HqO

Space Optimization and the Office

Leveraging consolidation, redesign, and technology to encourage employees' return and reduce operational costs.

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Chapter 1

Introduction

The Office as a Magnet

In September 2021, leading commercial real estate firm CBRE released a study on the global trends shaping the future of the office. "Consolidation," the report reads, "remains a focus for many multinationals. In EMEA, 40% of companies expect their portfolios to contract over the next three years, compared with a third who anticipate expansion. In the U.S., 44% of companies expect their portfolios to contract over the next three years, almost exclusively driven by large companies. However, the degree to which they expect to scale back their portfolio has moderated their sentiment throughout the pandemic. In general, occupiers continue to target high-quality properties in prime locations to satisfy employee expectations."

Though some physical workspaces are downsizing, it provides organizations around the world the opportunity to redesign office spaces in a way that is more efficient, more attractive, and more usable in a post-COVID landscape.

"Because the office is no longer a mandate, it must become a magnet," adds Fast Company. "A genuinely welcoming place where employees want to be, a place of social connection, and great tech where they feel a sense of belonging and can do their best work."

To create such places, employers are doing more with less. Even those who are consolidating their physical workspaces and scaling back on size, are also focusing on transforming their offices into go-to destinations that are employee-centric, innovative, and productive. Those that haven't yet must take action, lest they miss out on a competitive edge, both commercially and talent-wise.

Workplace experience technology streamlines your ability to make these changes. The right toolset can connect employees everywhere — whether they're working in the office or remotely — and increases employee satisfaction within the workplace.

This guide will examine the reconfiguration of physical workspaces through the lens of workplace experience technology, laying an informational foundation so you can act quickly, decisively, and effectively in preparing your organization for a future of hybrid work.

Let's begin.
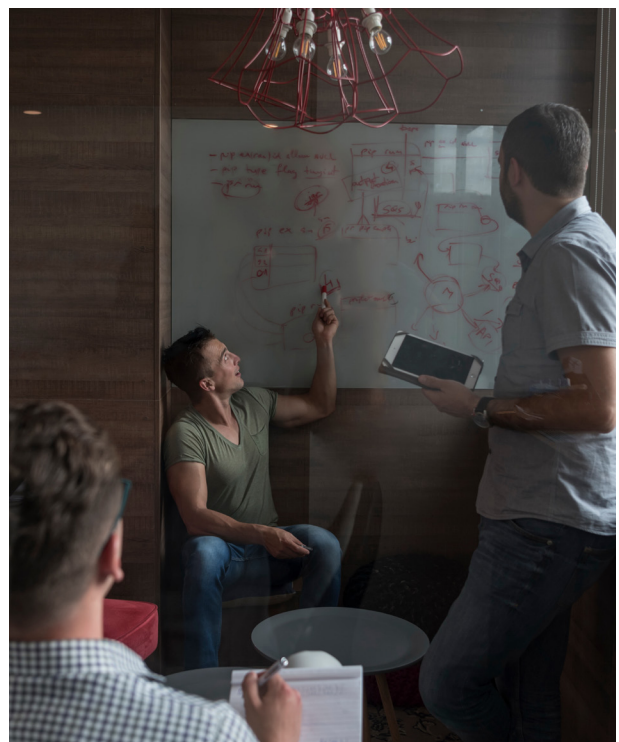
Repurposing the Office

Consolidation and Reconfiguration

We believe that the office will never disappear. The way it is used, however, is always evolving — especially in a post-COVID environment.

This means that there are benefits to both space consolidation and space reconfiguration. In this guide, "consolidation" refers to the reduction of the physical workplace, with "reconfiguration" being the redesign or repurposing of office space.

"[My] building provides so many ways for me to maintain my physical, nutritional, and mental health. The facilities themselves are breathtaking, clean, and organized, making me excited and comfortable going to work. Further, all of the access to food and exercise equipment lets me stay productive [and] up-to-date on events happening around the building which I can look forward to."

— Tenant app user at 13865 Sunrise Valley Drive, a Columbia Property Trust property

New Looks for the Office

Often, office consolidation is driven by employee demand for hybrid work, with a Gallup survey showing that "when employees are required to work fully on-site, but would prefer to work hybrid or fully remote, they experience significantly lower engagement, significantly lower well-being, significantly higher intent to leave, and significantly higher levels of burnout."

