



CORENET GLOBAL

# VIRTUAL POP UP

A pop in community for **corporate real estate professionals**

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**Pop-Up Webinar: Key Takeaways**

**7 May 2020**

**What are you seeing in your local markets relative to returning to work, and what are government agencies advising you?**

- I am in Dallas. Gov. Abbott has provided guidance to offices that they can open starting on the 18<sup>th</sup> of May with 25 percent occupancy. We have been ramping up in advance of that to start opening our offices in shifts. We will begin on the 18<sup>th</sup> with a soft opening. That is what we are planning.
- I am in Chicago. We also have an office in Washington, D.C. We are planning to open both on June 1. We will wait and see if the guidance changes, but otherwise we are planning to put a portion of our staff in both locations by June 1. We will probably bring in about 20 percent of our people on day one and see how it goes from there.
- A number of our tech clients in the Bay Area are not going back to work in the office until September.
- Our thinking is, 'if working from home is working, why rush back?'
- We are seeing clients in both the Bay Area and Sacramento markets planning to allow only essential staff back into offices in the short term. Longer term, spaces are going to either be reconfigured from an FF&E standpoint or permanently contracted in terms of office space, with some staff positions working from home more permanently.
- One big question is productivity in the office. What is the value of only bringing back 25 percent of your employees? And how many people out of that designated 25 percent you are allowing will actually come back? Will it only be 10 percent or 15 percent? And then what is the value of being in the office if you are restricting meeting rooms and collaboration spaces? The big question is: how many people are needed in the office to create value?
- We have 300,000 employees, and over 200,000 of them are in Asia, in places like India and the Philippines, in big campuses of 20,000 employees in high-rise buildings. Our company is taking the stand that we do not want to be the first to come back into the office. We want to learn from others' experiences. Our office openings must be approved by both our CEO and our head of HR. When they do open, it will be the reverse of the previous situation. Before, you needed permission to work from home. Now, you will need permission to work from the office. We are

looking at apps to take your temperature so you can gain approval medically to go into an office. You can spread out six feet or two meters and that is good, but there are still pinch points at the elevators, the restrooms, and the cafes. How do you manage around that? We are looking at wristbands that buzz when you get closer than two meters to someone else. Things are very volatile, and I do not think we will go back to the office in big numbers until we have a vaccine to manage this. Ninety-five percent of our employees are working from home now, and it is working. We will be conservative going back in. Once we have some way to manage this challenge, we will see our facilities start to fill out, and we will have pressure from a cost standpoint to make our real estate work harder.

**If only a portion of the work force is going to be in the office at the same time, are you still planning for 175 square feet per person? Or are you re-tooling your programming metrics? How does all this affect how you build out and plan new offices?**

- We are a tech company. We are being very prescriptive as to how we approach coming back to the office. We are looking at all our floor plans in major sites. We will have fewer people based on the spacing of the workstations. Only a certain number of people will be allowed to come in during a specified time. One group will come in over a week, then a second group comes in over a week. We will not do any free addressing moving forward. People will be coming back to their own workstations. A lot of our people were not comfortable about having to come to a workstation where someone else had been.

**Is anyone being pinged by their CFO to engineer costs savings? And how will we come up with cost savings to assist the organization during COVID-19?**

- We have not received that from our CFO.
- We continue to get pinged by our CFO. It has never stopped. We are always trying to optimize the footprint. That has not changed because of this. There is a new conversation about working from home, perhaps, but the mission to optimize has not changed.
- We are so focused on getting back to work that perhaps we are forgetting the impending recession that everybody is calling for. Some say this will be the toughest time since the Great Depression. We will get pressure for real estate savings.
- I am in California. We have delayed a ton of construction projects. We have extended leases without really knowing headcount plans. We have revamped our entire expense and travel policies, with more constraints in place. We are curtailing travel and cutting back on snacks and amenities in the workplace. We have communicated these changes to our employees, so they are aware when they come back to the office. These are temporary changes. As things progress to a better place, we will put them back in.
- Our CEO just gave us guidance that only essential business travel will be approved until July.
- I am getting pinged from my CFO. In response, we are asking our landlords for rent forgiveness, or creative solutions for lease renewal, such as receiving free rent now, and adding equal time at the end of the term.

