

PROFESSIONAL SERVICES OUTLOOK – IS A HYBRID WORKFORCE A WIN-WIN?



Your Team.

Local. Trusted. Nationwide.

Your Team.

TODAY'S SPEAKERS



Kif Cahillane

President, Atlanta
CBIZ Employee Benefits



Geoffrey Christian

Managing Director
CBIZ MHM



Joe Rice

Director, Compensation Consulting
CBIZ Talent & Compensation Solutions



Eric Galanti

Senior Vice President
CBIZ Gibraltar Real Estate



Kevin Higgins

National Practice Leader, Professional Services
CBIZ MHM

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AGENDA

4 Key Components of a Successful Hybrid Work Plan:

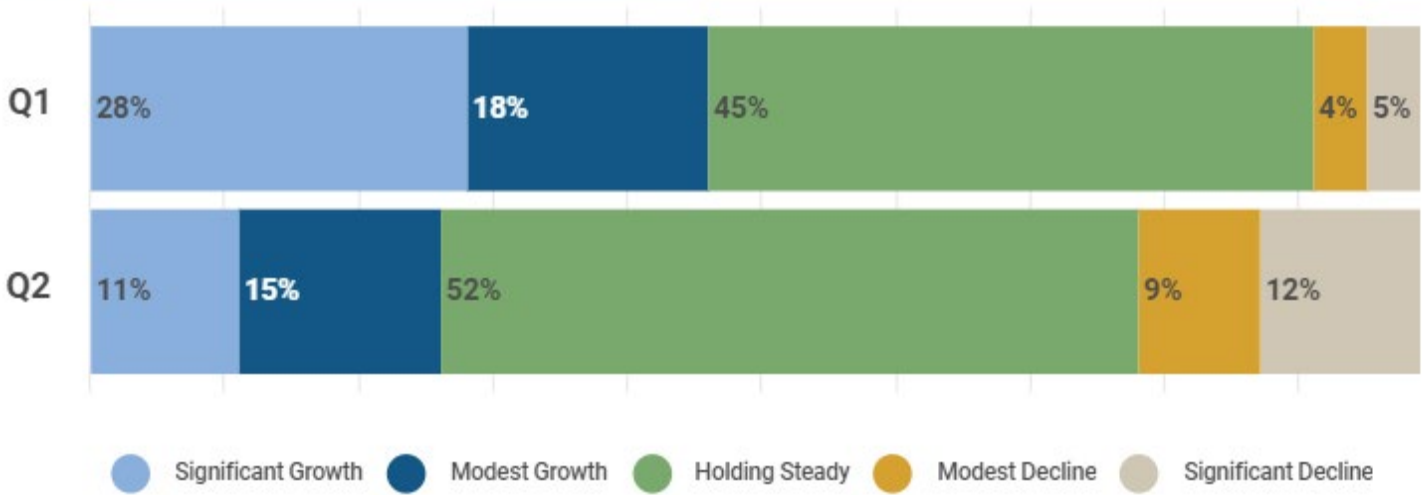
- ✓ **Employee Benefits**
- ✓ **Compensation**
- ✓ **State & Local Taxes "SALT"**
- ✓ **Hybrid Workplace and Your Office Space**

MAIN STREET INDEX – PROFESSIONAL SERVICES

Workforce Issues

Now that employees and employers both have experienced the feasibility of the remote work environment, it may not be possible to return to pre-pandemic work arrangements. Moving into Q3 and looking to year end, Main Street Index respondents overwhelmingly expect to maintain some remote work capabilities. Indeed, more than half of PSF respondents expect to employ a hybrid work arrangement (combination of in-office and remote employees).

