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A COVID-19 Virtual Ideation Experience

Team Topic and Number: **Space Utilization & Metrics Team 18**

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**Input your submission below. Please remember that you have 1500 words to share your insights.**

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The coronavirus COVID-19 pandemic is the Black Swan event of our time and the greatest challenge we have faced since World War II. Important to note that COVID-19 is much more than a health crisis. By impacting everyone and each country it touches, it has the potential to create devastating social, economic and political consequences that will leave deep scars on the society (According to UNDP). CRE is also not left untouched by this crisis. Real-Estate Space is one of the topmost expenditures for an organization after people and the most affected due to the pandemic.

Team-18 has brainstormed and come up with a few forecasts, recommendations and solutions regarding the future of commercial real estate, especially workplace, the space utilization and metrics.

We all know and accept the fact that in the post Covid-19 world there will be a whole lot of changes that will happen and will be accepted as the “new normal” and we have focused this as one of the forecasts which says, “Life in New Normal”.

The forecast is divided in 3 phases for easier understanding of the topic as under:

1. Phase 1 - Resumption Phase - Near Term (Up to 3 months)
2. Phase 2 - Stabilization Phase - Short Term (Next 12 months)
3. Phase 3 - Adaptation Phase - Medium Term (Beyond 18 months)

Let us have a look at each of the above in detail in the next part of this document.

### 1. Phase 1 - RESUMPTION PHASE Near Term (Up to 3 months):

This is the most crucial aspect of getting back to work (especially regarding the space utilization) since this is the most sensitive period where the world will start connecting again. We foresee the below as a new normal which is a must:

- **Health & Hygiene:** There will surely be a necessity to consider a paradigm shift in the process for meeting the Health and Hygiene requirements post Covid
- **Lease/Rent:** Resolving the requests for Rent abatements and discounts with landlords.
- **Work from Home (WFH):** WFH will undoubtedly be the new normal. The corporate world has always been debating and discussing the efficacy of WFH, but good or bad it is now the reality for most of us and this shall prevail in the near term. We foresee about 2/3rd of workforce shall be WFH which will create a need for re-looking at certain aspects of “Home Office Infra” that the organizations provide to their employees
- **Health Safety Measures:** There shall be quite a few metrics which will be included in health safety measures that will be the new normal. We have enlisted these below:
  - o *Air Quality* – One of the concerns is air-borne spread of infections. Use of high efficiency filters like HEPA filters, fresh air intake will take prominence. Focus on how to measure the air-quality and also share the same with the users of the facility. Once the air-quality is measured, actions need to be taken to maintain or improvise the same.
  - o *Social Distancing (SD) Measures* – There shall be quite a lot of measures that shall be implemented to achieve the required SD norms. These are and may not be limited to the below:
    - Implementation of Barriers and partitions at relevant areas
    - Having One-way pathways / directions
    - Posters/Artworks to emphasize on Social Distancing
    - Frequent Education / Awareness sessions
    - Improved Visitor Management process

- Ensuring limited occupancy
  - o *Cleaning/Disinfection protocols* – This is certainly one of the most detailed measures that needs to be undertaken. This shall include Cleaning/Disinfection of surfaces, food and facilities.
  - o *Touchless Design* – This shall be one of the metrics that has been there in select industries, but now will be adopted across all the industries. The points of “Touch” shall be identified, and efforts will be made towards replacing them with “Touchless” ones. Some of the usual “Touch” surfaces are: Door Handles, Flushes, Faucets, Access Control System, Dustbins etc.
  - o *Personal Protective Equipment (PPE)* – PPE kit needs to be present at the location and must be in good quantity to make sure everyone is safe and protected. This could include: Masks, Sneeze Guards, Gloves, Wipes, Sanitizers, Goggles etc.
  - o *Technology* – “Necessity is the mother of invention” and this is true for Covid scenario as well. We shall see a wave of inventions in technology that will enable us to work and collaborate in a better way without having to travel/ physically meet each other.

- **Explore Cost Savings:** Considering the changes that post Covid world will bring, there is an increase in cost due to investment in various aspects. However, this is also an opportunity to explore cost savings in other aspects and be creative. Few of the avenues for savings are:
  - Utilities like power, water, transportation
  - Consumables viz. Paper, pantry supplies, stationeries
  - Travels (Domestic/International)
  - Canteen/ Food

## 2. Phase 2 - STABILIZATION PHASE - Short Term (Next 12 months):

Once the immediate need of resuming operations is achieved, the focus of the team shifts to stabilizing the operations. A lot of measures taken during the first phase will be still in force and beneficial and these will get further refined during the 2nd phase. Further there will be focus on making modifications to the space to meet evolving needs.

