

## American Express: Deciding on a Hybrid Work Model After the COVID-19 Crisis (B)

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On March 18, 2022, American Express (Amex) officially launched its back-to-the-office program, Amex Flex. Prior to the launch, Amex had conducted an internal survey that indicated that nearly 80% of Amex colleagues wanted to come back to the office at least some of the time.<sup>1</sup>

At the end of the year, the country manager in Spain, Juan Orti, sat in his office in Madrid discussing the company's new way of working with Spain's country executive team. What had been effective? What could be improved? What might not be sustainable?

As part of Amex Flex, Amex colleagues could choose from three working options—onsite, fully virtual, and hybrid. It was up to each person to decide if they wanted to be virtual or if they preferred to work onsite, following some criteria and an approval process. Some jobs were required to be performed permanently onsite because they could only be carried out in the office, such as security, but those were very few.

Virtual workers would only be requested to be physically in the office at specific moments during the year, such as internal town hall meetings or client meetings.

Hybrid workers were the third group. The final details were announced in the fall of 2021 after extensive discussion throughout the organization, particularly among country managers.

For both virtual and hybrid workers in Spain, Amex was required by law to supply equipment and ensure that the right conditions were met when working from home. At first, the initial

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<sup>1</sup> American Express. "American Express: Introducing Amex Flex – Our New Way Of Working." Last modified October 18, 2021. <https://about.americanexpress.com/newsroom/press-releases/news-details/2021/American-Express-Introducing-Amex-Flex--Our-New-Way-Of-Working-10-18-2021/default.aspx>.

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global proposal from New York was to ask people in hybrid roles to come to the office for three days. After getting feedback from colleagues across the organization and in the context of an intensifying war for talent, the company reconsidered. A more thorough consultation country by country and with other senior leaders led to a “two-day minimum, on average, per week” approach, which was adopted by most countries. Hybrid workers were also given the option of working up to four calendar weeks from a different location from the home office when they did not have to come into the office at all.

In a letter to shareholders, CEO Steve Squeri said:

Offering flexibility has always been a part of our culture, and with Amex Flex, we want to achieve the best of both worlds—recapturing the creativity and relationship building of working together in person, while also retaining the flexibility and progress we have made in a virtual environment.<sup>2</sup>

In the end, 84% of Amex colleagues in Spain chose to work a hybrid schedule, while 16% expressed that they wanted to work fully virtual and 0.001% opted for fully onsite (see **Exhibit B1** for a breakdown of Amex Flex work schedules).

To adapt to the new scenario, Amex Spain reconfigured its workspaces and technology, enabling colleagues to work as comfortably and efficiently as possible. Most office spaces had been transformed into a single open space.

Shortly after Amex Flex was launched companywide, the team in Spain—aiming to encourage colleagues to come to the office after a long period of working from home—offered perks and proposed special initiatives. These included free food for more than six weeks, free snacks, activities, and special round tables.

As Elena Cárdenas said:

Different activities were organized to encourage people to come in and engage with others. Things like video shoots that featured colleagues’ testimonials and merchandising. Even a DJ was hired to come in on Thursdays for afterwork meetings during the first month of the new way of working, which also gave new joiners the chance to meet and mingle.

Most hybrid colleagues had been coming into the office on Tuesdays, Wednesdays, and Thursdays, opting to work at home on Mondays and Fridays. Team leaders determined when meetings were held and were required to have criteria for scheduling. They could not simply call meetings when it was convenient for them. Enabling a hybrid dynamic in the meetings and ensuring that everyone was included and participating were requirements.

Juan was not inclined to monitor his colleagues’ schedules:

We don’t penalize people for being in the office or not. True, there are people who prefer to work in the office and people who like it less. Working dynamics are not necessarily the same, and each model has different benefits that we don’t want to miss out on. So we have had to develop an awareness of this, and become more conscious of how to strike the perfect balance, which we still need to fully figure out.

