A Workplace In Transition

Agility And Empathy Are Necessities As Firms Design Their Post-COVID Future

Locatee

As the world emerges from the COVID-19 pandemic, organizations are returning to their offices. Yet how these workspaces are being utilized has changed – and is anticipated to change even more so in the future.

With the ultimate purpose of the office still unclear to many, businesses need to become more agile (where they can adapt to changing conditions and requirements such as new workspace or service demands from employees), design spaces in a more deliberate fashion using employee data and invest in technologies in a more targeted fashion to set themselves up for future success with workplace strategies. Firms also need to change their measures of success, focusing less on density and more on the value of their spaces.

This report provides corporate real estate executives with insights into the current state of affairs pertaining to offices and guidance to help businesses navigate this time of uncertainty.

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Research Methodology

To gain an insight into evolving business and workplace challenges and strategies, we commissioned independent research firm Verdantix to undertake a series of anonymized phone interviews with 50 executives in real estate, workplace and facility management roles based in North America. Respondents spanned five different industry sectors and worked for firms with greater than 1,000 employees globally. Verdantix probed these respondents about their working policies, strategies to support a return to the office, metrics to measure success, and investment plans for workplace technologies.

18%
16%
22%
20%
24%
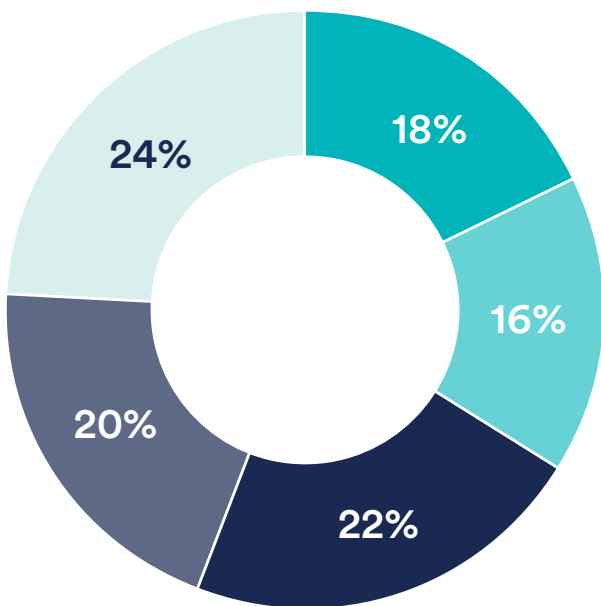
Respondent split by industry

In which industry does your firm operate?

- Chemicals / Pharma / Healthcare
- Consumer Goods
- Financial Institutions
- Professional Services
- Technology and Telecommunications

Respondent split by firm size

How many employees does your firm have?

32%
32%
36%

- More than 10,000 employees globally
- Between 5,000 and 10,000 employees globally
- Between 1,000 and 5,000 employees globally
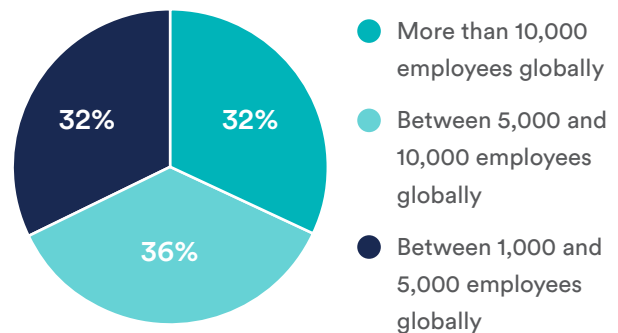
A Post-COVID Transition Breeds Workplace And Real Estate Strategy Uncertainty

With the COVID-19 pandemic subsiding, firms are beginning to re-establish a normal process of operations. The impact of the pandemic and subsequent lockdowns, however, presents businesses with new challenges pertaining to their workspaces, goals and initiatives. When probed about these factors, the survey found that:

Firms are re-examining how and why the office is being used.

Of the real estate executives interviewed, 74% believe that in five years' time, offices will not be comprised of assigned desks and will instead offer other types of spaces, such as collaborative areas (see **Figure 1**). This indicates a belief that the fundamental purpose of the office, and the value it delivers to the business, is changing. Almost all executives also agree or strongly agree that investments in office improvements and technologies will increase significantly in the next two years, to support the attraction and retention of talent.

Figure 1

To what extent do you agree with the following statements?