Remote Workforce



Employee Benefits

Kif Cahillane

President, Atlanta

CBIZ Employee Benefits



PROBLEMS

8% of employees contribute **80%** of healthcare costs

25%+ of Healthcare Spend is Error, Waste, & Abuse¹



Error



Waste



Abuse

Total Spend²
\$5m



Average
25%+



Error Waste Abuse
\$1.25m Annually+

1. PriceWaterhouseCoopers "The Price of Excess – Identifying Waste In Healthcare Spending"

2. Employer with 500 employees x \$10k per employee per year spend

PROBLEMS

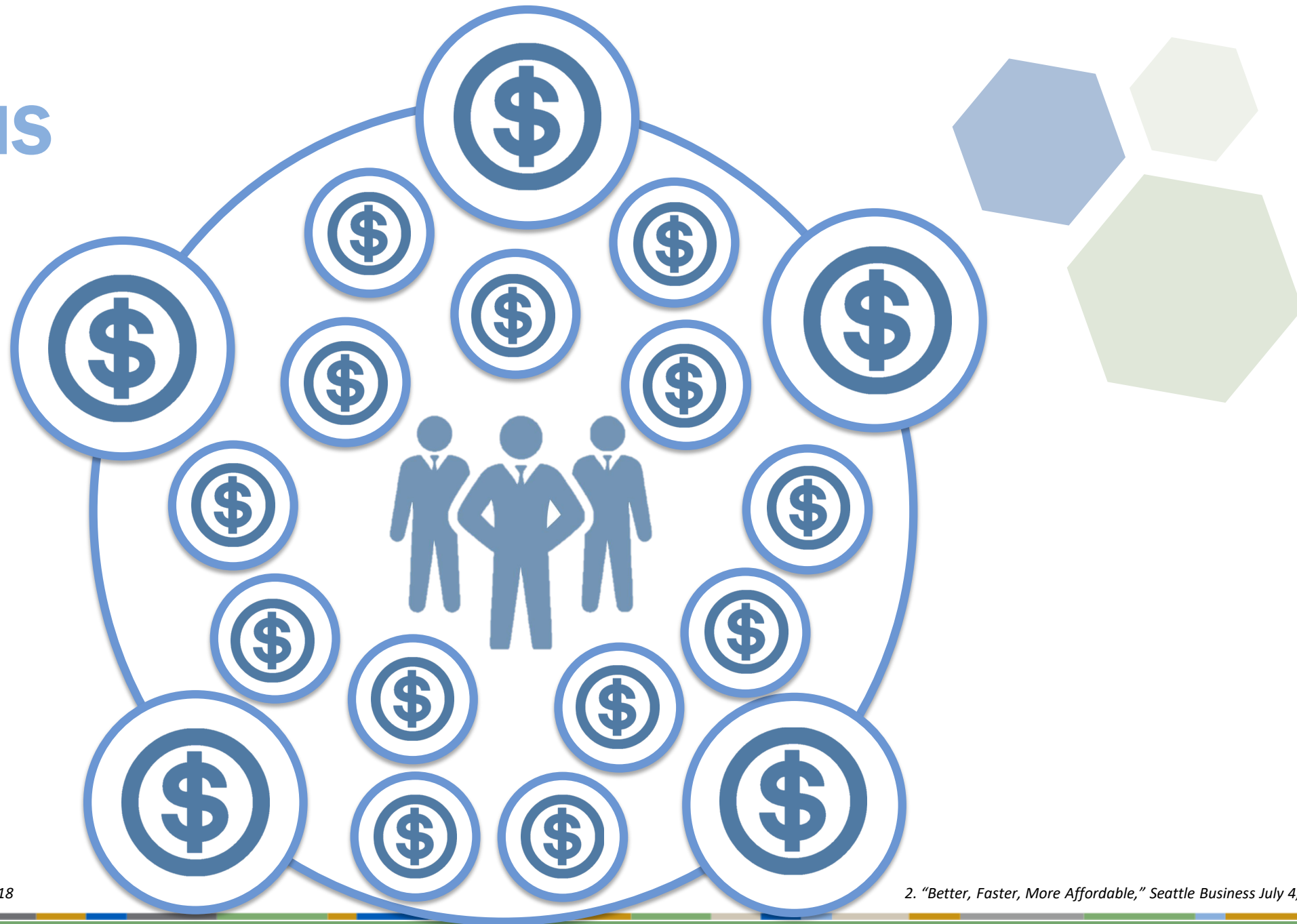


1. Edison Health & Tom Emerick December 21, 2018

2. "Better, Faster, More Affordable," Seattle Business July 4, 2016

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PROBLEMS



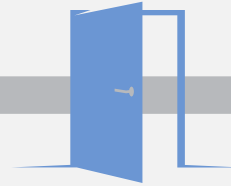
1. Edison Health & Tom Emerick December 21, 2018

