



A COVID-19 Virtual Ideation Experience

Team Topic and Number: Space Utilization & Metrics, Team 9

Team sponsor/chapter (if applicable): n/a

Team Lead: Jack Burns, Cresa

Team Members:

Jack Burns – Cresa

Jenny West – Knoll

Matt Barnard – State Farm

Jerry Dawson JCDawson Global

Kimberly Lockhart – Savills

Mark Rogers - CDM Smith

Kathleen Neary – Herman Miller

Miciel Porto – Graebel

Jonathan Zeitler - Transwestern

Jim Hawkes – RS&H

The Purpose of the Office

As 2019 exited and we entered into 2020, most employees adhered to a workplace “norm” of reporting and being present within an office to perform their duties. The expectation of working within an office was encouraged through companies providing collaborative, innovative, and employee friendly spaces. However, the ongoing COVID-19 pandemic has forced many companies to work remotely, bringing long-held workplace norms under new scrutiny. If employees can get the job done at home, it begs the question: what is **The Purpose of the Office?**

The flexibility that comes with remote work is new to many companies, and time is needed to accurately assess its effect on productivity, collaboration, and employee satisfaction. We explore the use of performance metrics in the two primary phases: the Reentry Phase which entails the near-term approach for the return to work, and also the New Normal, the revised operating model once performance metrics are evaluated and the necessary adjustments are made.

Only time will tell, but it is likely the post-pandemic office space will not look too different from the office space of today – incorporating open floor plans and a variety of workspaces to suit different job functions. Although, we predict companies will soon offer a blended solution, allowing employees the option to incorporate remote work into their schedules or to work from multiple locations.

Each company is unique and their path to reentry and profitability will vary. Performance metrics can help leadership make data-driven decisions, empowering them to make modifications to their existing operational model swiftly and with confidence.

KPIs Prior to COVID-19

Key Performance Indicators (KPIs) are measurable values that help illustrate how effectively a company is achieving key business goals. The focus of these metrics changes over time, reflecting the evolving priorities of the workplace and our corporate cultures.

We know COVID-19 will disrupt standard workplace KPIs, but most cost-driven, current metrics will always be relevant.

- Cost per Employee
- Cost per Square Foot
- Occupancy as a % of Revenue
- Operating Expenses
- Number of Locations

While cost-efficiency will always be a primary driver for companies, new KPIs emerged as the focus of the workplace moved to culture and engagement. Employers began to understand the importance of an environment that promotes innovation, collaboration, and the employee experience. Achieving these goals was critical to attracting the best talent. Examples of these metrics are outlined below:

- Assigned vs. Unassigned Seat per Employee
 - Progressive companies aim for 1 seating opportunity per employee. Such seats can include both open and assigned and unassigned seats, beyond the desk.
- Peak & Average Attendance
- Employee to Workseat Ratio
 - We expect this metric to become more important as remote work policies will be introduced to many companies.

- Square Foot per Employee
 - While we've tracked square foot per employee for a long time, it has been consistently challenged over the past few years as companies move to a more open plan and densify their floor plates. This particular measurement has been the focus of many post-COVID-19 discussions.
- Open v. Enclosed Work Settings
- Amenity Percentage
 - Amenity spaces can include spaces such as cafes, pantries, gyms, training/multi-purpose rooms, wellness rooms, etc.
- Employee Pulse
 - Tracking employees confidence around wellness, culture, engagement, well-being, inclusion, etc.

The Return to the Office

Reentry is expected to occur slowly, with many companies slowly phasing employees back to the office throughout 2020. Considerations such as health risks, availability of childcare, and individual employee preferences will likely result in an initial occupancy rate of 50% with the intent to slowly increase capacity throughout the year.

Even in open workspaces, employees can expect more elbow room as workstations are staggered to ensure social distancing guidelines are met. They should expect new technology, wellness checks, and elevated cleaning protocols. Sensors will be utilized to monitor appropriate capacity levels in high-traffic shared spaces such as break areas or conference rooms. Additionally, companies will be pressed to offer more remote work opportunities as the war for talent continues to escalate and technical solutions continue to improve.