● Strongly agree ● Agree ● Disagree ● Don't know

| Statement				
To support attraction and retention of talent, investments in office improvements and technologies will increase significantly in the next two years	44%	52%	2	2
In five years' time, offices will have no assigned desks, instead offering other types of spaces such as collaborative areas	22%	52%	24%	2
In the next five years, employee health and wellbeing will become the most important KPI	22%	60%	18%	
A full return to the office will never occur and office utilization rates will remain at the low level	14%	30%	40%	16%
To support attraction and retention of talent, investments in new office locations, which are attractive, central, sustainable and deliver enhanced employee experiences, will increase significantly in the next two years	8%	74%	18%	
In the next five years, space efficiency will be more about employee comfort and satisfaction than density of users	6%	46%	40%	8%
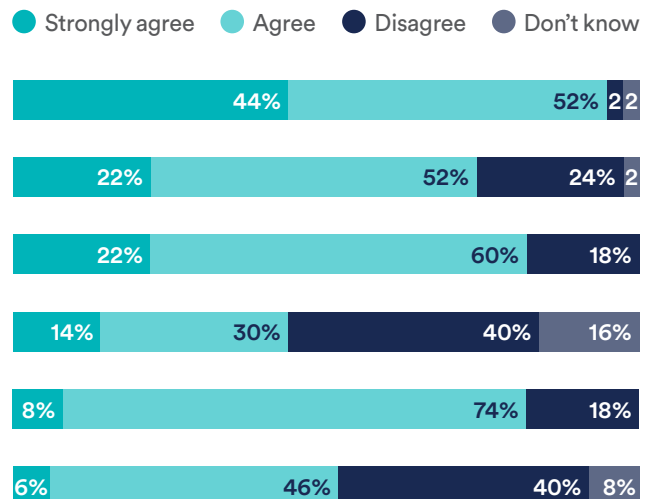
Note: Percentages less than 6% are shown as numbers

Business priorities focus on a return to the office and productivity.

Business performance and productivity is a high priority for 80% of firms (see Figure 2). This is also set to continue, with 78% of firms suggesting this goal to be a high priority in the next five years (see Figure 3). In both time frames, the leading business priority amongst firms is occupant health and wellbeing, with 90% of executives regarding it a high priority in 2022. This, however, given other findings, implies an emphasis on getting employees back into the office and ensuring a safe workplace that is clean and hygienic rather than broader health and wellbeing. This limited focus on specific areas of employee health an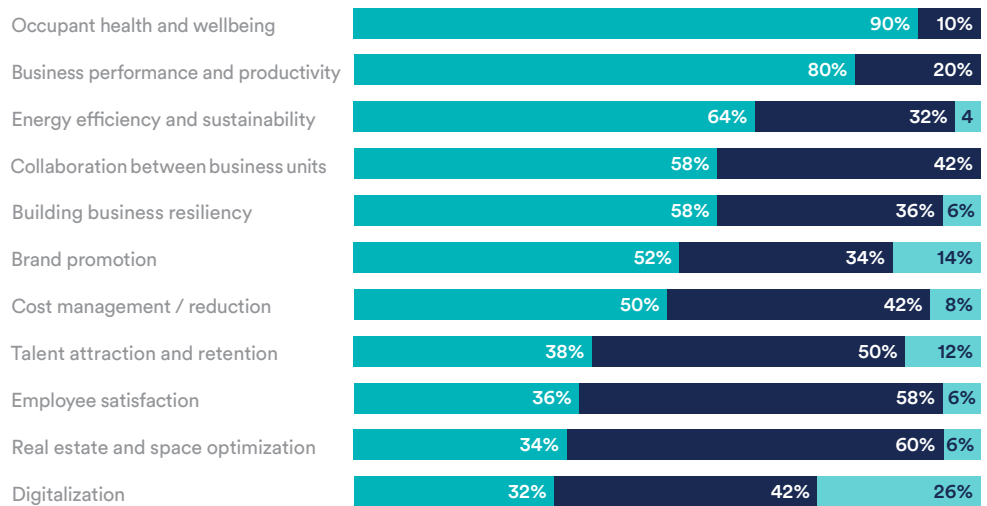d wellbeing is also evidenced by the fact that employee-centric initiatives such as talent attraction and retention, and employee satisfaction rank near the bottom of initiatives. It also highlights the uncertainty around the purpose of the office, since many firms expect increased investment to support talent attraction and retention.

Figure 2

What level of priority does your firm attribute to the following business initiatives in 2022?

