

Are we going back to the City office?

insert
space

RESEARCH REPORT
Spring 2021



"I need to go to the office to do my work – Is a thing of the past. I don't need to go in to be successful"

The way we work was transformed a year ago when the global pandemic forced offices to close. Even with the vaccine roll-out in full swing, there has not been a rush back to the traditional office. Many companies have made the decision to work flexibly, downsize, or get rid of the office altogether.

Productivity is no longer synonymous with the office and businesses are now planning for the changing future. BT is cutting its UK offices from 300 to just 30, regarding offices as places for "collaboration and knowledge sharing".

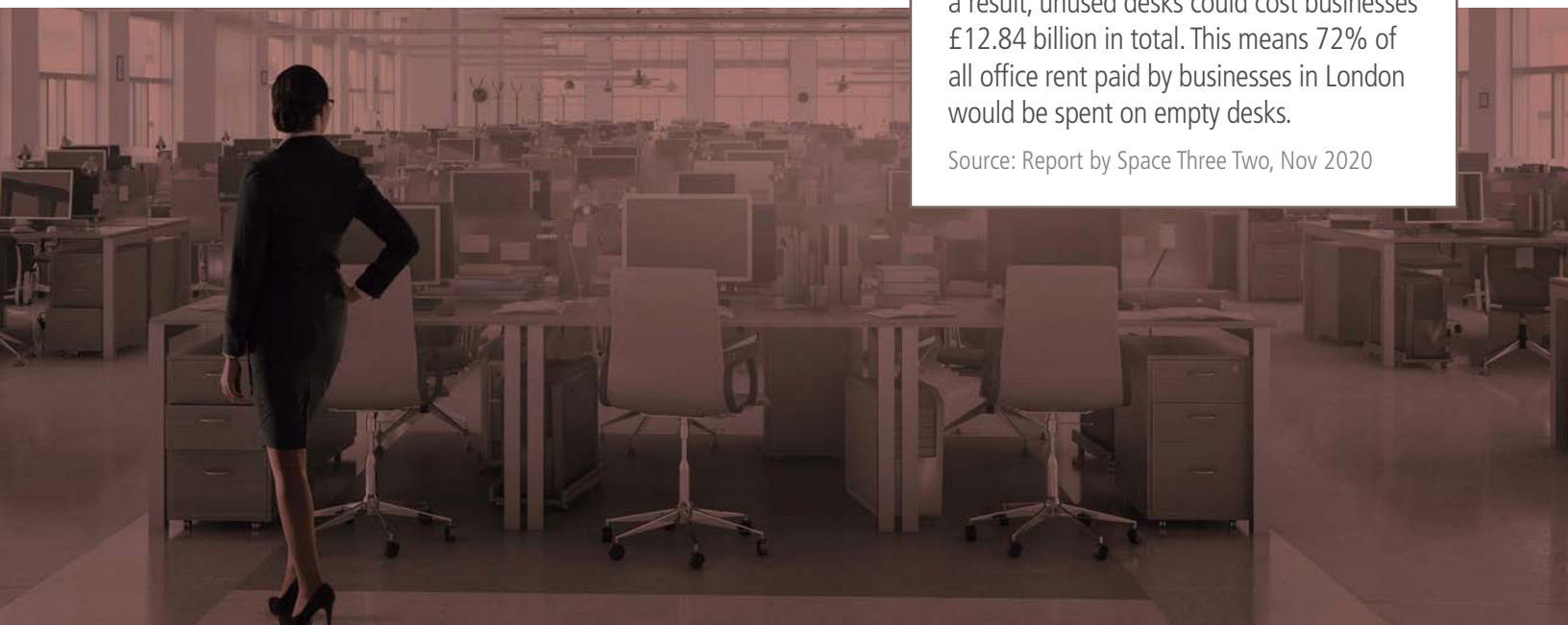
Initial fears that working from home would reduce productivity have been allayed in businesses we spoke to that report high growth.

Managerial concern has shifted from trust in an individual's productivity, to employee centric initiatives - boosting wellbeing, cross team collaboration and stimulating creative thinking.

With offices closed and people physically isolated from their teams, clients and corporate communities, INSERT SPACE assessed how this abrupt change affected traditional working practices. We interviewed business leaders across London to understand the challenges they have faced whilst working from home, as well as the new opportunities they forecast in the workplace.

According to a survey of London office workers, employees want to spend an average of 2.7 days back in the office once all Covid-19 restrictions have been lifted. As a result, unused desks could cost businesses £12.84 billion in total. This means 72% of all office rent paid by businesses in London would be spent on empty desks.

Source: Report by Space Three Two, Nov 2020





An outdated model

"For the next 6-12 months we need something more flexible. We don't yet understand what our people will need"

INSERT SPACE's business leader research explored the shifting corporate priorities and employee needs that are shaping decisions regarding places of work and working models, over the year ahead.

