Me, We, Here:

How personal preference, organizational goals and interconnected workspaces coexist in a flexible work environment

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An Educational Webinar for EY

A Look into Today, Tomorrow and the Future

An Exchange With

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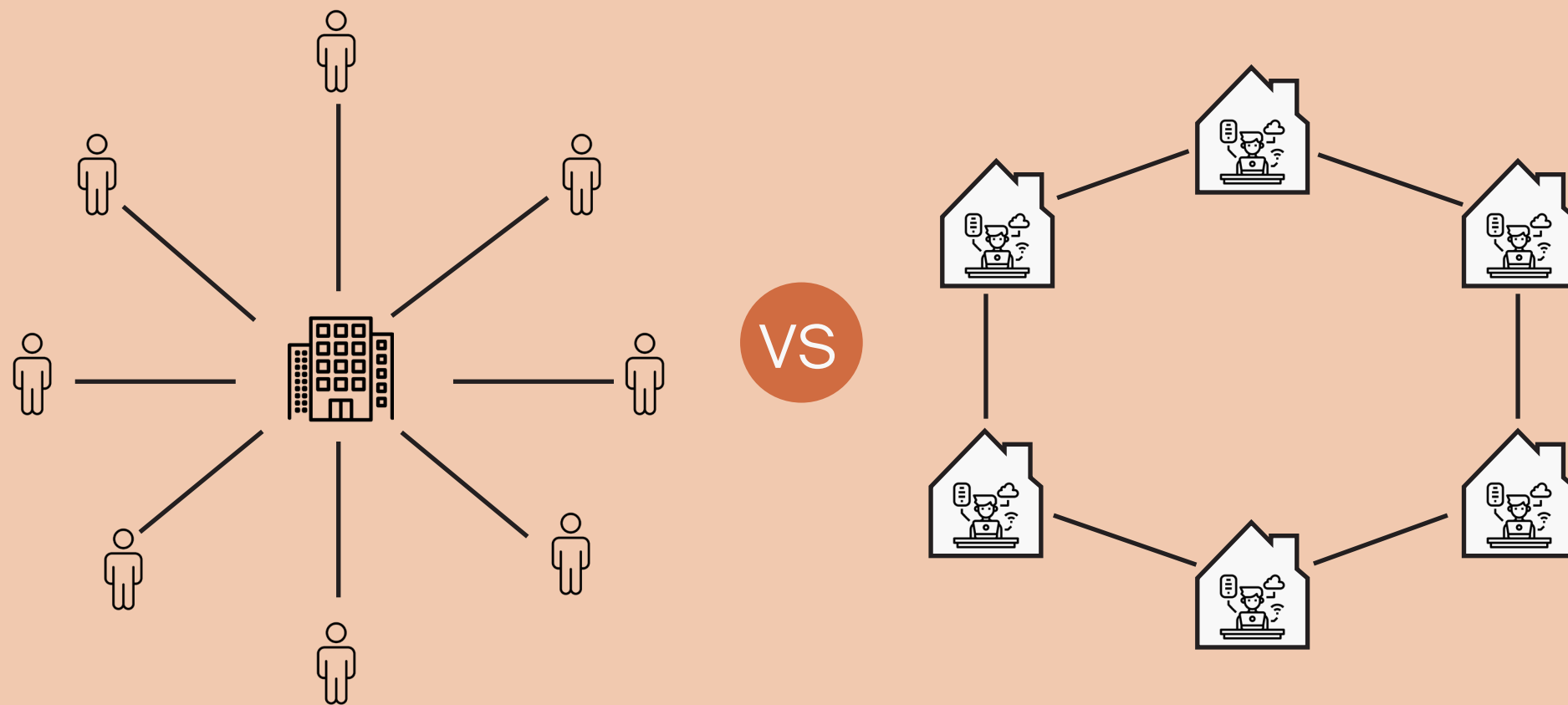PRINCIPAL, PEOPLE ADVISORY
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Remote Working: A New Age

Covid-19 has significantly altered our work routines and has fast-forwarded the future of work.