- ● High
- ● Medium
- ● Low

Note: Percentages less than 6% are shown as numbers

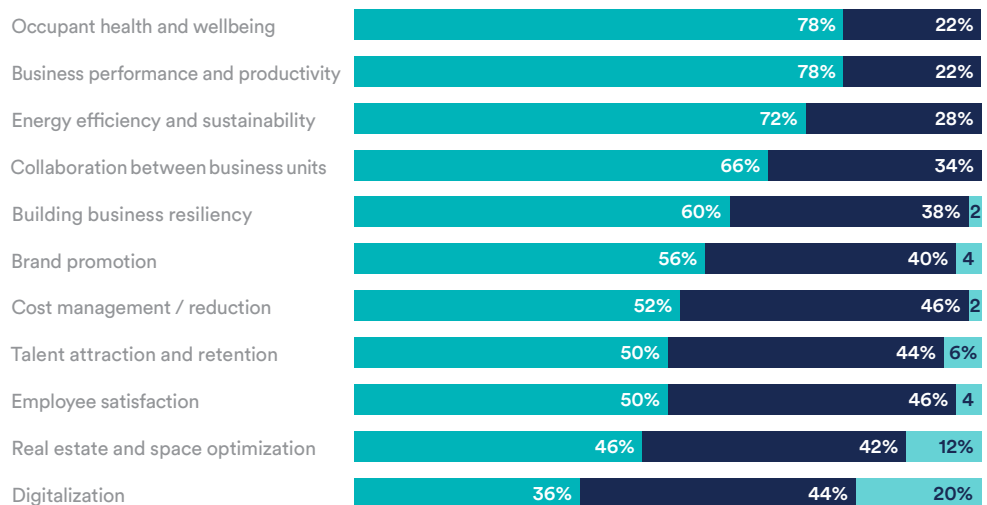| Initiative	High	Low	Medium
Occupant health and wellbeing	90%	10%	
Business performance and productivity	80%	20%	
Energy efficiency and sustainability	64%	32%	4
Collaboration between business units	58%	42%	
Building business resiliency	58%	36%	6%
Brand promotion	52%	34%	14%
Cost management / reduction	50%	42%	8%
Talent attraction and retention	38%	50%	12%
Employee satisfaction	36%	58%	6%
Real estate and space optimization	34%	60%	6%
Digitalization	32%	42%	26%

Figure 3

What level of priority does your firm attribute to the following business initiatives in the next five years?

- ● High
- ● Medium
- ● Low

Note: Percentages less than 6% are shown as numbers

Initiative	High	Low	Medium
Occupant health and wellbeing	78%	22%	
Business performance and productivity	78%	22%	
Energy efficiency and sustainability	72%	28%	
Collaboration between business units	66%	34%	
Building business resiliency	60%	38%	2
Brand promotion	56%	40%	4
Cost management / reduction	52%	46%	2
Talent attraction and retention	50%	44%	6%
Employee satisfaction	50%	46%	4
Real estate and space optimization	46%	42%	12%
Digitalization	36%	44%	20%

Half of firms currently offer flexible or fully remote working.

When probed about their current working policies, 42% of firms stated that employees had the flexibility to work however they wished, with a further 8% reporting full-time remote working (see **Figure 4**). Only 16% of firms indicated that they require employees to be in the office four or five days a week. This highlights the growing popularity of hybrid and flexible working, which was already beginning to emerge prior to, and has been largely accelerated by, the COVID-19 pandemic.
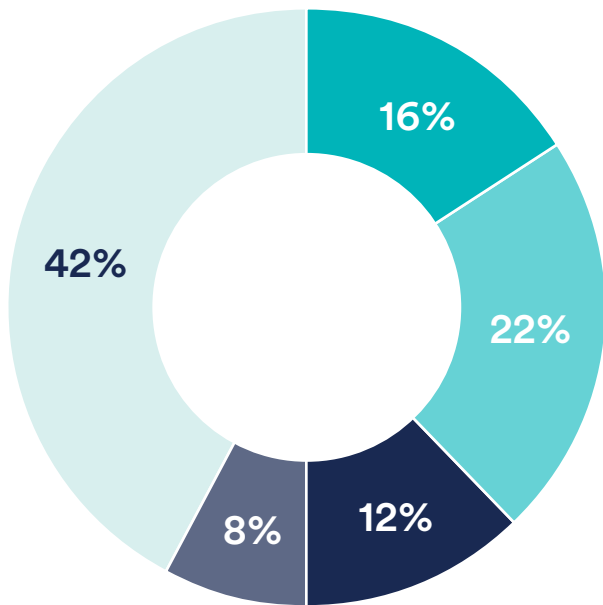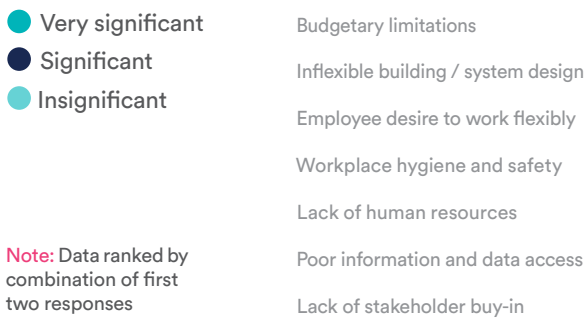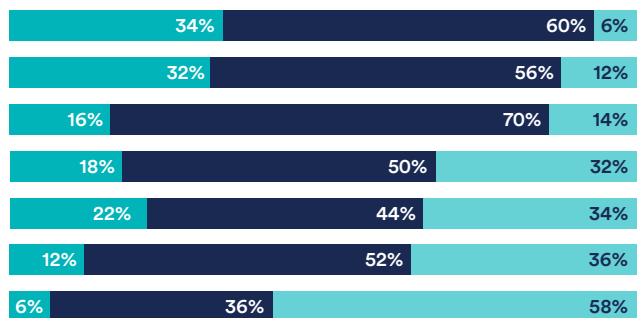

16%

22%

42%

8%

12%

Figure 4

Which of the following best describes your working policy for the majority of your employees?

