Team Topic and Number: Utilisation and Metrics Team 19

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

CoreNet Covid Hackathon

Space Utilisation & Metrics

Corporate real estate (CRE) metrics have traditionally focused on cost and efficiency. Yet an organization’s most valuable resource is its people.

Will COVID-19 reverse the trend of reducing square footage per employee and shift the focus from space-centric measurements to human-centric measurements?

Or will companies place greater priority on reducing expenses?

Further, will the significant business disruptions and prolonged uncertainty ushered in by COVID-19 bring transformational change in companies’ leasing strategies?
Challenge: Develop key forecasts and recommendations for corporate real estate professionals as they address how the pandemic will impact space utilisation and metrics going forward.

The global pandemic has brought to surface innovative ways of using existing tools and approaches to serve new purposes. Board game meetups have moved online, bars are delivering the pub experience to your door, quiz nights and lockdown parties have boomed over Zoom, cinemas are creating community experiences from your sofa, and musicians are hosting gigs over Instagram Live. You can even sign-up to make your own terrarium as part of live streamed workshop with the gear sent to your doorstep in advance.

But why has this happened?

The crux of it is that people are social beings and need interaction with others to receive and reciprocate emotion, building bonds that fulfil a sense of belonging. The emergence and transition of new online ways of staying together when staying apart has taken a giant leap forward in shaping a new era for how we live, work and play as we come out of the global pandemic.

Currently there is a worldwide lockdown, and business leaders are already asking their organisations to assess their portfolio and identify opportunities to reduce footprints in a post-pandemic world where it is assumed working from home will be a more prominent working practice. That might be true but without fulfilling a basic human need for interaction and inclusivity the physical workplace will still play an important role in a new age as a binding agent, albeit with more emphasis on interactions and engagement and less space given for individual work that could otherwise be done at home.

It is worth highlighting at this point that organisations have a responsibility to provide a comfortable, safe and secure working environment, and for some people this unfortunately might not be the situation at home. The flipside could also be true where working from home increases a person’s wellness as a result of less commuting, more sleep and greater access to daily amenities. But there are also common occurrences of people working extra hours because there is no longer a distinct separation between work and life. Additionally, the sheer near absence of people’s ability to read social cues and body language is a major downside of working from home.

Instead of stating the obvious about the potential future of the workplace here’s a seed to plant for a different version, the rise of the digital workplace, a pixel twin that operates in synergy with the physical workplace.

There’s something oddly familiar about this pixel twin, and that’s because it is a digital model of the workplace. When you logon at home you enter the PixelPlace where you can navigate the spaces and see other colleagues that are occupying both the physical and digital spaces. This is not a new concept for those of you that remember navigating online chat rooms with your digital avatar.

The difference here is that you can not only interact with others that are at home and in the office, but you can also interact with the organisation in ways that have come to fruition in lockdown life. Join a live stream lunch and learn, take part in a community quiz, change the digital décor of a space, participate in a working from home bake-off, join a special guest talk or perhaps pet the PixelPlace resident cat. Yes, let’s not forget we’re here to work, but the PixelPlace provides a platform for remote workers to feel
connected to each other and the organisation binding the physical space with the digital space where people can either passively consume or actively engage.

Occupiers maybe able to rethink their commitment to renting office spaces when modern technology in the PixelPlace could be used to chip away at this fixed cost, reduce carbon footprint, and provide more flexibility for the workforce and the business. As occupiers are looking to keep their businesses solvent and protecting cash flow and balance sheets, they are also determining which activities are "truly essential", how they are carried out and if they need to happen in the office.

Most will realise that work at home during the pandemic can be productive, climate friendly and could save cost. This will result in market changing procurement strategies – aligned with new business goals - with maximum flexibility and a clear link of ROI, putting more emphasis on choosing the right space in the right location, for a particular purpose.

This will cause occupiers to ask fundamental questions around the role of the office, the facilities it needs to provide and ultimately the size of footprint that would be required, permanently changing both space and location strategies in the long term. The balance of power between landlords and tenants will dramatically shift as tenants will leverage their freshly acquired knowledge and experience of running businesses during the pandemic, to change their demands, subsequently taking the upper hand.

Landlords will need to proactively transform their products for people occupying their buildings, in order to reduce the risk of downtime and financial losses. Additionally, with the shift of power, landlords will need to provide more attractive incentives packages, enhanced level of service, better choice of space and take on some of the risk tenants carried so far and work with space managers to provide a commercially attractive proposition to tenants.

Space utilisation metrics are here to stay to optimise real estate footprints. The difference in in a PixelPlace is measure of community will become more mainstream such as interactions with others, engagement with activities, content shared, and events hosted. Some of the key reasons why people go to the office is to be around people, tapping into team energy, having chance encounters, and to work productively when home is not suitable. These have been some of the greatest struggles under lockdown. The question is, how do organisations overcome this if more working from home becomes the new norm?, With PixelPlace will we see the rise of the Digital Workplace Community Manager?

The Digital Workplace Community Manager will need to engage across the business to re-design the metrics they use in a way that balances the physical and the digital, cost versus value and the performance of the business.

As well as the basic cost per square foot and square foot per head metrics the keepers of the new PixelPlace will need to consider;
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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<tbody>
<tr>
<td>Speed to occupation vs cost to achieve (CTA)</td>
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<tr>
<td>Profit growth vs cost to achieve (CTA)</td>
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<td>Alignment and delivery of key objectives and KPI's i.e. sales, profitability, new projects completed, products developed</td>
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<td>Option to take on mini leases for incubator / start-up ideas</td>
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<td>Utilisation of space, where are people spending their time and why? Are there minimum / maximum utilisation targets?</td>
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<td>Staff feedback, how well are the digital and physical facilities supporting them and their work</td>
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<td>Flexibility of the lease term vs. occupation / utilisation of the site</td>
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<td>Desired productivity vs labour quality of life, commuting, job satisfaction</td>
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<td>Equal measure across people who use the physical and digital space</td>
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<tr>
<td>Achieving wellness standards e.g. WELL, FITWELL</td>
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<td>Pulse / employee engagement feedback, are they happy and engaged with their work?</td>
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<td>Measurement of activity on networks and software platforms, what hours are people doing, are they switching off?</td>
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<td>Talent attracting and retention</td>
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<td>Alignment with brand and understanding of company purpose</td>
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<td>Use of digital facilities vs. ABW and engagement with content, facilitates and events</td>
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<tr>
<td>Delivery of sustainability commitments and objectives</td>
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<td>Impact on the environment and alignment with sustainability standards e.g. LEED, BREEAM</td>
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<td>Operational measures i.e. reduction in single use plastics, paper usage etc. Commuting and support of alternative travel methods</td>
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None of the categories or metrics highlighted are necessarily new or revolutionary but are often looked at in isolation, scoring the workplace more holistically will drive a departure from the real estate function and fixed global standards as we know them. Setting up and managing the convergence of the physical and digital workspaces will require much more alignment and collaboration across culture, people, place and technology on a continual basis, not just when there are projects or lease event decisions to be made. This will enable businesses to adapt the weighting applied to the various data sets to respond to different locations, functions and objectives across their portfolio.

However, it will likely not be a one size fits all solution for a global challenge. Organizations must be poised, thoughtful and ready to adapt.