

# VALUE OF THE OFFICE 2.0

November 2021



# “WHY CAN’T WE MAKE THE BIG SHIFT?”

The last 20 months offered us an amazing opportunity to revolutionize work, how it happens and to take a radically different approach to the physical concept of workplace. In 2020 we reveled in sensational headlines of hybrid working, mass deurbanization and an army of digital nomads coming together in smaller, club-house style office environments to collaborate and commune. However, as 2021 slowly comes to an end and restrictions start to lift, we see commuter traffic increasing, office utilization going up and life slowly going back to pre-COVID practices. It seems like the revolutionary work transformation we were dreaming of is passing us by. Why can’t we make the big shift?





Any workplace change, post-lockdown seems to concentrate largely on hybrid working solutions. For occupiers, such as Amazon, Apple and Morgan Stanley, hybrid plays a limited 'by exception only' role going forward and for others such, as Twitter, ABN AMRO and UBS, the home office has earned its place as a valid alternative workplace to the office. However, is hybrid alone the big shift that we were looking for?

We appear to have forgotten or shelved our dreams for radical change in the way we work and have replaced it with the question "how many days should we return to the office". Of course, the answer to this is personal and organisation dependent. But if our intention was to bring to fruition the future of work and provide more freedom to employees, is 'hybrid' enough of an answer? Or is it only the first step?

In lieu of truly radical change it seems some organisations appear to have stalled, or at least diluted previously ambitious plans. Unexpired leasing commitments, depreciation obligations and unprecedented levels of capital required, delays or even rules-out any ability to respond with radical workplace solutions. At the same time, we see employer dissatisfaction cited as a major motivator to employees leaving their current jobs, and with significantly fewer people having left their jobs during the pandemic<sup>1</sup>, it suggests 'the great resignation' is yet to come.

Despite the economics, could it be that the reason we cannot make the big shift is that organisations don't know what to shift to?



## ASKING THE WRONG QUESTIONS AND MISSING OPPORTUNITIES

Following the success, or at least the lack of failure, of homeworking over the last 20 months, it is natural to conclude that hybrid working models play a role in the evolution of work. If you don't have to go to the office, then why not work at home, a work cafe or other third location.

The problem is that this solution is still framed in the context that work is a physical place. It does not account for the biological difference of how I work best versus you; The times of the day we are most efficient; The days of the week that are most productive; or the way in which output could be improved if other needs of employees were met, such as exercise, socialization, a more relaxed school drop-off. From this perspective, it could be considered, we are asking the wrong question. 'How many days should we work in the office' keeps us in the physical constraints that work is somewhere you go.

As Generation Z enters the workforce our need for job market-entrants, analysts and graduates will rely on these neo-digital natives that are capable of study, work and play without ever leaving their bedrooms. Driven by climate-change, equity and social media, the future of work cannot be thought of alone in the content of place. For years we have sought 'work-life balance', believing it to be an allocation of our time in different places to meet different needs. But if we no longer have to meet those needs in certain locations all the time, all we are left with is the requirement to deliver against our obligations as efficiently, effectively and healthily as possible. Workplace strategy therefore is less about design and activity-based working and more about strategically matching the activities to be completed with the needs of the human assets to make it happen. Place of course will always play a part of any work-based activity, but it doesn't have to be a conditional driver.



For organisations that can successfully understand the needs of individuals groups and start responding to workplace questions with lifestyle answers, the opportunity for talent acquisition, retention and making the big shift is likely to be significant.

### **THE PANDEMIC ALLOWED US TO HAVE MORE FREEDOM AND PERSONALIZATION AT WORK – NO ONE WANTS TO GIVE IT BACK?**

Regardless of whether working from home was a positive or negative experience, the pandemic gave us the opportunity to reconnect with what is important to us. For some this motivated us towards an increasing need for personal freedom and pursuit of new adventures. For others, it exposed our worse traits, such as lack of boundaries and declining mental wellbeing. Age, financial stability and caring responsibility significantly contributed to our experience of the pandemic, which we see reflected in surveys responses for future work demands<sup>2</sup>.