- 4-5 days office-based working
- 3 days office-based working
- 1-2 days office-based working
- Full-time remote working
- Employees have flexibility to work how they wish

Flexible working is seen as a key challenge to achieving business initiatives.

Budgetary limitations are a significant or very significant challenge to achieving business initiatives for 94% of firms (see **Figure 5**). Nearly 90% of executives also viewed employee desires to work flexibly or from home as a significant or very significant challenge. This suggests that, despite the extensive implementation of hybrid working that has already occurred, executives view flexible working as a policy that introduces considerable complexities into their work and have yet to fully embrace or understand how to best incorporate these various styles of employee engagement.

Figure 5

How significant are the following challenges in achieving your business initiatives?

- Very significant
- Significant
- Insignificant

Note: Data ranked by combination of first two responses

Challenge	Very significant	Significant	Insignificant
Budgetary limitations	34%	60%	6%
Inflexible building / system design	32%	56%	12%
Employee desire to work flexibly	16%	70%	14%
Workplace hygiene and safety	18%	50%	32%
Lack of human resources	22%	44%	34%
Poor information and data access	12%	52%	36%
Lack of stakeholder buy-in	6%	36%	58%

All firms have or are investing in workspace redesigns for employee-centricity and activity-driven working.
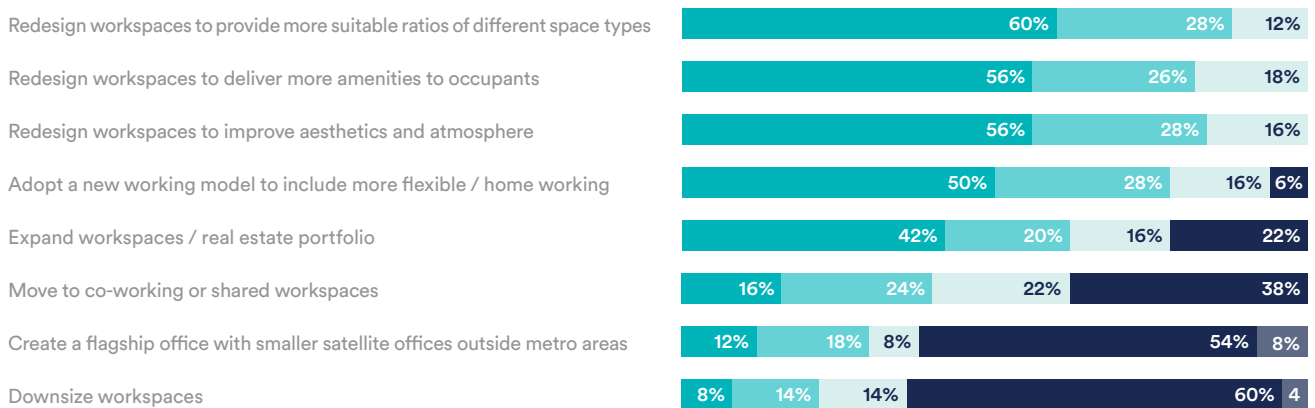
Whilst 36% of firms are or plan to expand their workspaces or property portfolios, 28% intend to downsize their workspaces, further highlighting that each business has unique needs (see Figure 6). However, all firms are undergoing workspace redesigns, or have already done so, to deliver more suitable workspaces for activities, more occupant amenities and improve the general aesthetics, which can help enhance the employee experience. Firms recognize they need to continue to invest in their spaces even if the overall purpose of those offices is yet to be fully defined. This penchant for redesign is also being driven by firms wanting to incorporate more flexibility into their organizations, as 88% say inflexible building and/or systems design is a significant or very significant challenge to achieving their business initiatives (see Figure 5).

Figure 6

To what extent do you plan to implement the following actions around your workspace portfolio?

Note: Percentages less than 6% are shown as numbers

Action	Already implemented	Undergoing implementation	Planning to implement	No plan to implement	Don't know
Redesign workspaces to provide more suitable ratios of different space types	60%	28%	12%		
Redesign workspaces to deliver more amenities to occupants	56%	26%	18%		
Redesign workspaces to improve aesthetics and atmosphere	56%	28%	16%		
Adopt a new working model to include more flexible / home working	50%	28%	16%	6%	
Expand workspaces / real estate portfolio	42%	20%	16%	22%	
Move to co-working or shared workspaces	16%	24%	22%	38%	
Create a flagship office with smaller satellite offices outside metro areas	12%	18%	8%	54%	8%
Downsize workspaces	8%	14%	14%	60%	4

- ● Already implemented
- ● Undergoing implementation
- ● Planning to implement
- ● No plan to implement
- ● Don't know

Workplace Strategies Are Just Beginning to Embrace Employee Input

Executives are experiencing challenges and uncertainty in understanding the future purpose and value proposition of offices. Firms are deploying an array of methods to attract employees back to the office following COVID-19, yet ultimately their corporate priorities factor heavily in how they currently measure success. The interviews found that:

Encouraging employees back to the office on a larger scale remains a challenge.