While fewer employees in the office might drive some companies toward using less physical space, it does not downplay the need for a connected organization that is able to communicate, collaborate, and operate together. The office, in these cases, arguably becomes even more important, acting as a central hub that employees can use when and how they need to — and a foundation to hybrid work.

Companies should seek landlords that offer shared amenity spaces to easily accommodate days or periods when larger numbers of people are coming in, such as department or all-hands meetings. This means organizations can avoid leasing and maintaining these spaces, while still maintaining access to a common gathering area for employees.

Additionally, according to HqO's *Office Insights 2022 report*, 86% of employers have already implemented flexible or hybrid working models since the beginning of the pandemic, with the remaining 14% planning to implement in the next two years. Similarly, 68% of employers have redesigned their workspaces to support employee needs, while 28% plan to implement redesigned spaces in the next two years.

Increased Productivity and Engagement

92% of survey respondents stated that maximizing productivity is important or very important to their workplace strategies. 90% of respondents also said that improving employee satisfaction is very important or important, with 88% stating that encouraging collaboration is very important or important.

The right workplace experience will deliver on all mentioned fronts, with the same report revealing that 76% of employers believe that workspaces that cater to both collaborative and flexible means of working are significant or very significant factors in attracting and retaining talent in the workforce.

"The more the workplace is connected in a thoughtful way to the organizational strategies, leadership models, operational frameworks, and potential outcomes of a company, the stronger the workplace will emerge," Diane Hoskins, Co-CEO of global design and architecture firm Gensler, said in a February 2022 interview with McKinsey.

Space reconfiguration provides organizations the opportunity to establish such connections, creating gathering spaces that are designed with productivity and collaboration in mind.

"Employees who reported satisfaction with social connectivity with their colleagues are two to three times more likely to have maintained or improved their productivity on collaborative tasks than those who are dissatisfied with their connections," reads another Gallup report, entitled *Designing Your Organization's Employee Experience*.

Right: Improving upon your office's amenities can provide employees with a more direct way to connect, collaborate, and socialize.

Decreased Operational Costs

Perhaps obvious, optimized space brings with it often beneficial financial results. "For corporates," Deloitte's report reads, "[space consolidation and reconfiguration] is an opportunity to reduce their operating costs and overall property costs, as well as business travel, energy consumption, and carbon footprint."

Additionally, better functioning workplaces can produce a reduced carbon footprint, which in turn brings financial savings. This is because sustainability initiatives — or proof of organizational action towards improving environmental impact — act as both a driver of talent attraction and retention (especially among younger employees). This becomes an enormous cost-saver when compared to replacing employees who leave organizations for metaphorically greener pastures — which, according to Fast Company, can cost "anywhere from 50% to 200% of their salary."

A report from the Governance & Accountability Institute, for example, states that 40% of millennials "said they have chosen a job because the company performed better on sustainability than other choices [and] as for employee retention, 70% said they would stay with a company if it had a strong sustainability plan." While a consolidated office space does not necessarily constitute a full plan, it is one of many moving parts — and a solid foundation on which to build sustainability initiatives.

A Deloitte blog on the subject adds that "organizations may find it possible to reduce real estate and facilities costs by 10% to more than 20%. And cost savings aren't the only potential benefits of shifting work to the home. The ability to recruit workers from anywhere could open up a much broader talent pool, and the flexibility that remote work enables could improve the employee experience."

Again, this will only apply to certain organizations — company size and industry, especially, are factors — and do not symbolize the active disappearance of the office. It, however, does indicate that how employees use the office will change. And there is a great deal of opportunity in catering to it.

Long-Term Investments

While global organizations are increasingly reshaping their office portfolios, this does not mean that they are not investing in physical space; in fact, it's just the opposite. Our *Office Insights 2022* report reveals that 68% of employers believe that investing in dedicated employee and workplace experience tools is very significant or significant to attracting and retaining talent, with 72% having already or planning to redesign their workplaces in the next two years. These redesigns can be greatly improved if business leaders know exactly how much space their employees are using — and how they are using it.