2. "Better, Faster, More Affordable," Seattle Business July 4, 2016

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SOLUTIONS

Advocacy



NPS
85

Trend
3%

Understanding &
Decision Making

Resolving
Issues

Pre Certification &
Referrals

Treatment Options

Centers of Excellence



Misdiagnosis & Overtreatment

Cancer, Cardiovascular, MSK,
Transplants, + MRI, Specialty, etc

25%

Average Cost
Reduction

88%

Change In
Treatment

Pharmacy



20%-30%+
Savings

0 Spread Pricing
100% Rebates

- Patient Assistance
- Coupon Programs
- International Programs



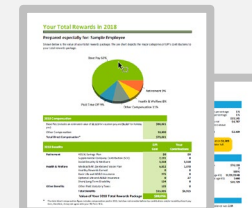
Engagement



Personalized
Enrollment

Customization

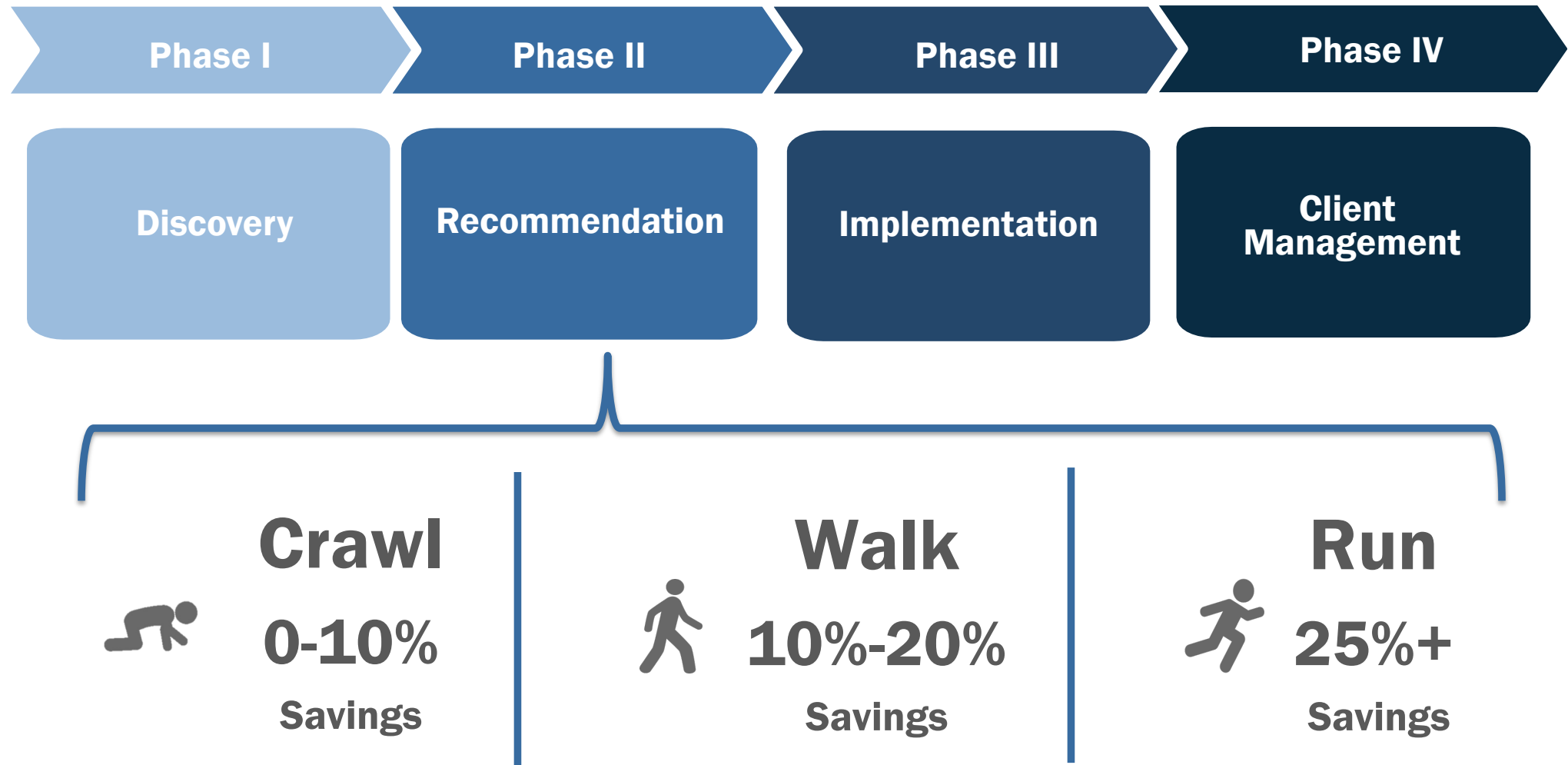
- One on One Enrolment
- Videos, Text, Emails
- Data Analytics