The two main challenges encountered by executives when executing their workplace strategies following COVID-19 are attracting employees back into offices more fully, and then ensuring their satisfaction in those spaces by reinforcing a strong company culture. Firms should exert more effort into understanding how and for what purposes their employees want to engage with their workspaces. This in turn will help direct redesigns and working strategies to better suit employees, improve satisfaction and subsequently boost productivity.

"Having people want to come back to the office is our biggest challenge; they are being very productive at home, why come into the office just to only sit in zoom meetings? We need to give them reasons to come back in."

Senior Director of Facility Planning and Operations, Finance

Firms are leveraging bespoke strategies to drive a return to the office.

Propelled by a desire to attract employees back into the office following the COVID-19 pandemic, businesses have employed a range of different programs as part of their workplace strategy - from offering incentives, such as free food and healthy lifestyle events, to improving communication with employees to help assure them of workplace safety and promote deeper levels of engagement. When asked about the most successful element of their workplace strategy in the last 18 months, executives offered a range of answers, with responses varying from themes such as the deployment of new technology to the implementation of hybrid working. From all accounts, firms are still in the early phases of recovering from the pandemic and are experimenting to see what strategies are most effective.

"I'm trying to be careful about doing gimmicky stuff to get people back in, because it doesn't last long-term. If we did employ a unique strategy to help with return-to-office, we want to do something around diversity and inclusion, minority groups, etc. to combine social inclusion and sustainability."

Senior VP of Global Real Estate and Facilities, Technology

"People are coming to the office for different reasons, people want to come in to collaborate and not just sit on Microsoft Teams ... and work on the stuff that's best-done face to face. So, we view what people are doing as important now rather than total occupancy."

Senior Director of Global Workplace Solutions, Pharmaceuticals

Executives are beginning to consider metrics beyond just target occupancy.

Following the pandemic and the incorporation of more flexible working, firms are placing a wider focus on a more diverse range of metrics. Most firms stated that target occupancy is no longer the primary metric of focus, with greater attention on other business factors, such as productivity and worker safety. As time passes, firms will be able to better identify the workplace strategies that best contribute to business success and correlate metrics accordingly. Given the advances in technologies, such as resource utilization tools where various factors including time and frequency of use can be tracked, firms are empowered to glean more powerful insights, hone their metrics of success and regularly benchmark their performance and operations against these.

Firms Are Shifting Focus From Driving Density To More Value-Based Workspaces

Organizations have so far demonstrated a keenness to drive a return to the office for multiple reasons. While ideally many would like to see a flourishing, filled office, executives are recognizing that creating working policies and spaces that better support employee needs and desires adds more value to their bottom line. Firms are turning to technology to better understand patterns of behavior and design more effective workspaces, workplace tools and activities. The survey found that:

A third of firms are set to invest in space monitoring and utilization tools.

Following COVID-19, the most common tools rolled out by firms to support a return to office were contactless workplace tools (56% of businesses), followed by homeworking and collaboration tools (54%) and workplace services technologies (48%). While only a third of firms have already rolled out space monitoring and utilization tools post-COVID, a further 32% plan to deploy this technology, which will help them better understand space utilization patterns and demands (see Figure 7).

> "I think the target occupancy is the wrong measure. I think you should be measuring things based on what your employees need to be productive, so it's about occupancy as much as it is about productivity"

Workplace Director, Professional Services

Figure 7

Which of the following tools did you roll out to support your return to office efforts?

Note: Data ranked by combination of first two responses; percentages less than 6% are shown as numbers

Tool	Rolled out post-COVID-19	Looking to roll out	Already rolled out prior to COVID-19	No plans to roll out	Don't know
Countless workplace tools (touchless controls, visitor management system)	56%	28%	10%	6%	
Workplace services, e.g. wayfinding, amenities, room booking	48%	24%	22%	6%	
Workplace safety and hygiene tools	46%	24%	30%		
Homeworking and collaboration tools	54%	14%	22%	8%	2
Space monitoring and utilization tools (people tracking, room booking)	34%	32%	26%	8%	
Occupant comfort and wellbeing tools (including HVAC control system)	16%	30%	34%	16%	4
Asset tracking, monitoring and management tools	22%	22%	48%	8%	
Employee engagement tools (e.g. mobile apps)	30%	10%	52%	8%	
Security and access control	18%	14%	68%		
Energy management	6% 2		82%	8%	2

- ● Rolled out post-COVID-19 to support return to office
- ● Looking to roll out to support return to office
- ● Already rolled out prior to COVID-19
- ● No plans to roll out
- ● Don't know

Firms are under pressure to not only ask for, but deliver on, employee feedback regarding workplace experience.