Additionally, 56% see a significant need for employee behaviors to shift, in order to take advantage of the office. These behaviors, however, can only be shifted if the workplace is adjusted to meet evolving employee demands, meaning that flexibility, communication, and collaboration are key.

Those employees who are engaged with their physical workplaces are also more likely to succeed, say 52% of employers. And a workplace built with flexible or hybrid work in mind, rather than square footage, offers employees the ability to pick and choose how they work best, which in turn enhances their work-life balance. This contributes to employee wellness, happiness, and increased company loyalty.

To cultivate this engagement in the midst of office consolidation, however, requires thought into the design (or redesign) of an organization's physical spaces.

Following the Trends

[Leesman](#) measures and analyzes employee workplace experience for individual organizations, giving them access to important data and insights necessary for creating outstanding workplace environments. To learn more about employee experiences in today's landscape, we sat down with Tim Oldman, Founder and CEO of Leesman, and Michael Hadcocks, Senior Researcher at Leesman.

Thank you both for joining us! Can you tell me a little more about Leesman's main goals for researching employee experiences?

Michael: The goal, at least for me, is to assess and guide the strategies behind the modern workplace. This means listening to the people that are in the workplace and what's working for them — and better yet, what isn't working. Commercial real estate is a traditionally archaic industry that needs a little reminding of what's relevant and what isn't anymore. People need to understand the trajectory it's taking. We give a voice to the people who are actually using the workplace the most — as opposed to those who are now completely remote — and help determine what the best way forward is.

Tim: Agreed. The objective 12 years ago was really simple, and it was to give the world a standard unit of measure for the experiences employees have at their place of work. That hasn't changed since we launched in 2010, and it remains central to our success. All of the analyses on the insights we can extract are because we've stayed true to our course and our original mission. It's providing the industry, from employee up to employer, a single unit of measurement. Employee experience is one of the biggest expenses that any business will have, and yet, until Leesman came along, no one really set out to answer questions like: Is it worth it, and how does it work?

Has that vision, or your company's focus, shifted since the onset of the COVID-19 pandemic?

Tim: It all goes back to the original mission: a universal measurement of the employee experience. In 2020, we had to mobilize a tool that would do that much more deeply and fairly for home-based workers. Pre-pandemic, we had a very small portion of our employees who were regularly home-based, and so it was almost like a side hustle to understand more about what was going on at home, which was many people's new place of work. The office became something that they visited only occasionally, so there was a rotation on our principal focus. This has been the case for many businesses in the last few years. However, our overall focus and methodology stayed the same.

Can you dive deeper into some of your findings and trends among the modern workforce?

Michael: Sure! One of the hot topics for us is the changing requirements that employees have for the workplace. It took the pandemic to expose the weaknesses of the traditional workplace. We've recently been able to look at what survey respondents deem important in terms of workplace features during the pandemic, versus what features of the office were important prior to the pandemic. Broadly speaking, most respondents deem most, if not all, prior workplace features less important. So what can you do with that information? Well, those things occupy a lot of square feet. Now we know — with the exception of hybrid working — that the office needs to be a place that supports more than just mandated work. It's a place that needs to offer something tangible. So we're helping clients identify the things that are less important now and that are occupying a lot of space. Perhaps their spaces can be better utilized to better support more activities that are important to respondents' goals. Employers need to make the workplace better suited to support more activities, because it needs to offer something additional to home-working environments. This never used to be the case in the past.

Tim: For example, let's say you live in a one restaurant town. Now let's say another restaurant opens up. People are obviously going to try it out! It's the same scenario with remote work versus in-office work. It doesn't really matter what food offerings the new restaurant has. It still has the ability to displace people's interests and split loyalties. Regardless, though people are now expressing slightly lower interest in features of the workplace, it doesn't mean it's still not important to them. Companies still need to optimize their office space to appeal to those employees. This relates to another trend we're looking at, which is the hotel application of the workplace. It's the idea that if you're going to go into the office, you're going to do it purposefully. You go to hotels because you don't live there every day, and they offer something different than staying at a friend's or relative's house.

That makes sense. Do you have any tips or tricks on how to achieve these goals in the office?