Lack of purpose at work has been cited as a significant contributory factor to increasing rates of attrition, with millennials and generation Z reporting the highest rates of reevaluating their relationship with work and the role that it plays in their wider life choices<sup>3</sup>. A May 2021 survey of 1,000 US office workers found that 39% of respondents reported that if flexible home working were not allowed, they intended to leave and look for a new job<sup>4</sup>. There is contradictory evidence on whether we see these projections materializing, which suggests employees are either blowing off steam with idle threats or mass attrition is yet to come. However, these findings reflect the real sense of disengagement that employees are feeling whether to organisations or careers as a whole.

C&W's recent XSF survey found that what employees desired most was purpose, connection and feeling valued<sup>5</sup>. As stated in our 2020 edition of VOTO<sup>6</sup>, that 'demographics, not a pandemic will decide the future and value of the office' and that

## **TOP CHALLENGES WORKING FROM HOME**



# #1

### **SUB-PAR CONNECTIVITY**

#### **ADDITIONAL GENERATIONAL CHALLENGES**



### **GEN Z**

**INADEQUATE  
WORKSPACE**



### **MILLENNIAL & GEN X**

**CAREGIVER DUTIES**

#### **XSF@HOME RAPPORTING CHALLENGES**

Gen Z	70%
Millennial	69%
Gen X	63%
Baby Boomer	55%
<b>TOTAAL</b>	<b>64%</b>

Source: Cushman & Wakefield <sup>2</sup>





these notions will be different for different demographics. Leaders forming 'return to work' policies need to ensure that they fully understand the personal and individual expectations and needs that employees have and ensure that workplace solutions facilitate these. A 'one-size fits all' return to the office is likely to miss all subtlety of demographics and the new expectation and need for personal freedom, creating lasting cultural and productivity issues.

For those organisations that cannot understand what these issues are and how to address them in the provision of workplace and work models, it seems unlikely that a big shift will be made. Worse if no shift is made at all, it may exclude a significant proportion of the workforce.

### **THE RULES AND CHALLENGES OF HYBRID WORKING MODELS**

Putting aside the more visionary shifts in work and workplace discussed over the last 20 months, hybrid working models, to some degree, can provide the much-craved flexibility and need for personal freedom, which research tells us is what our employees expect<sup>7</sup>. But how much personalization can organisations handle and is this sustainable in long-term hybrid working models?

First thing to acknowledge is that classic organisational models manage groups not individuals. Most people work a 4- or 5-day week, Monday-Friday with lunch at 12:00. These set, standardised rules help the total eco-system of work function and the same approach will be needed in hybrid working environments to ensure that providing employees with more flexibility and freedom is manageable and doesn't negatively impact productivity and profitability. Without clearly defining what flexibility is or what personal options are available for each employee or employee group, opportunities



for miscommunication and calls of unfairness between employee and organisations is high. Creating a 'menu' of flexibility choices upfront can help organisations provide employees with opportunities to maintain or increase personalization in their work, but in a way that is manageable and defined for the organisation, teams and the wider supply chain. Including;

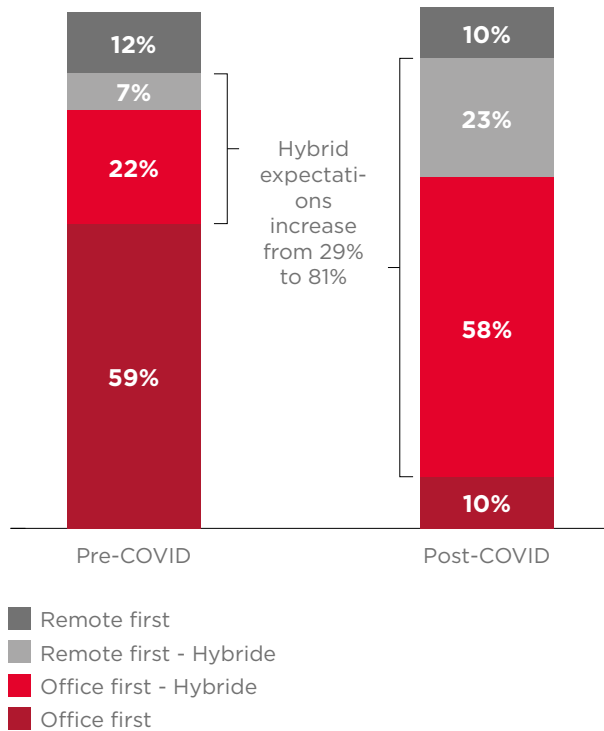
- Flexibility in hours/days worked
- Hybrid working models – how many days in the office
- Choice of days in the office
- Define which meetings/activities require face-to-face and which are free for employees to choose location
- Unpaid sabbatical time off
- (Depending on tax regulations) opportunities for a remote working holiday
- Salary sacrifice or contribution to educational programmes

A controlled approach to managing flexibility ensures that employees have some autonomy over how they engage with work and organisations can clearly define upfront what is an option and for whom.