Sentiment data are collected by 88% of firms through employee surveys to measure the success of their workplace strategies (see Figure 8). Yet, as noted earlier, employee satisfaction, as a whole, still factors lower in overall priorities. Pressure from the Great Resignation is set to encourage more investment to support employee-centric goals. 42% of firms will look to invest in workplace technologies to improve the employee experience, whilst 54% plan to invest in technology to track employee data, both of which will help provide greater visibility into employee desires and behaviors, and the ability to track changes over time (see Figure 9).
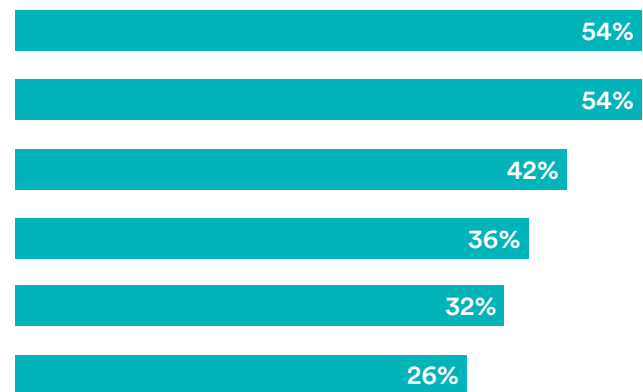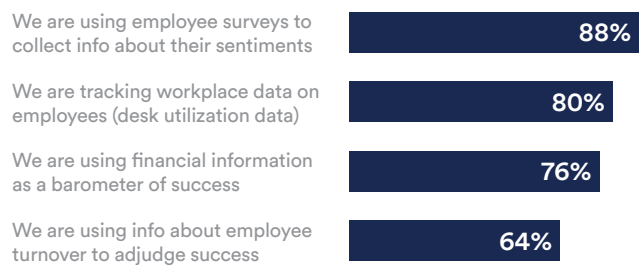
Figure 8

Which of the following methods are you using to measure the success of your workplace strategies?

We are using employee surveys to collect info about their sentiments	88%
We are tracking workplace data on employees (desk utilization data)	80%
We are using financial information as a barometer of success	76%
We are using info about employee turnover to adjudge success	64%

Figure 9

Which of the following strategies are you looking to implement at your organization in response to the Great Resignation?

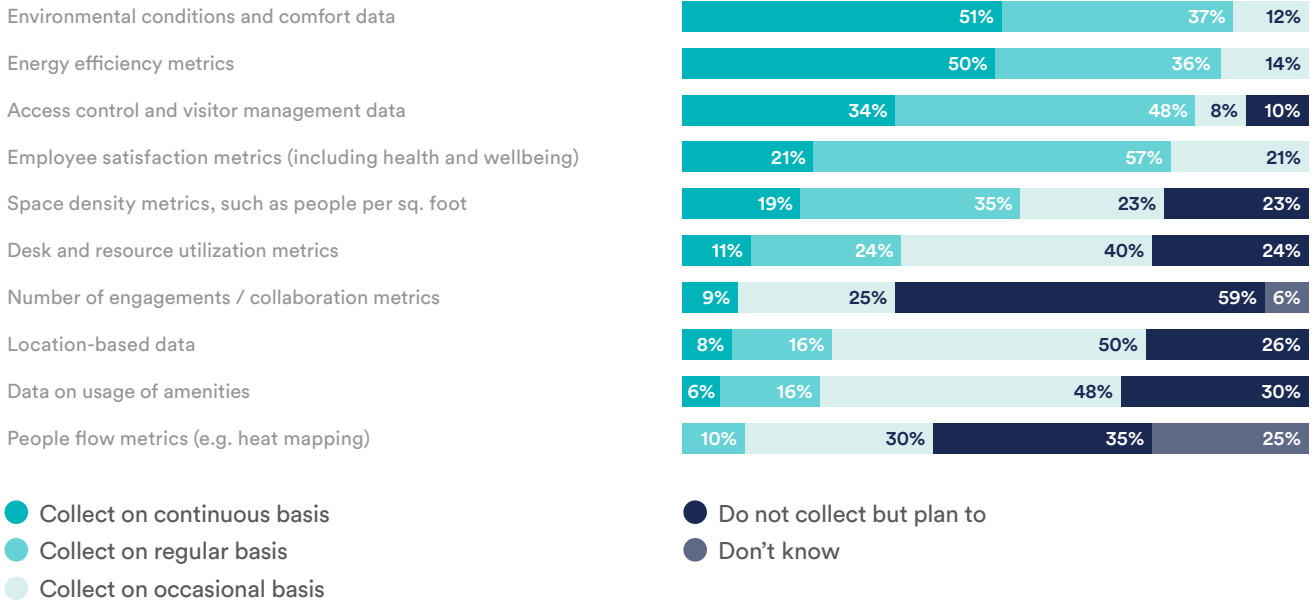|	
We are changing our work policies to include more hybrid working and/or flexibility	54%
We are looking to invest in new workplace technologies to track employee data	54%
We are looking to invest in new workplace technologies to improve the employee experience	42%
There is no or minimal impact on our business from the Great Resignation	36%
We are reassessing our renumeration and benefits packages for employees	32%
We are looking to change our real estate portfolio to move to more attractive locations	26%

Collection of utilization data lacks the frequency required to inform policies and decisions.