Remote Working:
Centralized v Decentralized

VS

"IF OUR EMPLOYEES ARE IN A ROLE AND SITUATION THAT ENABLES THEM TO WORK FROM HOME AND THEY WANT TO CONTINUE TO DO SO FOREVER, WE WILL MAKE THAT HAPPEN.

IF NOT, OUR OFFICES WILL BE THEIR WARM AND WELCOMING SELVES, WITH SOME ADDITIONAL PRECAUTIONS, WHEN WE FEEL IT'S SAFE TO RETURN."

- Twitter, 2020

DIFFERENT JOBS
HAVE DIFFERENT
TASKS.
IT'S NOT
THE SAME FOR
EVERYONE.

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IS REMOTE WORK STAYING?

WHEN PRE-EXISTING OFFICE WORKERS WENT REMOTE, THEIR PRODUCTIVITY ROSE BY 7%.

SOURCE: EMANUEL AND HARRINGTON (HARVARD STUDY)

A STUDY OF 16,000 WORKERS OVER 9 MONTHS FOUND THAT WORKING FROM HOME INCREASE PRODUCTIVITY BY 13%.

SOURCE: N. BLOOM ET AL (STANFORD UNIVERSITY).

JOBS HELD BY WOMEN ARE 19% MORE AT RISK THAN JOBS HELD BY MEN SIMPLY BECAUSE WOMEN ARE DISPROPORTIONATELY REPRESENTED IN SECTORS MOST NEGATIVELY AFFECTED.

SOURCE: COVID-19 - MGI RESEARCH

77% OF EMPLOYEES SAY THEY WANT TO CONTINUE WORKING FROM HOME POST-COVID.

SOURCE: GLOBAL WORKPLACE ANALYTICS

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IS REMOTE WORK HERE TO STAY?

THIS GRAND EXPERIMENT OF REMOTE WORK IS FORCING COMPANIES TO RETHINK THEIR OPERATIONS, DROP AN OUTDATED MINDSET, AND DISCOVER MORE EFFICIENT WAYS OF THINKING - ERIK BRYNJOLFSSON (MIT)

In a post Covid environment, how do you foresee the office evolving?

A. **Return to what we once knew before the COVID pandemic outbreak.**

B. **A decentralized work environment** where people can commute to their local work stations based in smaller satellite offices.

C. **A hybrid model** where workers are given the choice to work from their homes in conjunction with well-curated, flexible office spaces.

D. **A mass exodus** from high end office environments where the majority of the workforce work remotely.

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THE REPURPOSING OF TRADITIONAL OFFICE SPACE

The convergence of residential and commercial spaces will reduce the traditional urban office of today and lead to new zone types of space as we evolve.

Further, the role of the office will transform to serve specific needs of the employee and the organization, rather than acting as a singular space for "work".

Arguments For Repurposing the Office

The regeneration of a primarily office-centric district in Downtown Manhattan to a vibrant, residential neighborhood shows what can happen when the right incentives are put in place.

An estimated 64,000 people now live in lower Manhattan,
up from about 23,000 two decades ago.

Source: Downtown Alliance

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Arguments For Repurposing the Office

Zoning and regulation amendments are key to repurposing underutilized office buildings.

Requirements concerning fire and smoke protection, egress paths of travel, access to natural light and ventilation, and occupancy are written for conventional buildings. Yet building conversions are never conventional, making variances, special exceptions or even regulatory amendments a necessity.

Source: Roger K. Lewis, professor emeritus of architecture at the University of Maryland

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Arguments For Repurposing the Office

Repurposing of office space is environmentally friendly.

"Adaptive-reusing a building is one of the greenest constructions you can do."

Source: Scott Maenpaa, The Architectural Team which has undertaken several office-to-residential projects

Arguments **Against** Repurposing the Office

If you believe the headlines, the office has been dying for half a century. But it continues to reinvent itself and is still necessary. We have yet to see it die.

