



Now is the time to shift to long-term RE planning

The spring of 2020 will go down in the history books as the first health pandemic to affect much of the world in over fifty years, resulting in a global economic shutdown. With the easing of restrictions across the world, companies have an incredible opportunity to reposition, rethink, reevaluate, reimagine, and redesign their real estate portfolios based on a new set of criteria and priorities. Rather than solving for the notion that employees need to consume commercial real estate to be productive, companies should now focus on utilizing real estate as a fundamental tool to support employee productivity.

What strategies companies choose to deploy will, presumably, vary greatly, but common themes have emerged that will continue to steer strategy discussions moving forward: agility and mobility via technology, enhanced tools and educational trainings to strengthen existing talent, tighter cost controls, risk management and greater flexibility, futureproofing, employee safety and wellness, and a greater focus on increasing employee engagement.

REposition ▶ **REthink** ▶ **REevaluate** ▶ **REimagine** ▶ **REdesign**

Short-Term Tactics

Because commercial real estate is a lagging economic indicator and time consuming and expensive to procure and build-out, companies should not make drastic changes to their real estate portfolio in the short-term unless there is an upcoming lease notification date. Rather, companies should take a data driven approach to evaluating real estate based on their employees' needs, how they work and what activities they perform, and business outlook.

Over the past year, companies have adapted to maintain business operations and ensure that most operations and activities can be carried out remotely. Much of this was done by taking traditional office centric processes and transitioning these to remote work contexts. Certain activities, tasks, and processes could be performed equally well at home while others were definitively better suited to an office environment. Leveraging this information and ongoing employee feedback, companies now have an opportunity to deconstruct traditional office work down to individual activities and determine what can be done remotely, what is better suited to be carried out in an office, and to what degree.

Companies that have paid attention to how employees work during this pandemic are positioned to completely reimagine the workplace and adopt new or slightly different ways of working. Traditional notions – that offices are critical to productivity and all work must be performed in an office setting – can now be cast aside. This pandemic has taught those paying attention that real estate strategies – as tools and resources to enable productivity, collaboration, innovation, culture, and the work experience – should be centered on employees.

Medium-Term Tactics

Equipped with new data and an evolved employee-centric mindset, smart companies should plan to redesign work itself and not just the physical bricks and mortar real estate. Given the increased focus on flexibility and the desire to work remote in some capacity, companies should be thinking about not just where work happens but how it happens and how to best support it. This mindset enables companies to execute the following steps: (1) reimagine work from the ground up; (2) analyze and assess job tasks, processes, job-families, and collaboration needs; (3) and, redesign work to support and equip employees with the tools and resources required to be successful, productive, and fully engaged.

Strategic companies can capitalize on this opportunity and set themselves up for success, extract value not seen before, and better plan for future disruptions by optimizing real estate portfolios using a circular model that includes the following steps: engage, learn, design and build, reengage, and respond. This model offers a vastly improved and more sustainable approach that prioritizes employees first and foremost, and highlights productivity, talent attraction and retention, and ultimately, cost mitigation.

Space itself is a vital part of any successful strategy moving forward and each company should ultimately decide how much is needed and more importantly, how best to use and leverage it. For the time being, companies with new space should hold off on costly redesigns and focus on short-term workplace reconfigurations. Companies with older space can capitalize on the opportunity, leverage new data, and transform their old spaces into more adaptive ecosystems.



No drastic changes



Data driven evaluation based on employees' needs, work style, activities and outlook



Reimagine work from ground up



Analyze/assess job tasks, processes, job-families, collaboration needs



Support and equip employees with tools /resources to be successful, productive, engaged

Long-Term Tactics

If the past twelve months have taught the business world anything, it should be that fluidity and adaptability matter. Strategic, forward-thinking business leaders must transition to an agile workforce aided by technology to mitigate future business disruptions. By doing so, these leaders can continue to change internal rules and conventions, be more in tune with their employees' needs and concerns to raise engagement and satisfaction, and provide the tools and resources to foster productivity.

Companies must choose the path that most clearly aligns with their business goals and culture. That said, companies ought to take a top-down and bottom-up approach to their real estate portfolio and critically assess the "need" for a physical location using the following criteria: business function, work activities and employee need, cost, risk and exposure, location, how the office will be used (e.g. client interfacing) and business requirements. Because companies, and, more importantly, individual offices within a portfolio will assign different weight to each criterion, each strategy will differ.

Drastic company-wide changes, such as implementing permanent company-wide remote policies, are ill advised. Because employees work and operate differently, such policies can easily backfire without proper implementation and support. All indicators point to increased productivity under a collaborative model that empowers employees with choices and fosters a supportive environment. Companies that listen to their employees, embrace impactful change, provide the tools and resources and education, and work to build an environment that champions performance and productivity will be successful in the post-COVID-19 world. Companies that make decisions in haste or that revert back to traditional business practices and make decisions solely based on costs and outdated ideologies will struggle.

Conclusion

Looking forward, change is inevitable for companies and their workplaces but a balanced approach that prioritizes an employee centric environment with productivity and revenue will ensure long-term success. Leaders who will succeed in this new environment are those who avoid reverting back to the same rules and conventions of the past and will adjust their mindset toward the future. These leaders should work to elevate employee experience and engagement and provide the best tools and resources to create a high-development culture. This will, in turn, attract and retain top performing talent, create loyalty, and nurture employees' strengths with the intended result of improved financial performance.



Top-down and bottom-up approach



Critically assess the need for a physical location



Avoid drastic company-wide changes

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