Few of the additional points that will be of focus for this phase are likely to be as follows:

- **RE Portfolio:** Review the real estate portfolio. While there shall not be any major change in the RE portfolio in the Short term, few additional measures that will be taken viz.:

- No long-term commitments
  - Renewals / Short-term contracts
  - Negotiation/Re-look at lease terms viz parking, common areas usages
  - Expansion/ Consolidation shall be on hold
- **Modifications to Workspace:** Workspace shall undergo modifications where social distancing shall be the norm. The workspace shall consider below points:
- o Flexibility/ Agility of space
  - o Refit Space: Same space, different applications such as repurposing the training halls, cafes, gyms spaces which are unlikely to be used extensively.
- **Stability in WFH:** In the near term we expect 2/3rd of the workforce shall be working from home. However, we estimate that half of the workforce shall be WFH in the short-term scenario. Office space will have to make required changes to meet increasing demands on it.

### 3. Phase 3 - ADAPTATION PHASE - Medium Term (beyond 18 months):

The enhancement shall continue, and more enduring changes shall happen in the Medium term which shall be beyond 18 months. Mostly this is since, such changes need a lot of deliberation, investments and adoption which shall happen as time passes by and the better understanding of the business / employee needs, and external environment are understood. The key forecast for Medium term shall be in the below areas:

- Leasing Strategies in terms of locations and tenures of leases
- Consolidation vs Hub-spoke strategy in locating offices within a city. (decentralization)
- New Workplace Designs to meet the future work patterns and modes
- Technology/Innovations to meet the new norms of work
- Mobile Focus Booths for taking calls
- Recharge Pods in technology free zone where employees can recharge with music / guided meditation or even sitting exercises.
- Bookable Helpdesks: for IT, HR, Security, Travel, PR etc.
- Use of transparent partitions to enable interactions among staff
- Use of Automation and digital tools reg space utilization, sanitation, occupancy levels.

#### Recommendations:

Moving from one phase to another marks an important milestone for CRE/FM professionals. It will not be an easy decision to make as business leaders and employees will be anxious that the right decision is

made at the right time keeping efficiency, health and safety of employees is given utmost priority. In view of the above, we developed a “**Decision Tool**” to help CRE professionals to decide on moving from phase 1 to 2 and then 2 to 3.

### Decision Rule 1: For Migration from Phase 1 to Phase 2 (resumption to stabilization)

(with sample scores for illustration purpose)

SN	Decision Criteria	Weightage	Score	Wt Score	
0	Scale of local restrictions on business operations	Pass/Fail Criteria	Yes	Pass	If NO, do not proceed further
1	Avg % of work-force over past 3 months	20%	3	0.6	Less than 10% < 1 10% to 20% - 3 Above 30% - 5
2	Number of people reporting sickness during last 3 months	20%	4	0.8	
3	Issues reported in hygiene related matters in works space.	15%	2	0.3	
4	Clarity on communication on protocols and concerns raised by employees	15%	5	0.75	
5	Efficiency of social distancing measures implemented	30%	4	1.20	
	<b>Total Score</b>	<b>100</b>		<b>3.65</b>	

**Decision Rule:** Unless overall rating Weighted score is above 4, else should not migrate from Ph1 to 2.

### Decision Rule 2: For Migration from Phase 2 to Phase 3 (Stabilization to Adaptation)

(with sample scores for illustration purpose)

SN	Decision Criteria	Weightage	Score	Wt Score	
0	Availability of Vaccine / or/ pandemic subsidizing with next to nil impact on society.	Pass/Fail Criteria	Yes	Pass	
1	Avg % of work-force over past 3 month about 50%	20%	4	0.80	
2	Achieve seamless ‘Touchless’ Facility objective	20%	4	0.80	
3	Space utilisation above 60% for all amenities areas post modifications (erstwhile training / gym / cafe etc)	15%	2	0.30	
4	All immediate lease decisions are resolved and RE portfolio outlook agreed with management for next 3 years	15%	5	0.75	
5	Conduct employee satisfaction survey and achieve a score of 8 out of 10	30%	5	1.50	
	<b>Total Score</b>	<b>100</b>		<b>4.15</b>	

**Decision Rule:** Unless overall rating Weighted score is above 4, else should not migrate from Ph 2 to 3