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<sup>2</sup> American Express. “American Express Officially Launches Amex Flex, Our New Way of Working.” Last modified March 18, 2022. <https://about.americanexpress.com/newsroom/press-releases/news-details/2022/American-Express-Officially-Launches-Amex-Flex-Our-New-Way-of-Working/default.aspx>.



To date, the new working arrangements seem to have been working well in Spain. Proof of concept was that, since the onset of the pandemic, despite a global war of talent, the Amex office in Spain had grown to more than 1,200 colleagues to fulfill Spain's pan-European role. In fact, some of the more than 600 new colleagues who joined Amex during the pandemic had completed their onboarding at home, behind their computers, with no in-person contact.

Additionally, Amex had received the prestigious Forbes "2022 Best Company to Work for in Spain" award for its flexible work arrangements, training courses for employees, and ambitious diversity, equality, and inclusion plan. Importantly, this award was based on employee feedback. (See **Exhibit B2** for a link to the videos.)<sup>3</sup> Amex was also named the company with the best human resources policy in Spain, thanks to Amex Flex, by the Spanish national newspaper *La Razón*.<sup>4</sup> As Julia López Fernández, Vice-President and General Manager of Merchant Services for Amex Spain, remarked:

I've observed that Amex Flex has helped increase the level of engagement among the teams while maintaining productivity levels. This new way of working has also made me recalibrate and reassess what it means to be a leader in a new working environment. We continue to have an important role in retaining, developing, and enhancing talent—no matter whether this support is delivered virtually or in-person. Looking ahead I see 3 areas of focus/learnings that will be key for the success of the organizations: Personal connections are as important as they ever were. Purpose and culture are also critical for the engagement of colleagues and the future of organization; and Time matters and so does our ability to disconnect.

As they prepared for the year ahead, Spanish management wondered how long the new way of working would be tenable, as the market, competitors, and work practices constantly evolved. Some business academics wondered whether companies would be as willing to let people work virtually in an economic downturn if the Great Resignation turned into the great recession, with potentially high levels of unemployment. The use of functional office spaces was another concern. How much space and what types of office layouts would be optimal for the future?

However, productivity, and profitability at Amex remained strong.<sup>5</sup> By the fourth quarter of 2022, revenues had grown 24% year-over-year. The company had reached a record high for the second quarter in a row (see **Exhibit B3**)<sup>6</sup> and customer satisfaction levels were high. But with 16% of the growing team working virtually, would the Amex internal corporate culture remain as strong as always? How could this best be measured? How could the company head off any potential threats? Would it be possible to maintain an inclusive and diverse Amex community as it continued to grow? Would it make sense to revisit Amex Flex if market conditions evolved?

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<sup>3</sup> FORBES. "American Express España Recibe El Premio Forbes Mejor Empresa Para Trabajar 2022." Forbes España. Last modified June 8, 2022. <https://forbes.es/empresas/166065/american-express-espana-recibe-el-premio-forbes-mejor-empresa-para-trabajar-2022/>.

<sup>4</sup> La Razón. "Siga En Vivo Los VIII Premios Tu Economía." La Razón. Last modified June 30, 2022. <https://www.larazon.es/economia/20220630/d4vsent5yvce7f5qldexfx7ytu.html>.

<sup>5</sup> Squeri, Stephen J. "American-Express-Annual-Letter-to-Shareholders." American Express. Accessed May 30, 2023. [https://s29.q4cdn.com/330828691/files/doc\\_downloads/American-Express-Annual-Letter-to-Shareholders-2023.pdf](https://s29.q4cdn.com/330828691/files/doc_downloads/American-Express-Annual-Letter-to-Shareholders-2023.pdf).

<sup>6</sup> American Express. "American Express Third-Quarter Revenue Increased 24% To \$13.6 Billion." American Express Company - Investor Relations. Last modified October 21, 2022. <https://ir.americanexpress.com/news/investor-relations-news/investor-relations-news-details/2022/American-Express-Third-Quarter-Revenue-Increased-24-To-13.6-Billion/default.aspx>.