The shift to remote work can prove advantageous for both companies and employees. Companies willing to invest in a remote work program have the opportunity to reduce their real estate requirement and realize savings in the process. Meanwhile, employees experience greater flexibility while still benefitting from technological advances that facilitate virtual collaboration. Electronic boards for walls of work, pair programming, huddle meetings, and team meetings are just a few features of the New Normal.

When employees do come into the office, they will likely experience more transient spaces (or free address locations) versus traditional resident workstations. In the future, corporate offices are likely to serve policymakers and those who establish strategy for the company, acting as a symbol of status and intended to generate brand awareness.

KPIs for Reentry

Before COVID-19, corporate real estate leaders focused primarily on the cost of real estate and the effect of the workspace on employee engagement. New standards for employee health and wellness

will expand post-pandemic, and new KPIs will be developed to track the impact of these new standards on employee productivity and the client/customer experience.

While the KPIs will vary by organization, establishing these new metrics will require collaboration between leadership, real estate, and human resources. Examples of these new KPIs include:

KPIs

- Number of employee sick days taken per period
- Percentage of employees returning to the office per period
- Number and quality of customer engagements per period

Additional Metrics

- Square feet per employee
- Space utilization rates

KPIs for the New Normal

As companies settle into their New Normal, thoughts will again turn to increasing profitability and enhancing productivity. With many employees working remotely at least part-time, tracking the efficacy of your technology, your remote work program, and employee engagement will be more important than ever. IT departments will make key contributions to the development of KPIs for the New Normal.

Additionally, we expect employees and clients to seek proof that employers are doing everything possible to promote health and wellness in the workplace. Building certifications from Fitwel® and WELL by Delos™ provide employers with strategies for optimizing health within your space. We expect these certifications to gain significant popularity this year.

CoreNet Global once predicted that Corporate Real Estate, IT, and HR would merge, forming a cohesive department designed to support employees while also achieving the company's strategic objectives. Most large corporations will see significant demand for cloud technology to support the larger at-home workforce. 2021 might actually see this prediction come to pass. Outlined below are potential KPIs for the New Normal:

- Total Headcount, Office
- Total Headcount, Remote
- Average Work Time (Remote v. Office)
- Total Cost of Real Estate per Full-Time Employee
- SF/Employee
- SF/Seat
- Density Rates (daily threshold %)
- Common Space (increase/decrease)
- Cost per Employee
- Cost per 100% Remote Employee

- Non-Essential vs. Essential Functions
- Excess Square Footage (shadow space)
- Employee-to-Seat Ratio
- Operating Expense
- Employee Pulse (culture, engagement, wellbeing, inclusion, safety)
- Sick Days Taken per Location
- Preference for Remote or Office Work
- Healthcare Costs per Employee (\$ Revenue)
- Technology Cost as % of Total Occupancy Cost
- Health Safety Measures Cost as % of Total Occupancy Cost

The Workspace of the Future (It Still Includes Offices)

Real estate costs rank among the top three largest expenses for most companies. Controlling this expense is – and will remain – a priority long after reentry. We believe offices serve an important purpose, reinforcing culture and providing space for innovation – eliminating the office in its entirety, is not the goal. However, many companies will rethink their space, aiming to reduce density and gain a greater understanding of their space utilization once they have settled into the New Normal.

Having been forced to test its merits, companies and employees alike will soon evaluate the advantages and challenges associated with remote work. Though not a one-size-fits-all solution, most experts agree remote work will gain a foothold in our post-pandemic operations, resulting in a potential reduction of space. We encourage employers to enhance their remote work program by making initial investments to support the employee's transition.

This might include purchasing home office furnishings to enhance the employee's workspace and providing the appropriate technology required to enhance collaboration and productivity. Investing in the employee's remote work experience is just as critical as it is in the office – it showcases your commitment to a healthy and engaging work environment for your most valuable resource, your talent.

Blended solutions are likely, offering a mix of remote and in-office work. This allows both employers and employees to reap the benefits of each work model – the innovation generated by personal interaction and the flexibility and cost-efficiencies associated with working from home. We also expect interest to increase in suburban markets, as commuting on public transportation becomes a growing concern for many of the nation's largest cities.

One thing is certain, each company will be evaluated based on how it supported the health and well-being of its employees during this time of crisis. That is the most important metric of all.

References

<https://www.fitwel.org/>

<https://delos.com/>