Of course, any big shift needs to be manageable. Defining predetermined 'packages' of flexibility, having previously evaluated the potential impact across employee groups, the supply chain and the organisation is critical to any business change, regardless of whether this is a move to hybrid or something more visionary.



## MOVING TOWARDS ECOSYSTEMS



Source: CoreNet Global; Cushman & Wakefield Research<sup>8</sup>

## SO, IN A HYBRID WORLD, WHAT IS THE VALUE OF THE OFFICE?

By now it is clear from most employee-based surveys that the preference for hybrid working is the populous vote. However, we also a disconnect in the data which shows that whilst some employees don't want to come back to the office, they also don't want to stay at home.

This suggests that contemporary design and utilisation of offices may not be providing employees with some of the elements that they want and need in order to leave the stability of the home environment. Of course, the question is more complex than that as the value of the office is different for everyone.

Most hybrid workplace models focus on the office as a location for collaboration and home as a place for productivity. However, these activities are abstract and vary greatly from person to person. A 2019 study into workplace collaboration and meeting interactions found that 90% of face-to-face meetings happen at people's desks, not around meeting room tables as previously thought<sup>8</sup>. With only 50 - 60% of modern office space dedicated to fixed desk, it could be suggested that we need less meeting points than we think. Or at the very least, that these meeting points facilitate a different type of interaction.





In order for offices to provide the necessary environment to suit all work profiles, abstract concepts such as collaboration and productivity need to be clearly defined. For example, labour productivity is defined as the ratio of output produced versus input required. For example, the amount of transactions a single agent could complete, versus the cost and time required to achieve. Of course, external influences, such as WIFI connectivity, proximity to client base and conducive work environment, amongst other things, are likely to affect this measure significantly. Until such time that these concepts are well defined in the context of a specific organisation and employee group, workplace design and hybrid working models may not adequately be able to provide the best facilitating environments for these activities.

Whilst demographics will lead the future in terms of workplace needs, a more subtle point to consider is the various biological profiles of employees and the way in which office environments can support or hinder output. Modern office spaces are typically designed to be open planned, stimulating and buzzing environments. However, we know that for certain types of people, these design principles are incompatible with concentration, focus or even management of emotional behaviors. A 2018 journal highlighted that open plan office spaces, a culture of email versus

phone calls and remote working environments can impact the performance of neurodivergent employees<sup>9</sup>; those suffering with ADHD, Dyslexia and Dyspraxia. Further, semi-secluded spaces with biophilic partitioning have been found to reduce the experience of anxiety in those with diagnosed and subthreshold anxiety disorders and those with related personality traits<sup>10</sup>. In a world obsessed with understanding the micro-insights from big-data and business analytics, these studies suggest that the big shift in work and workplace could come from a deeper understanding of the micro-components of employee experience that could generate a more productive, effective and engaged workforce. Temperature, level of stimulation and maximum number of meetings possible in a day, for example. The ability to make a big shift, not only relies on the demographic profiles of our employees, but also the way in which their biological and psychometric profiles drive activities of collaboration and productivity. Until these elements are better understood, it could be that any big shift in workplace design and management models, may result in an expensive depreciation plan, without the desired increase in employee engagement and productivity.









# CONCLUSION

As 2021 draws to an end and 2022 is ever closer, we expect to see increased focus on employee informed workplace strategies. No longer delivered in isolation to business strategy, but firmly seen as an enabler to transformation and growth. Market appetite for data-driven and people-centric solutions will push for a greater level of analytics outside of traditional surveys and interviews, such as sensor technology and AI, to capture what really happens when we go to work. Not just focusing on output, offices will need to cater to more individual workplace preferences, retaining a sense of personal freedom for employees within the context of work.

For any corporate considering a big shift, whether to hybrid or something larger, an understanding of the factors raised in this paper and how they will impact the workforce is key to a success transition.

