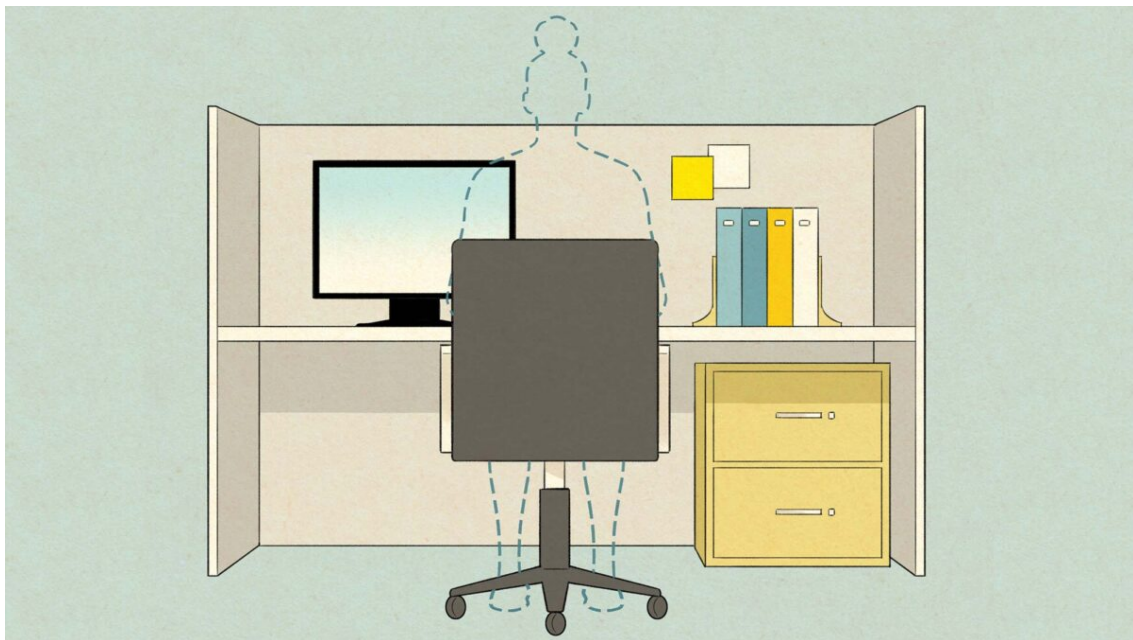


## **Case Study: Should Some Employees Be Allowed to Work Remotely Even If Others Can't?**

by Mark C. Bolino and Corey Phelps

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Anuj Shrestha

**Summary.** More than 3,000 office workers at an oil and gas company in Oklahoma City have been telecommuting since the start of the Covid-19 pandemic. Many of them love the arrangement, and the freedom to work remotely is also a big draw for new hires. But... [more](#)

Sean Lewis, the CEO of Vallia Energy, stared at the message screen on his phone and prayed for three little dots.

“DON’T SEND THE BACK-TO-THE-OFFICE MEMO!” he’d written to Joan Flores, the senior vice president who managed their corporate space. For weeks he and Joan had been planning a return to the office for the 3,200 employees who worked at the oil and gas company’s headquarters in Oklahoma City. More than two and a half years earlier, at the outset of the Covid-19 pandemic, those staff members (around 65% of the workforce) had begun doing their jobs remotely. Though some had trickled back into the office on a voluntary basis, Sean, unlike his competitors, had still not mandated that everyone return. Now, with vaccines and therapeutics widely available, it felt like the right time to reassemble the HQ personnel. They’d been productive during the pandemic, but Sean worried that Vallia was missing out on collaboration and, as a result, innovation.<sup>1</sup>

He was also concerned about the brewing discontent of Vallia’s roughnecks—the workers who labored on the drilling rigs and in the oil fields and who had been on-site all along. Many were disdainful of the “corporate suits” in the main office. Most had been vaccinated, but some believed that the severity of the pandemic had been exaggerated, and they didn’t understand why the office staff had stayed remote for so long. They were beginning to grumble about what they perceived to be a double standard: They were often offshore or in the field for weeks at a time, while their colleagues had the luxury of being home with their families.