Total
Rewards
Statements

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ASSESSMENT



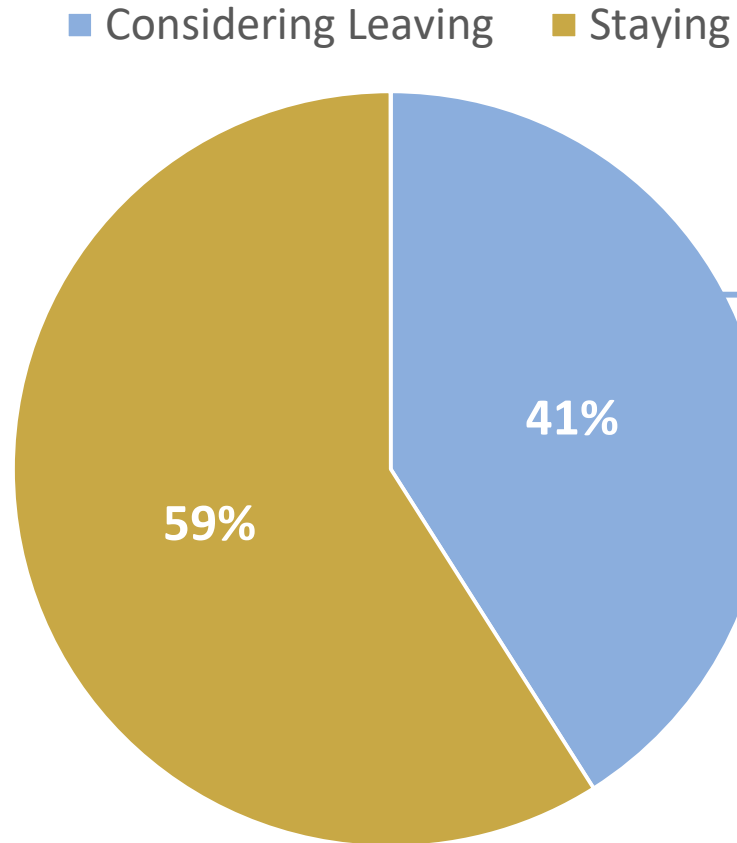
Compensation

Joe Rice

**Director, Compensation Consulting
CBIZ Talent & Compensation Solutions**



THE GREAT RESIGNATION



41% of global workforce is likely to consider leaving within next year

- This rate has nearly doubled

"How to Quit Your Job in the Great Post-Pandemic Resignation Boom"

Microsoft (2021) - [Work Trend Index](#). Bloomberg Business (2021) - [How to Quit Your Job in the Great Post-Pandemic Resignation Boom](#).

TALENT MANAGEMENT/CULTURE

Competencies

- What skills are needed to thrive in a full remote or hybrid workforce?
- **Employee Competencies**
 - Proactive
 - Self-Starter
 - Growth Mindset
- **Supervisor Competencies**
 - Communication
 - Expectation setting
 - Coach
 - Recognition



TALENT MANAGEMENT/CULTURE

Job Levels/Architecture

Specialization/shared services

- E.g., paralegal with expertise in environmental law

Performance Appraisals

- Effectively assess in-office vs remote performance

Hybrid workweek structure

- Open scheduling?
- Rigid in vs home days—maximize interpersonal interaction



COMPENSATION STRATEGIES

1. **Labor Market Arbitrage**
 - No relocation packages
2. **Geographic Based Salary Structures?**
3. **Benchmark Compensation and Total Rewards**



STATE & LOCAL TAXES

“SALT”