C&W's Occupier Strategy and Total Workplace team brings a wealth of strategic consulting and business transformation experience, as well as social anthropology and environmental psychology. We believe that in order for workplaces to facilitate the next generation of work, we must first start with business objectives and the human capital to deploy. Whilst where we work is important, 'how' and 'why' are likely to dominate the agenda of any executive meeting for the foreseeable future.

## REFERENCES:

1 Storm van Leeuwen, Q. (2021, March 22), "Arbeidsmobiliteit tijdens en na Covid-19 – Kwart mkb-werknemers wereldwijd wil andere baan na de pandemie", Capterra, <https://www.capterra.nl/blog/1963/arbeidsmobiliteit-tijdens-na-covid-19-kwart-werknemers-wil-van-baan-wisselen-na-pandemie>

2 Katsikakis, D. (2020, May 01), "The Future of Workplace", Cushman and Wakefield, <https://info.cushmanwakefield.com/l/263412/2020-05-26/2nd1bx>

3 Katsikakis, D. (2020), "Workplace Ecosystems of the Future – XSF", Cushman and Wakefield, <https://info.cushmanwakefield.com/l/263412/2020-12-15/3bmdfp>

4 Duffy, K. (2021, June 02), "Nearly 40% of workers would consider quitting if their bosses made them return to the office full time, a new survey shows", Business Insider, <https://www.businessinsider.com/quit-job-flexible-remote-working-from-home-return-to-office-2021-6?international=true&r=US&IR=T>

5 Katsikakis, D. (2020), "Workplace Ecosystems of the Future – XSF", Cushman and Wakefield, <https://info.cushmanwakefield.com/l/263412/2020-12-15/3bmdfp>

6 Verhaaegh, J. (2020, October 06), "Niet Pandemie, maar demografie bepaalt toekomst van kantoor", Cushman and Wakefield, <https://www.cushmanwakefield.com/nl-nl/netherlands/insights/workforce-bepaalt-toekomst-en-waarde-van-het-kantoor>

7 Katsikakis, D. (2020), "Workplace Ecosystems of the Future – XSF", Cushman and Wakefield, <https://info.cushmanwakefield.com/l/263412/2020-12-15/3bmdfp>

8 Bernstien & Waber, (2019, December), "The truth about open offices", Harvard Business Review, <https://hbr.org/2019/11/the-truth-about-open-offices>

9 Faragher, J. (2018, January, 25), "Why Employers should be hiring with neurodiversity in mind", People Management, <https://www.peoplemanagement.co.uk/long-reads/articles/employers-hiring-neurodiversity#gref>

10 Yin, J., Yuan, J., Arfaei, N., Catalano, P. J., Allen, J. G., & Spengler, J. D. (2020). Effects of biophilic indoor environment on stress and anxiety recovery: A between-subjects experiment in virtual reality. *Environment international*, 136, 105427. <https://doi.org/10.1016/j.envint.2019.105427>

Please contact our Occupier Strategy team for further information.



**SOPHIE SCHULLER**

Workplace and Organisational Psychology  
Occupier Strategy  
Mobiel: +31 (0)6 5005 2737  
Email: [Sophie.schuller@cushwake.com](mailto:Sophie.schuller@cushwake.com)



**JAN VERHAEGH**

Head of Office Consultancy  
Mobiel: +31 (0)6 2267 0982  
Email: [Jan.verhaegh@cushwake.com](mailto:Jan.verhaegh@cushwake.com)



**ASAEL AKKERMAN**

Partner | Total Workplace EMEA  
Global Occupier Services  
Mobiel: +31 (0)6 2239 0600  
Email: [Asael.akkerman@cushwake.com](mailto:Asael.akkerman@cushwake.com)



**GERDA STELPSTRA**

Associate Partner | Total Workplace EMEA  
Global Occupier Services  
Mobiel: +31 (0)6 1172 1238  
Email: [Gerda.Stelpstra@cushwake.com](mailto:Gerda.Stelpstra@cushwake.com)



**NIELS ZWETSLOOT**

Consultant | Occupier Representation  
Office Consultancy  
Mobiel: +31 (0) 6 2256 6151  
Email: [Niels.zwetsloot@cushwake.com](mailto:Niels.zwetsloot@cushwake.com)