Michael: Well, deploying Leesman surveys (and surveys in general) are a really good way for occupiers to understand what it is that their unique workforces are requiring out of the workplace. A lot of people found out early on that hybrid working was the answer, and that's what they should do moving forward. However, that doesn't work for a lot of people and certain demographics. It's really all about helping companies understand where the office can best support employee needs, because it still plays a critical function for most businesses.

Tim: Yes, one of the phrases we use for this is called "sentiment drift." Very specifically, it involves the younger demographics drifting away from the office — they are the least inclined to want to return to the workplace. There may be many macroeconomic reasons why that are outside of our area of measurement and expertise, but there was definitely a pivot since earlier on in the pandemic, the youngest generations were the most keen to return.

This is a spot where organizations are going to have to be more agile in thinking about what activity-based working looks like, because it needs to genuinely empower any employee to make a decision about the best place suited to accomplish what they are doing at the time. The new way of work needs to connect people with their organization in a more meaningful way.

How can the office be used to empower employees?

Tim: It can in many ways, but we can't forget some of the minority groups that are at risk as well. In some organizations, up to a third of employees do not have a space to work at home. So, what do organizations do there? Are we going to let them go and sit in a coffee shop all day? Because that's not fair, reasonable, or professional. There is always a group of employees who see the workplace as a refuge, no matter what type of work they do. Therefore, it's also about recognizing that not all needs are for pure collaboration or social connection, but also about tactical and basic workplace functions. There are still a whole lot of people who need the stuff at the bottom, forget the activation stuff at the top. Employers need to provide a workplace that delivers down the bottom as well.

Michael: And just to add to that thought, the workplace still needs individual focus work areas — it can't all be for social interactions. Based on our data, individual focus work is the most commonly selected activity. So, if you design a new office based solely on collaborative work with open, trendy spaces, it may not fully support your workforce's needs. There's a certain amount of getting caught up on trends, but also remembering that there are other key functions the modern office needs to provide.

That is very true! Offices should be multifaceted and catered to their workforce.

Tim: There's another catchphrase that one of our clients uses a lot, and it's quite interesting. They're a very savvy retail company, and their strategy has always been "twice the experience and half the space." A lot of other companies tried this, but failed to deliver. Basically, they did the math and found out that even if you downsize your office space, but you equip your existing spaces in the right way, you can save enough money to provide a Michelin-star chef to further enhance your offerings. If you commit, you can give your employees a five-star experience on almost every service line that makes that day in the workplace just amazing! Every office should be like a first-class lounge, and that is still cheaper than what you'd spend on unused real estate. Another client goes by the motto "buy the commute." When you go to bed this evening and you think about what time to set your alarm clock for in the morning, are you going to set it an hour earlier so you can head into the office? Or are you going to set it an hour later to be at your home desk at the same time, and not have to pay for the commute into the office? The office needs to provide an amazing experience for everyone, so that people simply want to be with each other in the workplace and those other factors don't matter as much.

To wrap this up, where do you see the office in the next five or so years?

Tim: In short, I think the workplace will be smaller, smarter, and more supportive. It'll have a better usage of space, but also know more about you as an employee and your needs. The one thing we all need to remember is that it's common to discover a sense of denial in the industry about the workplace. Real estate needs to acclimate to the idea that employees are going to be home-based more often than they were pre-pandemic. However, it's what you do with the space you have that matters most.

To learn more about Leesman, visit them at
https://www.leesmanindex.com.

Physical Space Redesign

A Lure for Employees

> *"Efforts like [implementing] a building app go into making my place of work a high-tech, efficient, and even safer place! I'm very grateful for this awesome new development."*
>
> **— Tenant app user at 1800 M Street, a Columbia Property Trust property**

When appropriately cultivated, the office space of the hybrid work era will act as a lure to employees, encouraging them to return to the office not by way of company mandates, but through their own free will. Our research, for example, shows that 68% of employers have redesigned their workplaces to support employee needs, with an additional 28% planning to redesign their workplaces in the coming two years.

A fresh office for a fresh, post-COVID start — and a definite draw for even the most hesitant of returning employees.

