

## Adapting to Growing Workforce Mobility Issues

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When Yahoo CEO Marissa Mayer told remote employees they would now have to work at the company's office or quit, that announcement rippled not only across Silicon Valley but also within the general business world. Besides ramifications for individual workers, it further highlights an important dilemma faced by corporate real estate decision-makers: Will companies' future business expansions be the traditional "brick and mortar" mode, evolve more toward the new workforce mobility that is highly appealing to millennials, or strike a balance between the two?

Not surprisingly, there are no easy answers, but rather the opportunity for those entrusted with corporate relocation to move ahead better than before. They can develop solutions that address both a changing workforce's mobility and continued company growth into new, often sprawling complexes or skyscrapers.

### Office Space Is the Talking Point

As businesses grow, continued expansion typically follows the time-honored model of making projections and corporate real estate organizations looking at existing space. They determine how many people they should allocate to that space and, when allocated, the assumption is "space occupied." That may or may not be true. Every day, many people are "out, about, and moving." They are mobile internally with peers and coworkers, working across organizations or at other sites, either within the company or external to the company — not at their assigned space. Therefore, a shift has been made from strict workplace utilization into a more flexible occupancy measure. Factors driving a traditional office environment have included the necessity for telephone or network drop at a particular location for employee access. Now, not only are employees mobile anywhere, they are also "freed" within buildings with VoIP phones and wireless instead of a desktop phone; working at a specific desk does not have its previous importance. This translates into corporate thinking that "we don't worry about which seat you're in. We know you're here because technology tells us that. And we know you're working because you're meeting your goals."

Yet, the Yahoo "solution" actually creates its own dilemma. At times when an employee must work at home, will that be allowed? And, if companies have increasingly adopted a mobile remote workforce strategy, what if there are not sufficient facilities to accommodate everyone suddenly mandated back to the office? More buildout is required and brick and mortar expansion continues as if a mobility revolution had never occurred.

### Millennials Changing the Playing Field

Much of the mobility has come about as companies attempt to adjust to what millennials or Gen Y expects in the work environment, and those expectations typically do not include being anchored to a cubicle eight hours a day. Freedom and flexibility are the new buzzwords that — although they may encounter corporate resistance — have become pushback hard to ignore.

Gen Y employees consider themselves to have many workplace options and, if not accommodated, may react with "forget it. I have a skill set that's valuable everywhere. If I can't get flexibility here, I'll go someplace else." Companies get stuck with a "brain drain" above and beyond the usual turnover from employees changing companies. Companies reversing course on workplace flexibility have found their employees are so comfortable working remotely that — when pulled back into the corporate office — up to 20 percent have left for other companies where they can continue their flexible work practice.

Paralleling the new generation's work preferences — in this new dynamic of workforce mobility colliding with brick and mortar business expansions — is the hard dollar angle. One technology firm aggressively adopted a flexible workplace, enabling over 50 percent of the workforce to adopt a mobile work practice. In this particular example, even with the cost of refitting the portfolio to support 20,000 mobile employees with increased collaboration spaces, they realized \$367 million over three years of GAP-identified savings.

However, even in the face of a growing interest for a mobile workforce, corporate expansions/relocations are not going away anytime soon. Drivers include highly favorable multi-year tax incentive packages, expanding geographic opportunities for new customers, and accessing a new pool of qualified employees. Corporate relocation executives can cite a truckload of even more advantages leveraged through new sites and new buildings.



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### **Strike a Balance**

As a result, the real answer is not to choose mobility over real estate, but to strike a balance. Companies must balance business needs with employee work practices. For example, does one large building meet the need, or should it be several smaller buildings placed in key business and/or employee population centers? In terms of enabling productivity, the solution is to provide options. These options would relate to workplace design, technology, collaboration spaces, work practices, and the option to make changes to any of these “on the fly.” Ideally there should be a logical decision-making process to help employees make the right choice and allow managers to make the final decision. It could be as simple as a one-page decision tree or as complex and automated as an online assessment process.

Providing workplace design options is a growing trend in office space, including an enhanced focus on collaboration, resulting in a different mix of office and support space. So while there may be the same square footage, it may be configured differently with fewer offices and more collaborative space. Mobility is driving the move toward smaller, more compact workspaces, open plan spaces, or group workspaces with multiple workstations. Even if there is no intention to allow employees to “work from home,” the space used by mobile workers is not configured the same as it has been. A 10-person team could share six unassigned spaces because they are also collaborating in conference or team rooms and moving about the workplace meeting with others. This configuration acknowledges that people are constantly moving around and that space can be shared instead of sitting underutilized.

Similarly, corporations are making decisions about having a decentralized strategy as contrasted with a cluster of buildings in one place — either in a skyscraper or campus-type environment — and having multiple sites within a metro area. Thus, employees may be part of an assigned group space in one location but also have access to all spaces in the metro area or even nationwide, depending on how a

particular company wants to function.

#### **High-Level Decision-Making Now and in the Future**

The decision to allow employees to work outside the office — not just at home but anywhere externally — or a balanced combination is in the same hands it always has been. High-level corporate executives must decide, among other criteria, if they want everyone to have an office, occupying considerable real estate, or if they want primarily collaborative space beyond the conference room that everyone can share. And the decision to require employees to all come in to the workplace or to allow some level of external mobility drives the sizing and distribution of these workplaces.

That means this is not just a real estate decision but a group executive decision driven by the business units, involving human resources (HR), information technology (IT), and C-suite executives, and moderated by the chief financial officer (CFO), to ensure that the “financial envelope” for how much will be spent, where, and how is enforceable for these groups.

In the next 5–10 years, projections are that workforce mobility will be much more accepted, with employees less bound by and attached to dedicated office space. Yet a remote workforce will not essentially squeeze out the necessity to come into the office from time to time to meet with others face-to-face, brainstorm, and do all types of collaborative work in person. In other words, tomorrow’s workforce will not necessarily change space requirements but rather how that space is organized and utilized.

For all the talk about the newness of remote workers, as opposed to the traditional environment of corporate real estate, nothing is actually being re-invented. With the world’s largest oil company completing a huge new campus near Houston to consolidate thousands of employees, and other companies such as HP and Yahoo taking similar actions (albeit on not as large a scale), it is the natural cycle of disperse and collocate, i.e., build big to bring everyone into one place, then push everyone out and maybe bring everyone back in again, as has occurred countless times.

In this cycle comes the impact of technology on the scope of the pendulum’s dispersal swing and the pushback on the collocate swing from a new generation entering the workplace. What matters is that business expansion, corporate relocation, and corporate real estate are big business and continue to be the “heartbeat of America.” They’re alive and well, as is the growing voice for workforce mobility.