Sean and Joan had never expected working arrangements to go back to a prepandemic “normal.” But they wanted to come up with a way to balance work flexibility with in-office collaboration.

After a couple of false starts, they'd settled on a hybrid solution: requiring all employees to return to the office at least four days a week, while allowing people to apply for exemptions.

Throughout the process, Joan had been good-humored and patient, but Sean wasn't sure how she'd react to this last-minute about-face. He breathed a sigh of relief when he saw her reply: "Sure, Sean. The memo was due to go out at 10 AM tomorrow. I will cancel. Let's discuss in the morning?" Sean sent a thumbs-up emoji, but his heart sank. He felt like he was back to square one.

## **Rethinking the Plan**

"What happened?" Joan asked when she and Sean met by the food trucks at Scissortail Park.

"Jim emailed me," Sean replied, referring to Jim Bank, the head of human resources. "He noticed that someone recently posted a link in the company wiki to a survey question: *Assume there's a back-to-the-office mandate. What do you do?* People could choose from three possible responses: (1) I don't have time for this survey because I'm working on updating my résumé; (2) I already have another job lined up for after bonuses are paid out; and (3) I'm moving to Hawaii to surf."

"Come on, Sean, that doesn't mean anything," Joan replied. "It's just a joke!"

"Maybe," Sean said. "But it got me thinking. The labor market has never been tighter, and many people now love working from home. What if they'd rather quit than accept the new policy?<sup>2</sup> We can't afford that risk. I'm trying to bring Vallia into the 21st century by making us digital and AI-driven and by diversifying beyond fossil fuels. That could all be derailed if we lose our best people and can't recruit others."

“We’ve considered other approaches for a return to HQ,” Joan reminded him.<sup>3</sup> When she and Sean had first started mapping out a plan, they’d envisioned requiring everyone to be in the office two or three days a week. But the company had reduced its real-estate footprint early in the pandemic, renting out a wing of its building to a medical-testing start-up. To accommodate Vallia’s returning employees in the space that remained available, Joan had proposed creating a “hot desk” or hoteling system whereby employees could reserve desks when they needed them. That idea had sparked immediate pushback: Many people wanted a more permanent workspace.

Joan had then suggested giving staffers dedicated but shared desks or offices and creating an online tool so that everyone could see which colleagues were going to be on-site on a given day. But some employees objected to sharing their workspaces. In fact, several department heads had told Sean that if working from home a few days a week meant losing their private offices, they’d rather come in every day. People had also pointed out that Vallia would lose the benefits of spontaneous collaboration without a common schedule for everyone.

With those concerns in mind, Sean and Joan had shifted course again. They’d managed to end the leasing arrangement with their tenant and planned to bring all employees back four days a week. Both of them had been feeling confident about the decision—until Sean saw the pseudo survey.

“We aren’t going to please everyone,” Joan said. “It’s legit to worry about folks resigning because we pull them back in. But we also have to consider whether keeping employees remote—particularly new hires and young staff—will leave them withering on the vine.”<sup>4</sup>

Sean prided himself on being in touch with his workers, especially the next generation. For years business experts had been advising the energy sector to prepare for “the great crew change” that

would result from an impending wave of retirements. To appeal to younger workers, especially those with engineering and other technical skills in high demand, oil companies were trying to shed the reputation of being old-school and part of a “dirty” industry. At Vallia, Sean was emphasizing the firm’s digital transformation and its efforts to reduce carbon and methane emissions and eliminate flaring, a technique blamed for air pollution and methane leakage at small drill sites. Under his leadership, the company also touted its commitment to diversifying its workforce and supporting inclusion and equity programs in the community.

“I mean,” Joan continued, “what will happen over time if we’re never physically together? Trust, teamwork, knowledge transfer, a sense of belonging—these are things I worry about losing.”

“I’m not saying never,” Sean responded. “I’m just saying not yet. We don’t have to rush this.”

The pair sat in silence for a beat before Joan spoke again.

“I’m curious. What was the most popular survey answer?”

“Surf’s up,” Sean said, smiling wanly.