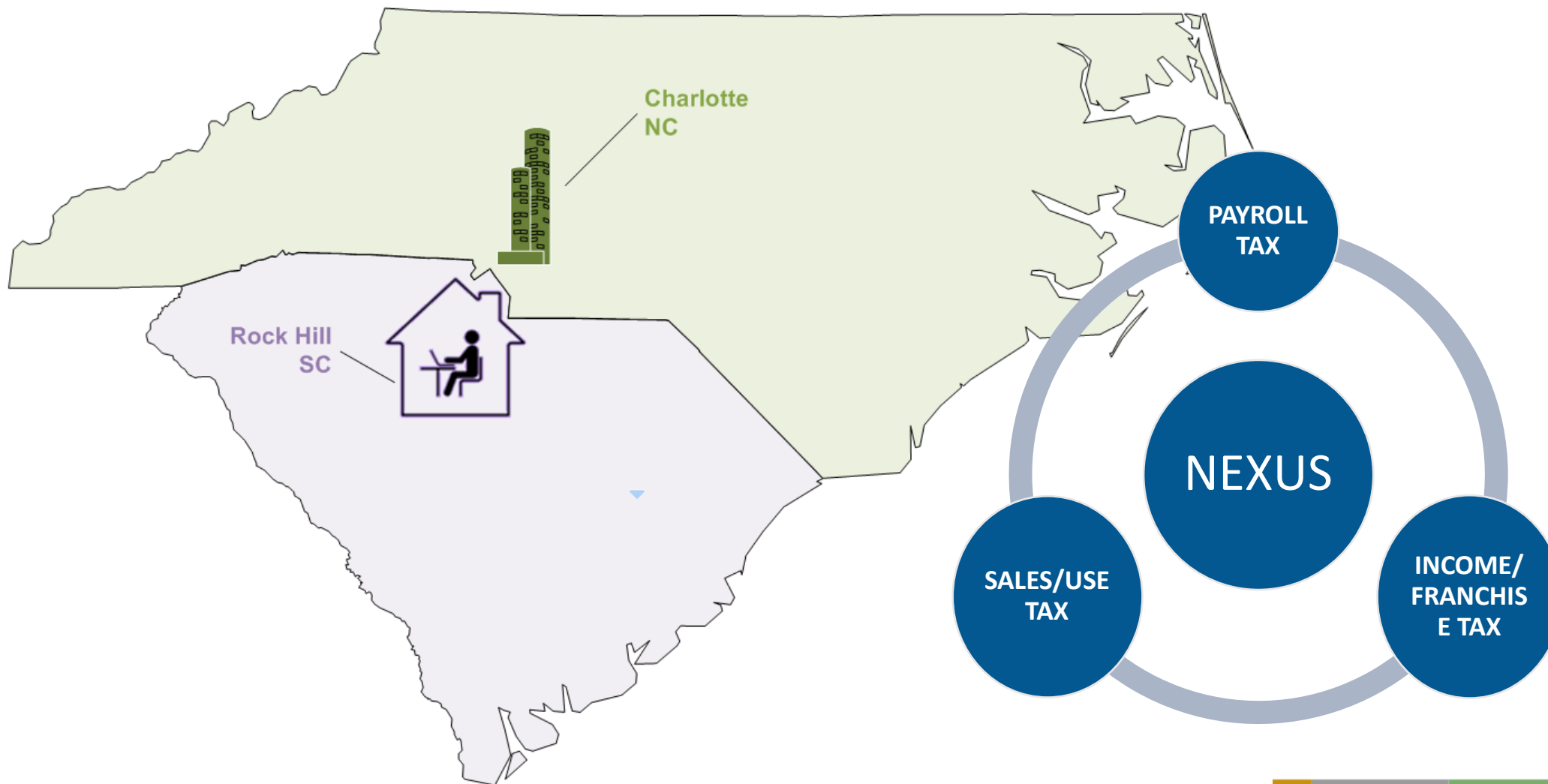
Geoffrey Christian

Managing Director

CBIZ MHM



REMOTE WORKER/SALT IMPLICATIONS



Your Team.

PAYROLL TAX



- **Employer Taxes**
 - Withholding responsibilities
 - Reciprocal Agreements
 - Local withholdings
 - Unemployment tax
- **Convenience of the Employer Rule**

INCOME TAX

Income Tax



Apportionment

- Payroll Factor
- Sales Factor – COP vs Market

Estimated Payments

Non-resident w/h

Resident members creating filing requirements

WHAT EMPLOYERS NEED TO DO NOW



Know where your employees are working



Identify the nexus implications of remote/hybrid workers

Method Tables for Income Tax
ARRIED Persons—BIWEEKLY Payroll Period
(For Wages Paid through December 31, 2016)

And the number of weeks				
0	1	2	3	4
The amount of income				
\$142	\$118	\$95	\$71	\$56
145	121	98	74	58
148	124	101	77	60
151	127	104	80	62
154	130	107	83	64