But what does a redesigned office look like? Ping-pong tables, snacks, arcade cabinets — these are fast becoming relics of the startup boom of the early 2000s. While fun, and generally appreciated by employees, they are at their core gimmicks, which do not have an enormous effect on overall productivity or engagements. Regardless, these amenities were developed through an understanding of the importance of the employee experience, even prior to the pandemic. Larger companies, however, are now realizing that employees are demanding more meaningful resources and capabilities out of their workplaces, and as such are starting to shift their physical workplace strategies.

Engagement

Instead, reads a Fortune article, an office redesign is "about creating employee experiences that are purposeful and authentic. People with positive employee experiences have 16 times the engagement level of those with negative ones, and they are eight times more likely to want to stay. Creating a sense of belonging and feeling valued holds the key to strengthening ties with employees, so they want to grow within the company — not outside it"

Simply put, happier employees also produce better business results, bringing a positive return on investment (ROI) to the workplace. A Gallup study, for example, reveals that organizations "in the top quartile in employee engagement outperformed bottom-quartile units by 10% on customer ratings, 22% in profitability, and 21% in productivity. [They] also saw significantly lower turnover, shrinkage (28%), and absenteeism (37%)."
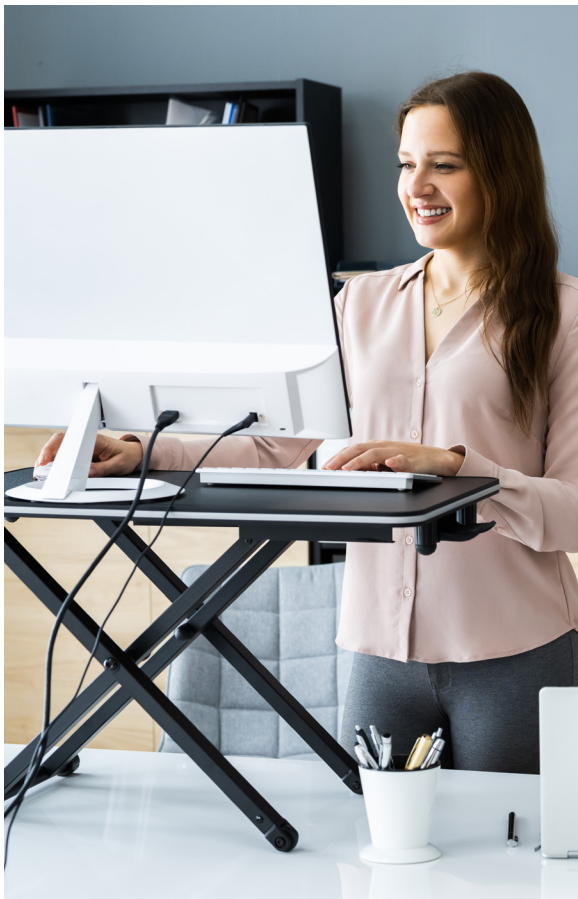
The Rise of the Adaptive Workplace

"Traditional offices," reads a McKinsey report "typically dedicate more than two-thirds of their space to individual, heads-down workspaces, such as desks and cubicles." Such designs are fast-becoming, if not already, dated. Instead, the trend is toward open, collaborative spaces, featuring "new designs and technologies, such as sensors and moveable walls, that promote flexibility and collaboration."

This trend, however, isn't necessarily a symptom of the post-pandemic era. Before COVID-19 shut down offices worldwide, 13% of people "were regularly working outside of the office," Gensler said in her interview with McKinsey, which is linked above. This number has only risen, with companies incorporating open-plan designs that encourage and increase engagement, and collaboration, and therefore productivity.

Automotive industry titan Ford Motor Company is one such organization. In March 2021, it told employees they could "continue to work from home 'indefinitely' and have 'flexible hours approved by their managers.'" It also announced a "radical redesign" of its office, "retrofitting workspaces to be versatile and adaptable to future needs for change. This includes walls, furniture, fixtures, conference rooms, and collaborative spaces. Attention will be paid to enabling video calls and deploying technology to enhance virtual connectivity among co-workers and managers."

Such office redesigns are also easily accomplishable with a well-rounded workplace experience platform. Mobile access, resource booking, and other technologies that directly support both hybrid and flexible work can be seamlessly integrated into any office, setting a foundation for a future-proof, productive office. For example, workplace experience managers can easily reassign hot desks and conference rooms to different teams based on changing needs, while continuous communication and mobile phone alerts let employees know what's happening without having to be in the physical office.