August 1969: "We can now provide each individual with a choice of … working at home, where he can carry out his duties for all his assignments through computer access."

Source: "You'll Never Have to Go to Work Again," The Washington Post

Arguments **Against** Repurposing the Office

It's not just a case of converting office buildings to residential use. The majority of office buildings are not structurally feasible to convert, and many of them have long leases.

Converting office space to apartments is not easy. Landlords would still need to wait for buildings to empty, which can take years."

Source: Matthew Haag and Dana Rubinstein, The NY Times

Arguments Against Repurposing the Office

People are at a breaking point working from home and want to return to the office, so the demise of the office is wildly over exaggerated.

The last three months of 2020 saw a 4.2% decline in productivity — the largest quarterly drop in almost 40 years — suggesting that the high-stress survival response we've experienced for over a year is no longer sustainable.

Source: U.S. Bureau of Labor Statistics

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Will we see a mass conversion of office space to residential space across the downtown areas of cities?

A. **No, people will ultimately return to the office** as they did pre-COVID.

B. **Doubtful, as offices will reinvent themselves** to meet the current office market demand.

C. **Possibly,** but the difficulty of repurposing older spaces will mean **it will take many years to happen.**

D. **Yes, because landlords will have no choice** when there is no demand for their product.

BEHAVIORAL "REAL ESTATE" ECONOMICS

Employees' desire for personal control over space and time will shift employers' resources away from physical space and towards technology and infrastructure to enable productive creativity.

Arguments For Behavioral Economics

The majority of employees want flexibility in their lives and don't want to work in an office going forward.

Only 9% of employees said they want to work in an office all the time

Source: The State of Working From Home Survey 2020, Leadership IQ

Arguments For Behavioral Economics

Technology will be the catalyst in providing the most productive environment going forward.

Technology is key to supporting hybrid working environments, with 64% wanting better technology in the office and 48% wanting home office "hardware" investments.

Source: EY 2021 Work Reimagined Employee Survey

Arguments For Behavioral Economics

In a new YOLO (you only live once) environment, employees will not only be unhappy in their job, but will ultimately move to a work situation that provides the flexibility they now require.

A majority (54%) of employees are likely to quit if they aren't offered the flexibility they want, with Millennials two times as likely as Baby Boomers to quit.

Source: EY 2021 Work Reimagined Employee Survey

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Arguments For Behavioral Economics

People who have the ability to work from home don't want to live in densely populated, expensive cities going forward, but they do want to live close to them.

In a study conducted by the NY Times and confirmed by research from the Cleveland Federal Reserve Bank, "the ZIP codes where more people moved out during the pandemic were denser neighborhoods in metropolitan areas, where a higher share of people work in jobs that could be done from home, and that Postal Service and credit reporting data all suggest that the greatest beneficiaries of migrants who did leave communities like New York and San Francisco were other communities relatively close by."

Source: Jed Kolko, The NY Times

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Arguments **Against** Behavioral Economics

Employees don't believe that employers will invest in creating the optimal environment for them.

Only one in five office workers think their employers are fully prepared to support a long-term shift towards a hybrid-working model that offers a combination of at-home and office-based working.

Source: Sony research, Techrepublic

Arguments Against Behavioral Economics

There is no true way to measure productivity, so employers will only do what is in their own best interest.

"Workers represent a critical input factor for the modern firm, but our understanding of the effects of workplace environmental conditions on human performance is limited."

Source: Moving to Productivity: The Benefits of Healthy Buildings, Juan Palacios, Piet Eichholtz, Nils Kok

Arguments Against Behavioral Economics

While working from home creates the perception of a perk by having flexible work hours, in reality employees are expected to work harder and be available at anytime, and people will want a return to the structured environment of an office.

Since flexible working creates ambivalent, contradictory and tangled experiences, a growing literature suggests it should be understood as a paradox.

Source: Putnam et al., 2014; Hornung and Hoge, 2019

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Arguments **Against** Behavioral Economics

Working from home means that certain demographic groups— such as women with young children —will be more likely to stay home more often and inadvertently face discriminatory practices.

