



The Changing Workplace is a Mixed Bag: How Companies Can Win in the New Paradigm



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by **Scott Avila**

Life and work have changed, for good. The pandemic put full flaps on an economy screaming into liftoff. It isolated employees and vaulted corporate America faster into the Digital Age. Some of it is good. Some is questionable, and potentially crippling to an organization. Which companies will be the winners in the new workplace paradigm? This will depend on how they can adapt and grow in the new office; and, more importantly, manage effectively.

The New Office

Those low-wall cubicles where you face your co-worker? No good any more. Sneeze guards and social distancing are the new protocol. Common areas to promote a sense of team and collaboration? Out.

So as companies attempt to understand this major shift and how they can survive and thrive, they first have to look deep under their hoods and understand who they are; how they run and how they achieve. Not easy.

Already the pandemic era has been studied, showing both positive and negative aspects of working virtually. In general, if you're a company that can work digitally, performance is up, at least initially. But working virtually isn't for every company, or every part of a company.

The Positives

A Stanford study of 16,000 employees over 9 months of Covid estimated a productivity increase of 13 percent. Factors cited included more calls per minute because of a quieter and more convenient working environment, fewer breaks and sick days. Work satisfaction improved and attrition was cut in half. Workers save money on cars, parking and gas. Work life balance improves without commutes and employees are spending less time

commuting. A happier employee with better work-life balance is a more productive one.

There's evidence of working harder and longer. Early in the pandemic there was a Harvard Business School study of 3.1 million people in 16 global cities that found the average workday lengthened by 8.2 percent, folks sent 5.2 percent more emails and attended 13 percent more meetings. However, this immediate outburst of productivity might not be sustainable, so leadership should balance expectations so that they don't stress the work force. So, while it's terrific to get routine tasks such as answering email out of the way when they would normally be commuting, the computer should be put down after normal working hours to avoid burnout.

The Virtual Downside

The downside to working virtually includes widespread depression related to isolation, which is affecting the population in general. Team morale inside companies can suffer. New hires often feel lost and isolated.

Collaboration and innovation are suffering. Boston Consulting Group surveyed 12,000 employees. Seventy-five percent say they've maintained or improved individual productivity, but only 51 percent maintained or improved collaborative productivity. The latter figure is in sync with the Microsoft poll of 9,000 managers that indicated innovation suffered during the pandemic.

Many employees working at home lack the proper resources. Do employees have enough tech support, or the tools to work virtually and productively? Instead of an ergonomic desk and chair, they might be hunched over a makeshift table, or a couch. Odds are the chair at home isn't much good, or at the right height. Employees can develop serious physical problems, such as carpal tunnel or back issues, without the right setup.

Distractions are another home office issue. Family arrangements may impact your ability to concentrate, especially if you have younger kids at home. And then there's the workplace and home separation. When

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does the work day end and personal life begin? The decompression period of commuting home with your thoughts is gone.

Within our team, we’re definitely missing the water cooler conversations and face-to-face familiarity. The “what are you working on” questions that spur creativity and brainstorming. Working from different company offices, different buildings and hotels breaks up our esprit de corps and denigrates our sense of team.

More seriously, the training aspect for junior employees is a challenge when we all depend on phone calls, text and email. It’s hard to develop relationships and share knowledge. Over-the-shoulder mentoring that is so valuable and the classic business lunch or after-hours drink where problems or opportunities are discussed, or people get to know each other are gone.

What Does the Future Office Look Like?

No business cares more about what the new workplace will look like than the commercial real estate sector, so let’s look at some predictions there.

Office vacancy normally hovers around the 20-year average of 14 percent (Urban Land Institute). In 2019, the market was buoyant with a 12.1 percent vacancy rate. ULI forecasts a 15.1 percent low in mid-2021, followed by a rebound in both office space growth and rental rates. A separate recent CBRE Group analysis forecasts a 15 percent overall U.S. decline in office space rental due to remote work.

In Denver, one of the cities that had experienced a pre-Covid office space boom connected to the burgeoning tech industry, office leasing activity is down 45 percent year-over-year (CBRE).

Steve Billigmeier, an executive managing director at Cushman & Wakefield who focuses on tenant representation, told the Denver Business

Journal he's working with clients to right-size their spaces with the expectation that remote work will remain in some form once everyone is back in the office. But most leases don't expire until 22 or 23, so not much will change until then. Plus, it remains to be seen how new social distancing requirements will affect office space leases. They could seriously hamper onsite productivity on a per employee seat basis.

A Gartner survey said that 48 percent of employees will work at home at least part of the time and that there would be increased contingent or gig working.

All of this points to a return to the office of some type, with a larger element of working virtually thrown in. And let's not think of the unthinkable, another pandemic and what that would bring.

So what's a winning strategy in the new office?

1. **Understand what type of organization you are.** How much of your work is solo computer work, and how much of it necessitates collaboration? It won't be enough to have a 15-person meeting online if you're brainstorming a new campaign, offering or process. Make your office space flexible enough to include meeting rooms loaded with the necessary technology so that virtual team members can have that day or two of meetings at the office. On the other hand, if an engineer or accountant team member for example, needs deep concentration to write a new program or report, the home office works well. Other ideas include offsite workshops for larger or key groups. Or set meeting days when employees come in and use flex cubicles.
2. **Identify how the company wins, and support that.** What is the chief profit center for your company? Where and how does that activity happen? This is an essential early step to designing a new work place. Is hiring and training younger talent essential to your success? We find that's important to have a manager onsite with junior team members for natural job training to happen.
3. **Properly judge the amount of flexibility you can manage.** Some people don't have the instincts to work remotely, or perhaps the space

or environment to be productive at home. For example, the virtual office doesn't allow for random roaming and impromptu conversations. Others may not be in a position to isolate in the home office from children or other distractions. Tomorrow's workplace needs to be flexible enough to accommodate various needs. If working virtually as a company doesn't produce the desired results or qualitative benefits, be honest about needing to go back to an office environment.

4. **Set goals and measure productivity effectively.** Find out what your best key metrics are for any given task inside a company. Team members and managers should agree on key facts and productivity measurements. Jointly set expectations for meeting those metrics. Focus rewards and compensation more on productivity measures rather than time spent achieving them.
5. **Leadership pivot.** Leadership needs to be open to, and pivot to new ways of working. Leadership needs more and better judgment than ever, and to be savvy enough to know when people can be virtual and when they need to be together.

Whether a company sends its employees back to work, continues the pandemic virtual arrangement or adopts a hybrid, leadership has a new paradigm to manage. Leaders must pay close attention to the value proposition of their company, how that is produced and how the new workplace will affect productivity and company culture. One size does not fit all in the new normal.

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