Distributed Work

Chapter Name: Australian Chapter - Distributed Working

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The massive work-from-home shift, mandated or encouraged by governments globally, presents the first real opportunity to measure productivity from remote working on a meaningful scale.
Even through the response in Australia has seen the COVID-19 infection rate curve flatten and some states beginning to ease restrictions, about 8% (more than 1.6 million adult) Australians have lost incomes due to COVID-19 lockdowns . The unemployment rate is set to reach 10% - its highest in almost three decades – with Australia set to record its first recession since 1991. The ramifications are likely to be felt much more globally as G8 countries – such as UK, US, France, Canada and Russia – have been impacted by higher infection and death rates, leading a more lengthy lockdown and recovery period.

The wider APAC region has always been relatively flexible in how their employees work, with most organisations using activity based working environments in offices, as well as employees working from home occasionally throughout the week. A recent report found that 88 percent of Australian organisations were encouraging their employees to work from home due to COVID-19, which has been reflected by a similar drop in both pedestrian and commuter traffic across major Australian cities.

Managing people is one of the most difficult elements of distributed working, because everyone responds differently to the cultural shift and challenges. Empathy is a crucial tool here, offering a way to connect, promote inclusiveness, and create a sense of community in the absence of physical interaction. Taking measures to ensure your employees are in the best physical and emotional health at this difficult time is paramount. Healthy and happy employees are productive employees and organisations should consider the long term safety and health of their employees in order to futureproof business.

Having the right technology and hardware certainly helps but for remote working to function effectively – be it working from home or split locations – occupiers need to consider many other factors, first among them: which types of work can be done remotely. Effective distributed working starts with the basics—including a fast, stable, and secure internet connection, and ergonomic environment. With collaborative and paperless processes being replace by a suite of SaaS (Software as a Service) technology tools that allow teams to effectively co-create, communicate, share documents, and manage processes.

The Australian Chapter team is a diverse group of end users, service providers and a leasing agent. In exploring the problem, the team used Human Centred Design principles to deeply explore, understand and empathise with key stakeholders prior to developing solutions for the 'new normal' as the workplace becomes more distributed due to COVID-19.

The team firstly mapped stakeholders, understanding who is impacted from the uptake of distributed working and clustered stakeholders from the landlord, organisational/occupier and individual perspective. With these identified stakeholders, the team began generating insights on the positives, negatives and opportunities distributed work presents to the individual, managers, organisations and landlords.

Once the insights were created, we used affinity clustering to identify key themes and voted as a group on the most insightful. Using the key insights we created four problem statements.
How might we:
• Create a stronger culture for distributed working as an individual, than in the office?
• Make leaders more effective and trustworthy than ever before?
• Create a stronger organisational culture, with imbedded flexibility?
 •Create better offerings so that landlords can exceed tenant expectations?

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Using these problem statements, we created 108 solutions and again voted on the most insightful – narrowing this down to 36 through visual voting. Using these key ideas, we each created different solutions in how an occupier, individual or landlord might need to operate in the short to long-term to adapt to the new normal of distributed working. After pitching our ideas to the group, we mapped the most feasible based on their impact and difficulty to implement, selecting two solutions and one wildcard.

#1 - The Distributed Landlord and Service Provider
Current sentiment is that landlords often work against tenants and not with them. But in a time where uncertainty in the market is rife, there needs to be flexibility. Especially as a recession and uptake of remote working is likely to see a downturn in tenant demand. As more employees and organisations familiarise themselves with remote working, it's likely they're need less space with greater flexibility. The solution is that landlords could use vacant space across their portfolio as drop in offices to reduce employee's commutes. Spaces could be made available in outer metro locations or partnerships with co-working spaces could be developed to distribute the tenant workforce across a wider geographical base – often referred to as hub and spoke model or satellite offices. It would require superb tech (high bandwidth, zero drop-outs) and minimal distractions to act as a point of difference that is more attractive than working from home.

With employees working remotely, the IT corporate environment doesn't always work as well outside the office and some users have more challenges than others. An additional value add would be having a landlord offering for on-site technology drop in desks where frustrated occupiers could take their faulty, sluggish and broken tech. Whilst it's likely there would be security issues, the contractors could be vetted and cleared by major occupiers.

A landlord or service provider representative could work directly with the tenants to facilitate access to the various offices across the portfolio, ensuring the demand is funnelled to assets managed by the same landlord, service provider or to partnering co-working spaces with a regular commission. Over the longer term, having a tried and tested as well as successful remote working strategy will help companies become more nimble - both in terms of their real estate requirements and business continuity.

#2 – Future Office, a catalyst for socialising, collaboration and wellbeing
Whilst opinions are still mixed as to when the majority of employee will begin returning to office spaces, organisations and service providers should be positioning themselves for the new normal. As employees return - and in some cases not return – to the office due to distributed working, the workplace needs to transform as a place for wellbeing, socialising and collaboration. Traditional models and solutions will need to demonstrate more value and flexibility to ensure the ongoing success of the office. Landlords, service providers and occupiers need to begin offering a more immersive wellbeing experience that employees cannot get from distributed working and at home. It gives the workplace a greater purpose, as more organisations and employees find the work can be done digitally.

Landlords and service providers should explore creating a community manager model - similarly seen at WeWork - however the point of difference is their role spans across several buildings and act as a facilitator to connect employees working from home with other employees in the office. These individuals create curated experiences, like integrated wellness programs tailored to the individuals connecting organisations with the skills to collaborate efficiently and effectively. The occupier could pay for this service through the outgoings or through existing service provider contracts.

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A COVID-19 Virtual Ideation Experience

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Wildcard - Flexirent
Leases are so inflexible by nature so they are unable to meet the ever changing space requirements of the tenant. Tenants are unable to create a flexible workplace environments because of traditional, inflexible, one sided leases. This leads to sour tenant landlord relationships, unwanted space, no extra space, and disgruntled tenants feeling stuck in buildings that are not meeting requirements. Prolonged economic stagnation may present the first real financial stress test for many new operator entrants into the sector. The next 6-18 months are going to be the only time in the next 20 years or so for some fundamental changes to the traditional landlord and tenant dynamic. If they don't occur now, they won't occur at all.

The solution is that different lease terms and spaces have different rents. Graded from high rent for high density and high flexibility space to lower rent for lower flexibility and lower grade space be it density or fit out complexity. The variance would be within a reasonable range - say 5-7% cap and collar – of a 'standard' or market building rent.

Conclusion
COVID-19 has caused devastation globally with over 3.5 million infections and 250,000 deaths, and the trends are likely to continue until an appropriate vaccine or treatment is discovered. This is disrupting many long-held industry conventions and requires every organisation and industry to adapt if they're to succeed in a post-COVID era.