Working from Home is opening up a nightmare of endless lawsuits about how people are being discriminated against."

Source: Nicholas Bloom, Stanford University

Is Working from Home a paradox where we are given the autonomy to decide our own schedules but ultimately end up working seven days a week?

A. **No, WFH is the perfect solution** that allows employees to manage their busy lives.

B. **A day or two in the office each week** is the perfect combination to maintain a work-life balance.

C. **People are aware they are available** at all times but having flexibility is worth the trade-off.

D. Employees are at breaking point and **want to return to the "boundaries" of a normal working week.**

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THE MATCHING ECONOMY 2.0

Matching algorithms help us choose consumer goods constantly, but will they soon be deployed to help us match the needs and desires of the individual with the objectives of organizations?

Arguments For
The Matching Economy

Employees want flexibility, and employers will need the tools, such as space allocation platforms, to provide this.

9 out of 10 employees want flexibility in where and when they work, with employees expecting to work between two and three days remotely after the pandemic.

Source: EY 2021 Work Reimagined Employee Survey

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Arguments For
The Matching Economy

Providing solutions to the needs and desires of occupiers will be the key to success.

Landlords who integrate appropriate technology will drive demand and deliver a streamlined and connected experience for their occupiers, which differentiates their product far beyond a physical destination. Digital solutions which simplify the employee's journey through their typical day can deliver endless advantages. Smart buildings incorporate sophisticated communication systems, allowing colleagues to coordinate their diaries, connect remotely to book parking, meeting rooms and desk space, and take care of many other day-to-day functions.

Source: Morgan Lovell

Arguments For
The Matching Economy

Tenants expect and demand more now.

The concept of creating "phygital" experiences — or, the use of technology to bridge the divide between the physical and digital worlds in a unique and interactive way for the end-user — is fairly new for managing office space, despite the fact that many of the technologies that can achieve these goals have been around for decades. This, in part, is due to the growing popularity of technology for consumers, and a shift in many industries to match consumer habits by adopting technology to enhance the user experience.

Source: HQO

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Arguments For
The Matching Economy

Technology is integral to making employees feel engaged and connected to a company.

Employee engagement tools, which depend on the employees' needs, internal communication, and company culture, are vital to keeping everyone together and on the same page, especially if the workforce is scattered in different locations.