Nearly two thirds of firms fail to collect desk and resource utilization data on more than an occasional basis, highlighting that many firms have a poor view into their real-time space and resource usage (see Figure 10). Given that today's workplace demands are in a constant state of flux, the lack of continuous or even regular information limits the agility of these businesses to plan effectively and react to changes. As a step in the right direction, 59% of firms do not currently, but plan to collect engagement and collaboration metrics.

Figure 10

Which of the following metrics do you collect as part of your performance measurement?

Metric				
Environmental conditions and comfort data	51%	37%	12%	
Energy efficiency metrics	50%	36%	14%	
Access control and visitor management data	34%	48%	8%	10%
Employee satisfaction metrics (including health and wellbeing)	21%	57%	21%	
Space density metrics, such as people per sq. foot	19%	35%	23%	23%
Desk and resource utilization metrics	11%	24%	40%	24%
Number of engagements / collaboration metrics	9%	25%	59%	6%
Location-based data	8%	16%	50%	26%
Data on usage of amenities	6%	16%	48%	30%
People flow metrics (e.g. heat mapping)	10%	30%	35%	25%

● Collect on continuous basis
● Collect on regular basis
● Collect on occasional basis

● Do not collect but plan to
● Don't know

Over 85% track employee sentiments around workplace technologies and tools.

Employee sentiments about workplace tools and technologies are tracked by 86% of firms, suggesting that this is quite a mature process (see Figure 11). This also speaks to a comfort level in obtaining feedback on less controversial issues such as workplace policies. Understanding how, when and why these tools are being used in conjunction with new working styles and the purpose of offices will enlighten firms as to how to drive better experiences and obtain greater value from these investments.

Figure 11

Which of the following methods do you use to measure the success of your investments in tools?

Method	
We track employee sentiments about workplace tools and technologies	86%
We have set our clear KPIs to track success	78%
We have specific metrics that we are looking to achieve, e.g. target space utilization percentage	76%
We calculate return on investment (ROI) to determine success	66%
We use business revenues as an indicator of effective investment	64%
We use performance against wider business goals to adjudge success of our investments in tools	60%

Firms currently fail to share workplace performance data widely.

Apart from building and facility managers, less than a fifth of every stakeholder group utilize performance measurement data on a daily or weekly basis (see Figure 12). Part of mobilizing the business to tackle day-to-day challenges and support a more agile business requires better distribution and use of collected data. Corporate executives, IT and HR should be leveraging these data more frequently to better understand their workforce and work with building and facility managers to create workplaces that are more responsive to employee and overall corporate needs.

Figure 12

How is your performance measurement data used by different stakeholders within the business?

The data are used by building and/or facility managers, who access it through dashboards, applications or reports

The data are collected and centralized into reports that are sent to board members and other key executives
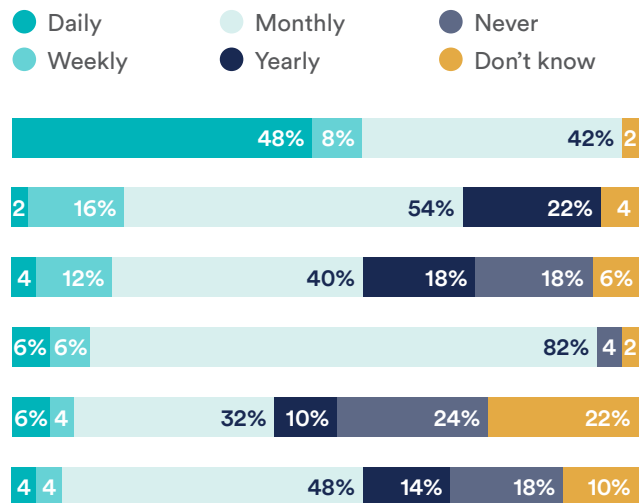
The data are collected and pushed to building occupants through digital signage and dedicated mobile applications

The data are collected and populates dashboards and/or reports used by asset and portfolio managers

The data are used by IT, including to support future technology investment decisions

The data are used by HR, including to review and refine business policies

Note: Data ranked by combination of first two responses; parentheses represents number of respondents who use the data in the corresponding fashion on a project basis; percentages less than 6% are shown as numbers

Legend:
- Daily
- Weekly
- Monthly
- Yearly
- Never
- Don't know

Bar data:
- Row 1: 48% | 8% | 42% | 2
- Row 2: 2 | 16% | 54% | 22% | 4
- Row 3: 4 | 12% | 40% | 18% | 18% | 6%
- Row 4: 6% | 6% | 82% | 4 | 2
- Row 5: 6% | 4 | 32% | 10% | 24% | 22%
- Row 6: 4 | 4 | 48% | 14% | 18% | 10%

> "Not focusing more on occupancy at the moment, more of a focus is to get the work done in the given period of time."