Assess the payroll tax withholding obligations/reporting requirements



Quantify income tax liabilities



Evaluate sales taxability determinations/registrations/compliance

Hybrid Workplace and Your Office Space

Eric Galanti

Senior Vice President
CBIZ Gibraltar Real Estate



FLEXIBILITY IS HERE TO STAY

Employees want the best of both worlds

- 73% of workers surveyed want flexible remote work options
- 67% indicate they need more human interaction
- Commuting is a huge factor

Employers need to listen

- 70% of employers are implementing a change in work policies to create flexibility
- Gen Z (18-25) is struggling the most...60% are struggling with the lack of engagement
- Leadership's challenges include:
 - Professional development
 - Onboarding new employees
 - Connecting employees with company culture
 - Burnout

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PROFESSIONAL SERVICES REDUCTION ESTIMATES



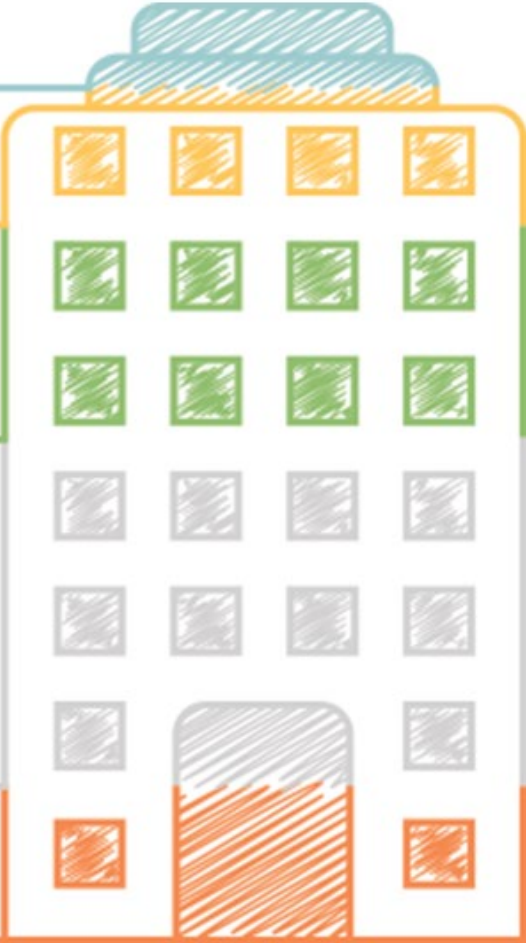
9% Anticipate a
41-50% Reduction

14% Anticipate a
31-40% Reduction

22% Anticipate a
21-30% Reduction

36% Anticipate a
11-20% Reduction

18% Anticipate a
Up to a 10% Reduction



*Source: FCA Architects

WORKPLACE CHANGES

Physical Office Space

- 28% of employers are rolling out hoteling or “hot desks”
 - Unassigned desks
 - Personal Belongings are stored in a locker
- 3 days per week = dedicated desk; less than 3 = shared
- Increased workstation spacing
- More informal “meeting spaces”

Building Common Areas

- Touchless access controls
- Temperature checkpoints & health screening protocols
- Awareness of HVAC MERV ratings
- Increased amenities spaces

The office used to be a place where employees came to get their work done; now it's a place to interact with their co-workers. This paradigm shift creates the need for a collaborative workspace, and a work/life balance that promotes productivity when working remotely.

ENVISIONING OFFICE SPACES OF THE FUTURE

A hybrid of in-person and remote work arrangements may become the new standard in office design.



The Commons

A marketplace of communal spaces and food venues to foster community and collegiality.



The Accelerator

An environment to grow and evolve initiatives, processes, and ideas. These spaces are designed for brainstorming and casual interactions among teams.



The Study

Think of an office space like a library: a quiet, distraction-free space for processing information and deep workflow processes



The Co-location District

A flexible neighborhood of mixed-use rooms for employees, partners, and collaborators to seamlessly work together.

MARKET CONDITIONS

Sublease Space

- Subleases inventory has increased considerably
 - Most sublease space is not desirable...too dense
 - No flexibility with lease term and improvement \$\$
- Landlords are still getting rent from tenants that are trying to sublease their space
- Large vacancy will be created when subleases expire

Opportunities for Tenants

- Rental rates are holding steady
- Landlord's are trying aggressively to secure long-term tenants
- Concession flexibility, primarily in the form of increased TI Allowances and free rent
- Creative opportunities to reduce space

“

... with so many businesses reassessing their current office space needs, a lot of companies who have sublease space on the market may ultimately just be fishing for a bite.