Left: Versatile and adaptable workplaces are being mass-adopted by leading companies to support the hybrid workforce, such as Ford.

Chapter 4

The Role of Workplace Technology

Investing in Experience Tools

> *"Having a [workplace experience app] makes me feel connected to others, even though we aren't all coworkers. It also makes coming into the office fun. Now, I look forward to coming to work!"*
>
> **— Tenant app user at Lincoln Centre, a Nuveen property**

In our *Office Insights 2022* report, we found that 72% of employers agree or strongly agree that workplace experience and engagement tools will be a critical element of successful offices in the future. These tools are the main value-drivers behind hybrid working environments, which an additional 72% of employers agree or strongly agree are equally important to employees as other workplace benefits such as annual leave and healthcare. To expand on this point, we have divided the role of workplace technology into three main benefits: agility, flexibility, and productivity. Correctly leveraged, a workplace experience platform simultaneously covers each of these points — resulting in employees who are as effective, efficient, and productive as possible.

Flexibility

"Failing to offer flexible work arrangements is a significant risk to an organization's hiring, employee engagement, performance, well-being and retention strategies," reads a Gallup report on the future of hybrid work. "The top three reasons employees prefer hybrid work represent a strong desire for more personal freedom to work when, where and how it best suits them. Their demands for better well-being, work-life balance and flexibility represent a new 'will of the workplace' — one that won't accept the traditional office going forward."

Workplace experience technology, meanwhile, improves organizational flexibility on a number of levels, and as such has a positive influence on each of the above three factors. By creating a seamless experience for both remote and in-office workers who are on hybrid schedules, employees and business leaders can easily provide employees with a mobile app that lets employees work where and when they want. With a workplace experience platform, you and your employees can:

» Book desks

» Reserve conference or meeting rooms

» Create digital mobile access cards

» Use the commuting options you like best, by providing convenient public transport schedules, parking spot reservations, and support of other green commuting options

Additionally, business leaders will be able to keep on top of new trends that will create a desirable workplace for employees by:

» Keeping track of employee sentiment, letting you understand how employees feel about the workplace, so you can make improvements that encourage employees to spend more time in the office

» Leveraging easy-to-digest data oversights that will enable you to optimize your office based on its actual usage, by either reconfiguring physical space, or making changes that create an increasingly flexible experience that encourages employees to spend more time there

"Most employees agree," Gallup writes, "that a moderate amount of time in the office is important, and Gallup's research has consistently shown that work flexibility tends to be optimal for engaging employees and reducing burnout – before and during the pandemic."

Right: A more desirable workplace can be created by implementing diverse technology experiences, such as mobile access and resource booking.
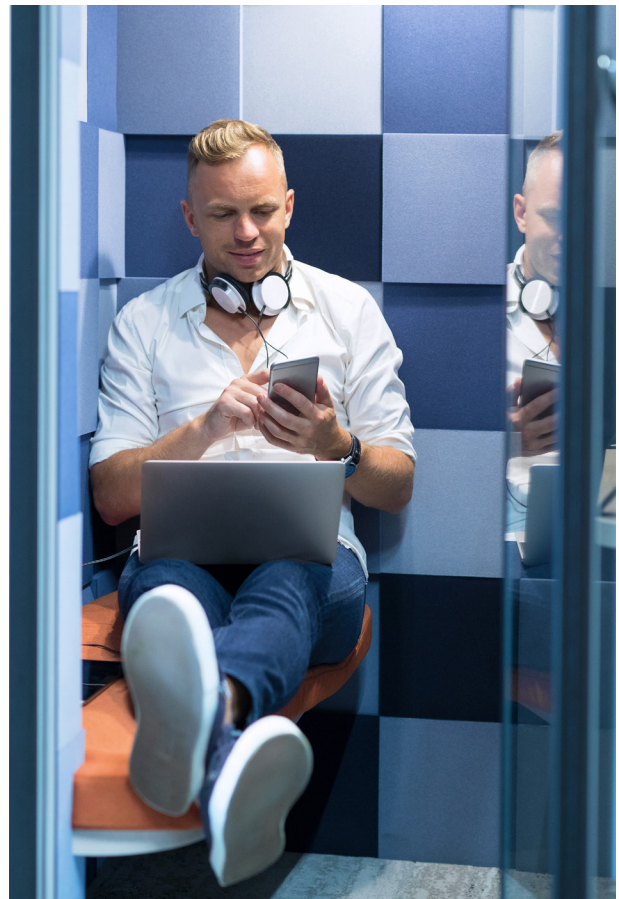
Agility