Senior Director Real Estate, Professional Services

Improved Data Collection And Utilization Is Key To Building Agility For Future Strategy Development

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Better and more targeted collection, analysis, and distribution of data is vital for firms to navigate this current period of uncertainty and feed future strategies related to work policies and office design. Firms should:

Make better use of the data in hand.

In many cases, key data are already being collected in some capacity from various systems, such as collaboration tools, badging and desk booking systems, and sensor technologies. Extrapolating when, where and to what degree certain activities take place provides clues into existing and preferred working behaviors. These insights will help begin to shape an understanding of the purpose of the office and how it fits into to each organization's unique work culture. Firms could explore opportunities to further combine datasets to better contextualize information, such as bringing together footfall and location data to deliver better service offerings.

Truly empathize with their employees.

Beyond simply collecting and utilizing basic employee satisfaction data, firms should glean richer insights to create more responsive and effective workplaces. Today's competitive market to attract and retain talent is demanding an increased focus on all aspects of employee experience, from the hiring process to the day-to-day activities that allow each individual to thrive. Understanding preferences around specific workspaces or workplace services will enable firms to provide offices that are more tailored to the business's needs and will impact future employee satisfaction rates.

Collect targeted data to hone in on changing occupant requirements.

Where there are gaps in understanding employee or occupant needs, firms should look to collect data in a focused manner, such as how and how long specific activity-based workspaces are being used, including whether these spaces are used in the intended manner. These data will help drive more value-based space utilization rather than maintaining a more traditional focus on mere density. Additionally, sharing targeted data with landlords for leased spaces can be mutually beneficial in determining how best to improve building workspace designs and future occupancy scenarios, potentially even allowing for scenarios where office investments can be made in a shared fashion.
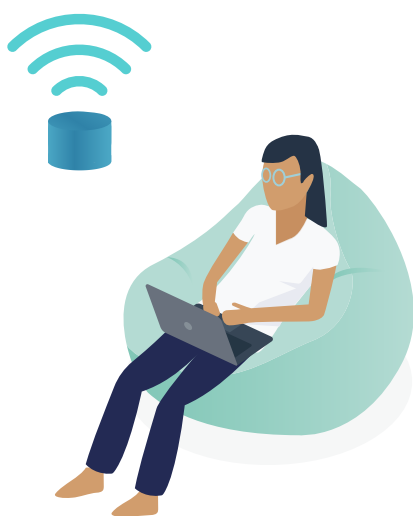
Constantly measure and distribute data to become a more agile business.

Firms should encourage more collaboration between corporate real estate and other functions such as key executives, HR and IT, combining perspectives from across the business to better define the 'right' metrics by which to monitor office performance. The frequency of data collection also needs to increase, around desk and resource utilization for example, so a clearer and more real-time picture can be built, making the business more agile and enabling it to adapt to changes effectively. Increased visibility and more frequent distribution of workplace data and insights empowers other key stakeholders to inform many business strategies and activities, such as the provision of workplace services, working policies and even sustainability agendas. Meanwhile, providing information to employees can showcase how the organization is focused on their needs and empower them to make decisions on how they work to drive more positive outcomes.

Use data to iteratively refine policies and create a more value-driven workplace of the future.

The previous steps should put firms in a position to build a better understanding of their employees' needs, desires and habits, especially as businesses start to settle into a new rhythm following COVID-19. With the incoming data insights, firms will be able to define the purpose of their workspace for their specific business operations, and then develop more concrete workplace strategies for implementation. The continuous nature of data collection allows firms to remain agile and flexible to changes, and perpetually refine their workplace strategies and policies to meet the current demands of the business and corresponding employee sentiments, enabling them to manage and overcome new challenges.
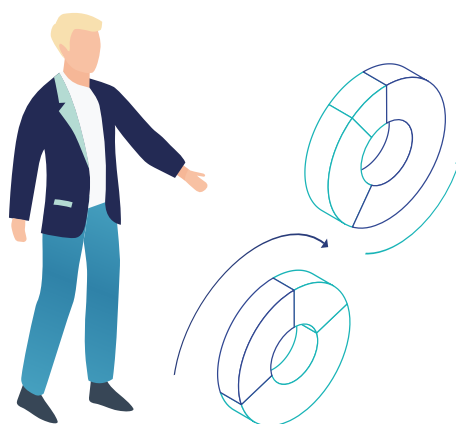
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