## **External Pressure**

In his office later, Sean fielded a call from Dean Johnson, the head of the local chamber of commerce.

“Dean, I had a feeling you might reach out.”

“Hi, Sean. You sound well. Which surprises me, as I heard that you’ve lost your mind and decided to cancel Vallia’s return to headquarters.”

“Not cancel,” Sean said, chuckling. “Postpone.”

“Well, you know how disappointed I am, speaking as the voice of the OKC business community,” Dean replied. “You’re an anchor employer here, and your people are the primary customers for dozens of small businesses.”<sup>5</sup>

“I know that, Dean.” Vallia’s presence had helped the once-stagnating metropolis become one of the 25 largest cities in the country. “But I have to think about the long-term sustainability of my workforce,” Sean continued. “It won’t do anyone any good if all my staffers quit and take the 10 grand to move to Tulsa.” He was referring to a cash incentive offered by the nearby city to lure remote workers to relocate there.

“I get it, but all of us at the chamber and City Hall—we’re not sure OKC can take the hit if your offices stay empty.” Both men were well aware of the recent *Wall Street Journal* story indicating that remote work had become a credit risk for many cities because of lower tax bases in their downtown cores. “Your community needs you to bring your people back.”<sup>6</sup>

### **More Opinions**

The next day, Sean gathered his senior leaders for a virtual meeting and told them he was considering continuing with work-from-anywhere for at least the next quarter. He acknowledged everyone’s desire for certainty about a return-to-office plan but explained that he’d rather wait and be right than rush and be wrong. A flurry of raised-hand icons appeared on his screen.

“We’re still paying off loans on our building, and paying to keep it ready,” said Jake Brown, the head of accounting. “We should at least try to get more value out of it. Maybe we should keep leasing space to the medical-testing company, or rent out areas for events or conferences?”

“My priority right now is our people,” Sean said. “But if there’s a way to get some revenue from the empty office without turning it over to another firm, and while retaining control of when we

return to work, I'm all ears."

Janet Stritikus, who led the back-office administrative roles, shared another idea: "Many people on my team have worked remotely for a long time, but we come together each quarter for training, bonding, and sharing of best practices. Why not let managers have mandatory in-office days geared toward projects that require collaboration?"

"Great thinking," Sean said. "That could be a good first step."

Bill French, the head of geoscience, spoke next: "We're trying to bolster our workforce and recruit a new generation. That requires building a new culture. But how can we do that when no one knows each other?"<sup>7</sup>

### **Case Study Classroom Notes**

A 2021–2022 Stanford study of a multinational corporation found that when employees worked from home two days a ...



"That's exactly why I'm torn," Sean replied. "We do need to make sure that something bonds us together. But new hires don't want to be forced into the office."

"Coddling them doesn't sit well with my field crews," interjected Ted Petersen, the head of the oil-field and offshore workers.

"They resent the hardships they deal with while the office staff gets to work from home."

“Please remember that this isn’t permanent,” Sean replied. “And short-term, perhaps we can stretch the budget to add more contractors. That would allow some flexibility for our full-timers so that things feel more fair.”

“Fine, but we can’t exist in limbo forever,” Ted said, sounding exasperated. “We may not be sure what’s right, but at some point we need to make the tough decisions.”

Sensing rising tension, Sean decided to end the meeting. “Joan and I will get to work and settle on the plan soon,” he said. As he was signing off, he noticed that Joan had texted him a worried-face emoji. “No kidding,” he replied.

### **The Experts Respond: How should Vallia proceed with plans for in-office and remote work?**



**Bracken Darrell is the CEO of Logitech.**

Sean was smart to trust his instincts and press pause on the return-to-office rollout. To build the right culture, Vallia should still have a headquarters. But I’m not a fan of mandates. Instead of scheduling employee office days, Sean should focus on creating an environment so attractive that people will *want* to come in. Then he should let teams decide for themselves what the right mix of on- and off-site work should be.