At first glance, agility might seem to fall into the same category as flexibility. While related, flexibility refers to responding quickly to today's rapidly changing environment, whether you need to increase or reduce capacity, change your real estate footprint, respond to new employee needs, rearrange spaces because of new COVID mandates — or another need that arises and calls for immediate attention.

Just like an agile team or department, the quick reactions resulting from an agile workplace require the implementation of digital tools such as:

» Employee feedback so you can quickly identify and address issues

» Self-service administration, so managers can make adjustments to, for example, room capacity on the fly

» Targeted communication that keeps employees up-to-date on everything that's happening in the office

» Replacing on-site catering with flexible meal ordering

Data collection, too, plays a key role in office agility. Collecting employee satisfaction data, behavioral data, and space utilization data will enable you to develop a three-dimensional view of exactly how your office is used — and better structure the flexible workplace that your employees want and need.

Making use of these tools or features, however, is far easier and more convenient – not to mention less time-consuming — from within a single system, rather than managing multiple stovepipes of data or administration panels. That's where a workplace experience platform comes in, with HqO offering easy oversight, simplifying decision-making, and laying the foundation for an agile, future-proofed organization that is as ready as possible for potential challenges or roadblocks.

Productivity

As discussed in the previous section, according to the Harvard Business Review, open spaces "encourage face-to-face collaboration, creativity, and serendipitous interactions." These, in turn, spur productivity.

That productivity, however, can be further boosted by enabling employees to make the most out of open, collaborative spaces. Research from Microsoft, for example, shows that "mobile access, resource booking, food ordering, space monitoring [and the] right workplace experience tools and platforms enable employees to better collaborate and communicate — a common pain point among post-pandemic employees.

A unified mobile app lets employees all the digital and physical resources that employees need to manage their workplace experience, in one place. This ensures that employees will easily find and more actively use those resources — yielding a greater return on investment.

These capabilities include:

» Consolidated mobile app with similar experience for different capabilities

» Advanced room and desk booking

» Visitor management

» Access to time-saving on-site amenities and convenience services such as dry cleaning, manicures, and more

» Food ordering

» Commuter alerts so people spend less time commuting

Right: Employee productivity can be increased through digital workplace technology that complements your office's infrastructure.

An Optimized Future

> *"We really wanted to maintain that 'we' feeling throughout the entire organization and we needed a way to share both our successes and personalities. This does not always come naturally in our line of work and HqO makes that really easy."*
>
> **— Kitty Schuurbiers,**
> **HR Manager at BESIX Netherlands**

The office has permanently changed. The shift to hybrid work has brought about new challenges, but also enormous opportunities to transform the ways we view the traditional workspace, as well as how our employees work.

Taking steps to implement this transformation will see employees become happier, more engaged, healthier, and more productive — not to mention reduce operational costs and free up funds to invest in new ways of working, including the technology that drives it. The HqO Workplace Experience Platform is also easy to use and streamlined, offering both broad strokes in the form of intuitive overviews and fine detail with granular control over a variety of office functions and features. It also serves as a digital backbone for offices of the future, which will and are seeing employees working how, when, and where they like.

Ready to get started? Schedule an HqO demo today to see our workplace experience solutions in action.

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About HqO

HqO is transforming how people connect with each other and the places they work. The HqO Workplace Experience Platform makes it easy for companies and commercial property teams to create modern workplaces through world-class amenities and services that allow people to thrive and produce the best results. Active in over 250 million square feet in 25 countries, 57% of the Fortune 100 rely on HqO to enhance their workplace experiences, improve employee satisfaction, and drive operational excellence. For more information, visit https://www.hqo.com/.