**Regarding the food amenities, is that a cost-cutting measure, or is it more of a safety measure so people are not touching each other's food?**

- It is a cost-cutting measure. We have already started to adjust the safety component of food in the workplace, but this is more of a cost initiative. On the travel side, only revenue-producing people will be allowed to travel, and even then, only the critical people will be traveling. Previously we were having meetings where there might be six of our people visiting a customer, and we only needed a couple of them there, not six. There was a bit of overflow on travel. We are putting travel under the magnifying glass. Only the critical people need to go out and travel.

**I cannot figure out a good solution for elevators. We have some low-rise offices, but we also have an office in Beijing on the 56<sup>th</sup> floor. How do you handle that and keep people safe? Do you just hold your breath? You could, possibly. But there must be a better answer than that. And you cannot afford to wait several minutes for an elevator.**

- Landlords are very focused on this issue. They do not want to see people lined up on the sidewalks and out in the rain waiting to get into the office. This could be the main bottleneck in this whole transition.
- We have heard that face masks will block the aerosol coming from a person. If so, once you are in a confined area, if everyone is wearing masks, the concern over spreading that within the elevator is mitigated, except for whoever is pushing the button. Is that the case?
- Voice-activated and touchless controls are available, but those cannot always be installed overnight. If masks will protect you in an elevator, that will absolutely be the answer.
- If masks work in that way, would there be a need for social distancing in the workplace?
- I was on a call yesterday, and they showed a picture of an elevator that I thought was extreme. You have one person in each corner, and one person is facing the wall. Then there is a handicapped space in the middle. When you look at this, you feel that everyone is in time out.
- It is the distancing, but it is also the surfaces. Unless the landlord is cleaning the elevator on every trip, which is not practical, there seems to be no way around the hazards of the elevator. This seems to be the weakest link in the whole chain.
- You can get little handled tools to push buttons, open doors, and touch screens. They are available online. We are looking at getting these to help employees avoid touching things with their hands.
- What I have seen is that buildings are allowing up to four people per elevator (one in each corner) and requiring that you wear a mask. Building personnel are cleaning the elevators at least four times per day.

**How will we manage fire drills in a COVID-19 environment?**

- That is a good question. We had that same conversation earlier today. We are tenants in a building; we do not own any real estate. We have floor wardens. In normal times, they are in attendance every day, but these are not normal times. If we limit who is coming in, how do we ensure that these floor wardens are available? Do we have backups for them? The procedures for both are similar, but you need personnel who are trained. Maybe you need a ton of backups so at any one point in time someone qualified is in the office.

**What about use of face masks or face coverings?**

- Perhaps we need a global response to face coverings. This is very different in various countries around the world. Some companies are providing them for employees. I call them face coverings, not face masks. We have taken a decision that we will provide a stipend to employees to procure their own, providing enough money to get a couple of face coverings rather than supply them directly. One reason for that approach is that the procurement and supply will be challenging. Do you provide wide face coverings, even if that is not what employees want?
- I am looking at two major groups in our company: our sales reps out visiting customers, and employees in the office. If you are coming into an office, we are considering providing at least one to two cloth face coverings – the reusable ones you can take home and wash. We are not sure what the mandates will be in different countries around the world. We will try to have supplies of different products. We will look to see if governments put in different laws. I do know that in China we have sales reps who are asking to be tested so they can show proof of a negative test to be allowed to visit some of their customers. We are allowing tests like that to be expensed.

- We will provide face coverings for whoever needs them, employees, or visitors. But as a rule, employees will get a stipend and procure their own unless there is a local law that requires us to provide them. And there are such laws in some places, such as the Philippines.
- I am shipping out supplies to different offices around the world because I do not know what the mandates will be. We are sort of planning a worst-case scenario: what are the most restrictive mandates we are seeing? We are planning for that in case the lever is pulled by the government.
- I have a related issue as to who can check employee temperatures with digital or ultraviolet technology. Apparently, in the New York City environment, it cannot be the landlord – it must be the employer. This might be similar with face coverings. I did see one interesting new development with a transparent face covering which thereby does not defeat the biometric recognition concerns.

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