Organizations can make their workplaces inviting by providing the best possible tools—whether hard hats or webcams—and space that is functional and comfortable. They need rooms designed for small-group conversation and collaboration, with relaxed seating, good lighting, and easy-to-access whiteboards. There should also be conference rooms to hold meetings with colleagues, partners, and customers, either in person or via technology that ensures that people not in the room feel involved and engaged. (Disclosure: My company sells videoconferencing



and other office equipment.) Additionally, the design should incorporate small, enclosed spaces for people to make private calls or do heads-down work. Some of those can be reserved for the few employees who choose to come into the office every day; the rest can be booked hourly or daily through an app.

It can be tempting to look for a one-size-fits-all solution. But Sean should tread carefully. He can't take away the flexibility to which HQ employees—and new, diverse talent he wants to recruit—have become accustomed. And, to state the obvious, an organization positioning itself as a 21st-century energy company shouldn't require its employees to commute in their carbon-emitting cars every day. So balance and flexibility are key—as is clear communication.

Sean should emphasize to his entire workforce that the roughnecks' on-site labor continues to be mission-critical, generating the capital that Vallia needs to build a new future. He should explain why the OKC headquarters will remain an important gathering place—and a commercial hub in a thriving city. And he should reinforce the idea that the company's success depends on a collaborative spirit and everyone's contributions.



**Katarina Berg is the CHRO of Spotify.**

Sean should shift Vallia Energy to a distributed-first model, permanently allowing people to work from anywhere. Why? Because work is something you do, not a place you come to, and most chief executives, including Sean, are already

leading dispersed workforces. As companies grow, they spread out over multiple rooms and then multiple floors and then multiple time zones, countries, and cultures. Vallia Energy already has employees collaborating across locations, so embracing that distribution is not as big a leap as one might think.

I understand Sean's indecision. Spotify moved to a distributed-first model in February 2021. But when our cofounder Daniel Ek started pushing the idea a few years earlier, I was uneasy and often felt myself pumping the brakes. Of course, it was the pandemic that changed my mind. Like other technology companies, we shifted to all-remote work, and employees told us that they cherished the newfound flexibility and autonomy. We didn't want to take that away from them—and we realized we didn't need to. Today most employees choose where and when they work; we ask only that they state their preference for an “office mix,” in which they work mainly from the office, or a “home mix,” in which the office is available to them but isn't their primary work location.

Sean's decision is more complicated, as Vallia has a class of employees who don't have the option of working from home. But I suspect that the on-site crew members will be understanding, if Sean makes it clear that the company values them as much as their HQ colleagues. Transparency and sharing the reasoning behind all decisions are key to keeping employees engaged.

Flexible work arrangements are relatively new and haven't been deeply researched. But at Spotify we see strong indications that our stance has made us more attractive to talent, particularly young employees and those from diverse backgrounds whom we might have struggled to reach before. We have not seen nor do we anticipate any drop in productivity, engagement, or retention; even during the Great Resignation, we had very few voluntary departures. If Sean wants to transform his workforce, allowing remote work is one way to do it.

Before our transition, I shared Sean and Joan's concerns that less-experienced team members would miss out on crucial mentoring, that innovation would suffer, and that resentment might grow among workers whose roles require them to come to the office. But we've found that distributed-first has a wonderful self-organizing quality about it. Most of our employees chose an office

mix over a home mix so they could reap the benefits of colocation; they just didn't want to be obligated to come in all the time. We don't do hot-desking, but we don't assign desks either—instead, we designate “neighborhoods” based on function and role so that people know generally where to find the colleagues they need for collaboration.

Though we believe that our transition has been a success, we continue to seek feedback from employees, and we've partnered with academics from Stockholm University to measure long-term results. Sean will want to do something similar at Vallia, paying particular attention to sentiment among the roughnecks.

Humans are creatures of habit. The pandemic was a discontinuity that opened up a rare opportunity to do things differently. Sean, who seems to have continued to go into the office himself, is struggling to accept the new reality of work. But I can assure him that his knowledge workers, who have become habituated to increased freedoms, will never go back entirely to the way things used to be. The sooner he and his team accept this, the better.

*HBR's fictionalized case studies present problems faced by leaders in real companies and offer solutions from experts. This one is based on a case taught at the University of Oklahoma's Price College of Business.*

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