into account perhaps the most important basic elements of the New Work reference framework.

2) https://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_ 3) https://www.harvardbusinessmanager.de/blogs/a-883973.html

If you hire people just because they can do a job, they'll work for your money. But if you hire people who believe what you believe, they'll work for you with blood and sweat and tears.

Simon Sinek



Values

New Work is based not only on creating a working environment in which people can work well, but also on ensuring that companies do not shy away from their responsibilities toward people and the environment. Almost all DAX-listed companies now publish sustainability reports, highlighting at the very least what they aim to do in terms of environmental protection and nature conservation. Sections on compliance and CSR are also being added to the reports and evaluations published by publicly traded companies. Financial investors no longer believe that investment decisions should be taken on a purely financial basis. Applicants can find out details of a company's "environmental and social awareness" on rating platforms such as Kununu and Glassdoor when considering whether to attend an interview.

The way a company manages its resources has become a yardstick of how worthwhile it will be to invest in this company, do business with it or work for it. It is already the case that prospects (both business-related and workforce-related) are poor for companies that are unwilling to establish a cosmopolitan and tolerant corporate culture, that do not operate on a sustainable basis, and that do not stand up for the essential and fundamental values of a free society.

The values embodied by a company, its owners, its executive managers and its workforce are no longer just relegated to the margins of corporate brochures; now they constitute an organization's identity, if not to say its DNA. Yet many companies fail to act on this. Either because they have not developed a framework of values as a basis for their actions or because even if such a framework exists, they act according to the mode of operation of a rule-based organization rather than the principles of a value-based organization. Establishing solid values as the basis for business decisions has a positive impact on almost all areas of a business. Companies can create mutual bonds and a positive feedback loop by hiring employees not only for their technical skills, but also because their values are aligned with those held by the company. People who share a common set of values are much more likely to stand up for each other, to support each other through financial and existential crises, to feel connected to each other and to behave loyally. Companies that stick to their values even in challenging times are more credible than companies that do not. In turn, that credibility has a long-term impact on employee retention and employer appeal.

Young people today are politically minded and they think carefully about whether their employer is credible enough to do justice to their individual and social values; it is no longer possible to win them over with expensive corporate events and mention of share prices and stock market values. If it emerges that the company you work for has been behaving dishonestly, evading taxes or tolerating child labor, there is no marketing campaign in the world that will cover up the obvious wrongdoing, which can be only be seen as a good thing.

MHP New Work

····· Transparency



New Work is not just the latest hot topic

Afterword

Anyone who often finds themselves talking to CEOs and managing directors about their dealings with employees will be familiar with the claim that people are "at the center of everything we do." Often both sides know that this is a lie. They know that the company's main focus is on politics, return on sales, quarterly figures, brand development or who knows what else – but certainly not on people. This is a great shame. Because a people-friendly working environment that prioritizes the well-being of new hires, employees and customers would benefit a huge number of people inside and outside the company.

MHP supports companies in the journey from a rulebased to a value-based organization, which is not only a strategic and operational journey, but also a conceptual and emotional one. We are valued partners in the task of transforming the dimensions of workplace, technology, organization, culture and values into a world of New Work, and we empower business owners to proactively and confidently integrate New Work into their own organizations.

We should all be striving for a future in which people like to work, in which they work to the best of their ability and in which companies are aware of their responsibilities toward people and the environment.

And so New Work is not just the latest hot topic, but a subject very close to our hearts.



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