Source: Braja Deepon Roy, Business2community.com
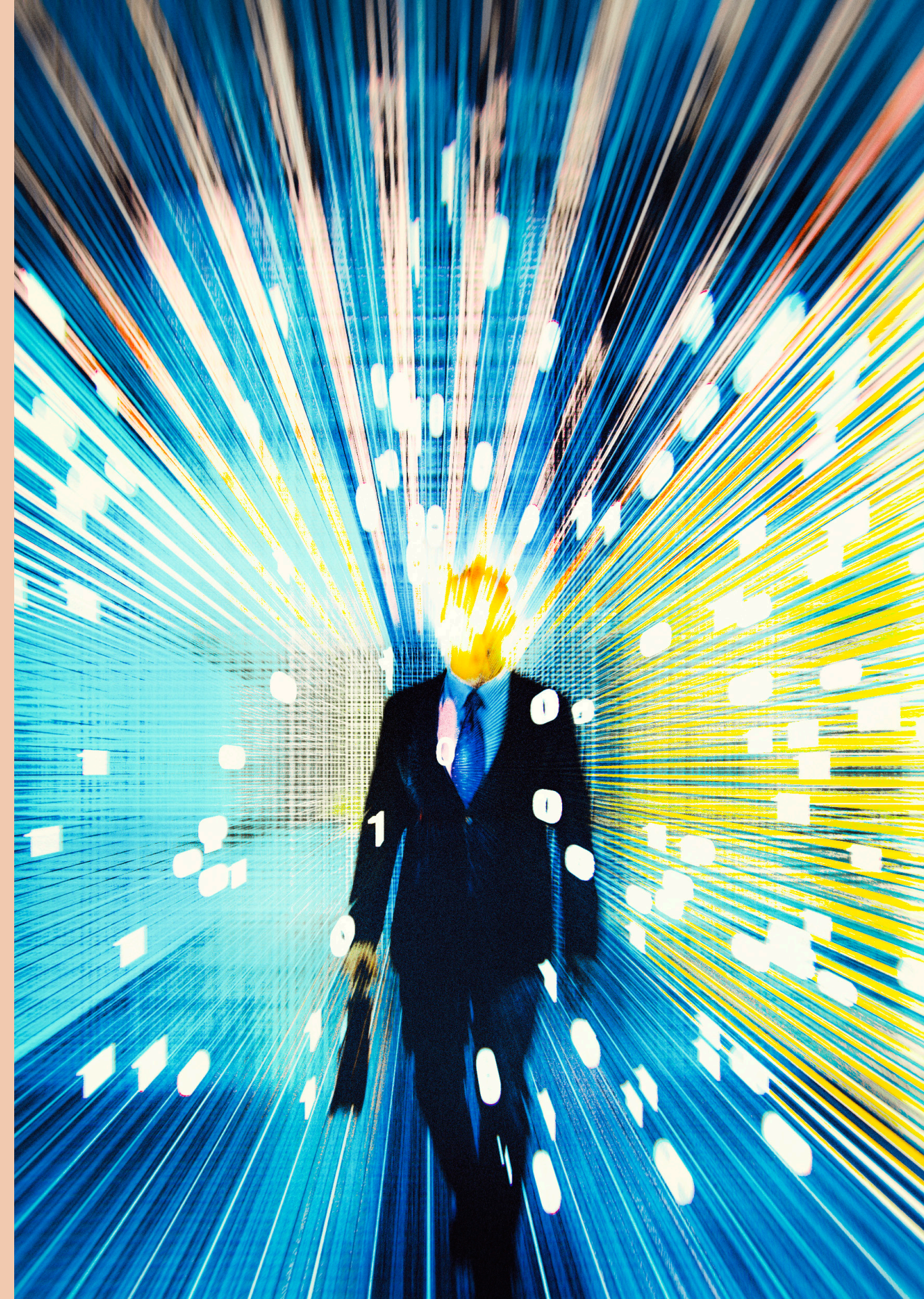
Arguments Against The Matching Economy

In an economy that is measured on quarterly reports, CEOs will turn to remote working as an easy solution in cost savings for their organization.

Many established businesses have already enjoyed savings due to telecommuting. Sun Microsystems identified savings of $68 million a year in its real estate costs, while Dow Chemical and Nortel have saved over 30% on non-real estate costs.

Source: Baruch Silvermann, The Smart Investor

Arguments Against The Matching Economy

People want to return to the office to establish boundaries and a work life balance again, so they don't need matching algorithms.

73% of working professionals are now experiencing burnout, with 20.5% blaming an unmanageable workload, 10.8% citing a lack of control over their work and 11.1% pointing to a lack of empathy and support from managers as the key reasons.

Source: Blind Survey, as quoted in Forbes

Arguments Against The Matching Economy

We don't need algorithms to fill space; in fact, with the hotelification of office space, we are going to require even more space than we had before.

Offices will now offer all types of working configurations, including phone rooms, small touch down rooms, soft seating, pods, and open ancillary configurations. At the end of the day, personal belongings can easily be packed up and go back into the locker. This system would allow for easy adaptability for employees wishing to bring their workstation home with them.

Source: WorkDesign.com

Will matching platforms prove to be catalyst that helps bridge the needs of both employees and employers, to provide the optimal environment for both?

A. They will be a nice addition but **will not be necessary**.

B. Technology will play an important role but it will **not be based on facilitating employee needs**.

C. Employers will ultimately look to the **most cost effective solution**, whatever that may be.

D. Matching algorithms will be key to **providing the optimal environment for employees**.