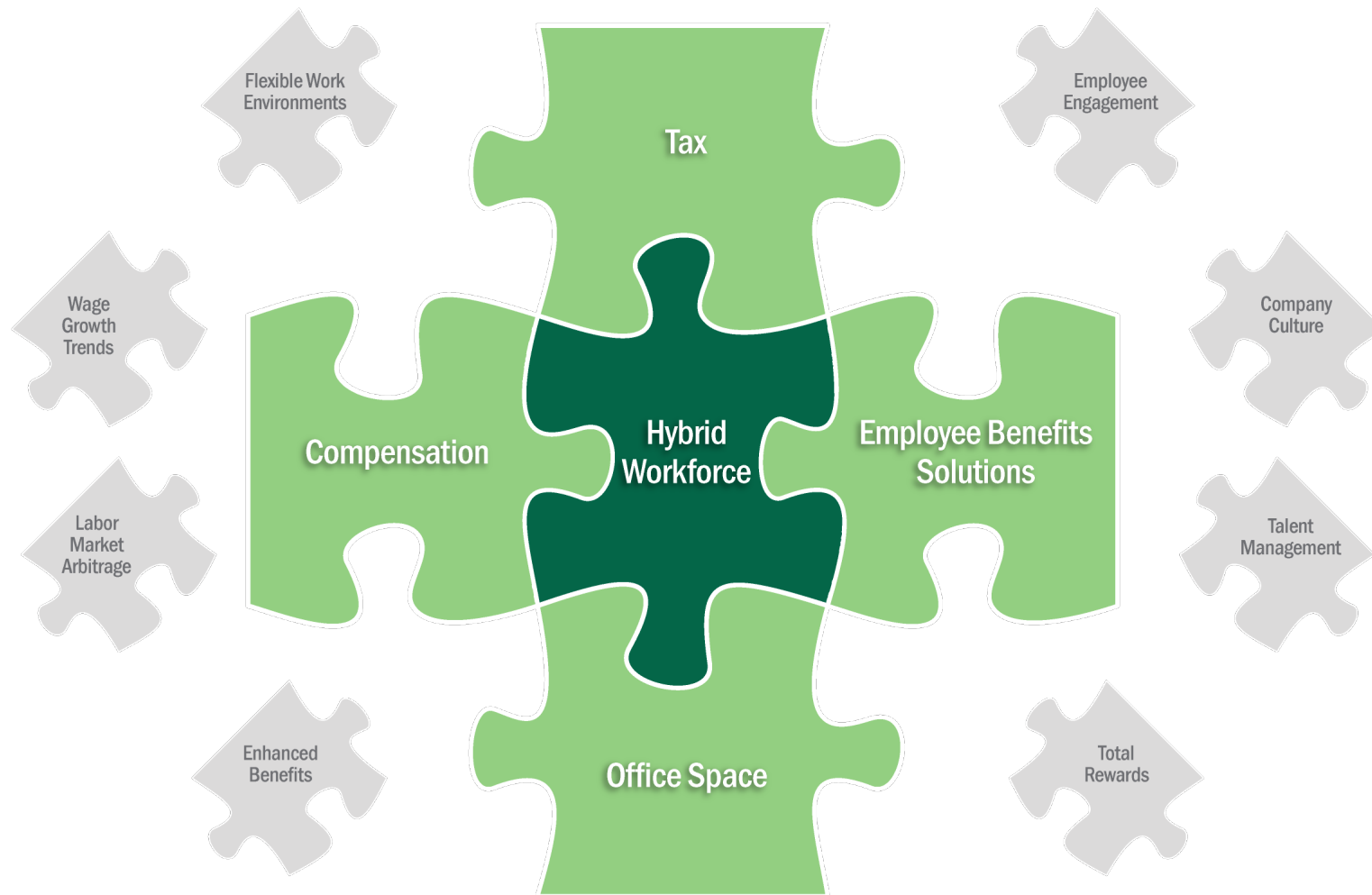
Regardless of what's real or imagined, the amount of sublease space means that there's going to be stiff competition among traditional office landlords and sublandlords until the pendulum swings back in the other direction.

REJournals Illinois

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—
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THE HYBRID WORKFORCE



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Connect with us: cbiz.com