The workplace of the future will be very different from the centuries old office model we have become so accustomed to. The East India Company built one of London's first purpose-built offices in 1729 and the office model has remained largely the same. The popular open plan design was first introduced in the 1960s, but is this the most progressive change we will make to the office in 300 years? Are collaboration, energy and innovation optimised by simply moving the furniture around?

The global pandemic has highlighted that, within a shared experience, people have very differing circumstances and they have had to re-prioritise their needs to reflect this. If business leaders intend to retain their productive teams, whilst attracting the best new talent, they must demonstrate empathy and delve into a richer understanding of these needs.

Giving employees the freedom to decide whether to be present in the office, versus mandated office attendance, will positively differentiate progressive and employee-centric organisations.

Future workspaces must have a clear purpose to employees, be thoughtfully constructed and satisfy individual needs.

The pandemic has forced short-term change. But brings with it the unprecedented opportunity to redefine the workplace and capitalise, rather than simply redesign it and regress.

VW - Pioneers of Future Office Design

New Workplaces @ Volkswagen Group implemented a progressive approach pre-pandemic, creating a multi-disciplinary team to implement a bottom-up redesign of their offices.

"We want high productivity, space for interaction and creativity, a high level of employee satisfaction – and to be an exceedingly attractive employer"

Karlheinz Blessing, Member of the Board of Management with responsibility for Human Resources & Organization at VW

"Our aim is to take everyone into account, a 'cookbook' will be developed with 'recipes' for the best possible working environment. Maximum flexibility is key – there will be an optimal working environment for every job."

Manuela Lieber, Project Manager at Business 4.0 Digitalization, in partnership with VW

Business leader research

Are we going back to the City office?

INSERT SPACE has been analysing this evolving question in order to explore the recurring themes around the challenges of working from home, barriers to returning to the office and opportunities most likely to drive change.

Through in-depth interviews with London-office based business leaders, our qualitative analysis seeks to understand the deep, implicit needs of remote leaders. Many of these leaders have unwittingly found themselves navigating complex shifts in performance, perceptions and measures of success, whilst managing teams of isolated employees.

This report centres around the business leaders' perspectives and circumstances shaping their decision making, rather than the experience of employees or workforces themselves.

Business leaders are managing a multitude of desires and needs of employees that short-term pressures of working from home have

"In your twenties you should be developing both personal and professional relationships - a network for the years ahead."

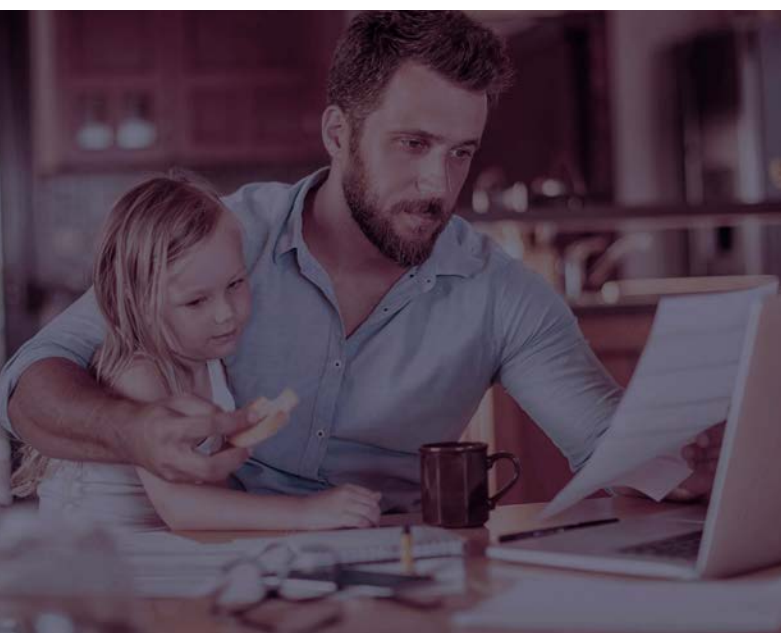
compounded. But will reactive measures benefit long term strategies?

Concern for the wellbeing of employees in their twenties is driving conversation around a return to the office. Recognising the challenges of their restrictive flat-share and lack of access to social interaction for instance. Both chaos and monotony are seen as drivers for getting people out of their homes, as business leaders try to understand more about the benefits and challenges of their teams' working from home experiences.

Most employees have been given the freedom to choose their short term working environment. Business leaders are gravitating towards a hybrid working model for the medium term and recognise they must tackle the associated challenges.

If businesses want to see desks occupied longer term, understanding the evolving prioritisation of everyone's needs is vital to attract and retain talent - a universal priority.

Interviews were conducted with corporate business leaders in the technology, communications and financial industries, with turnover in excess of \$1billion and reporting growth during the pandemic. Their responsibilities range from agile tech workforces, accustomed to premium serviced offices, to decision makers responsible for entire office buildings in central London.



Re-defining the workspace

The purpose of the office has fundamentally shifted. The workspace of the future can't yet be defined in simply physical terms.

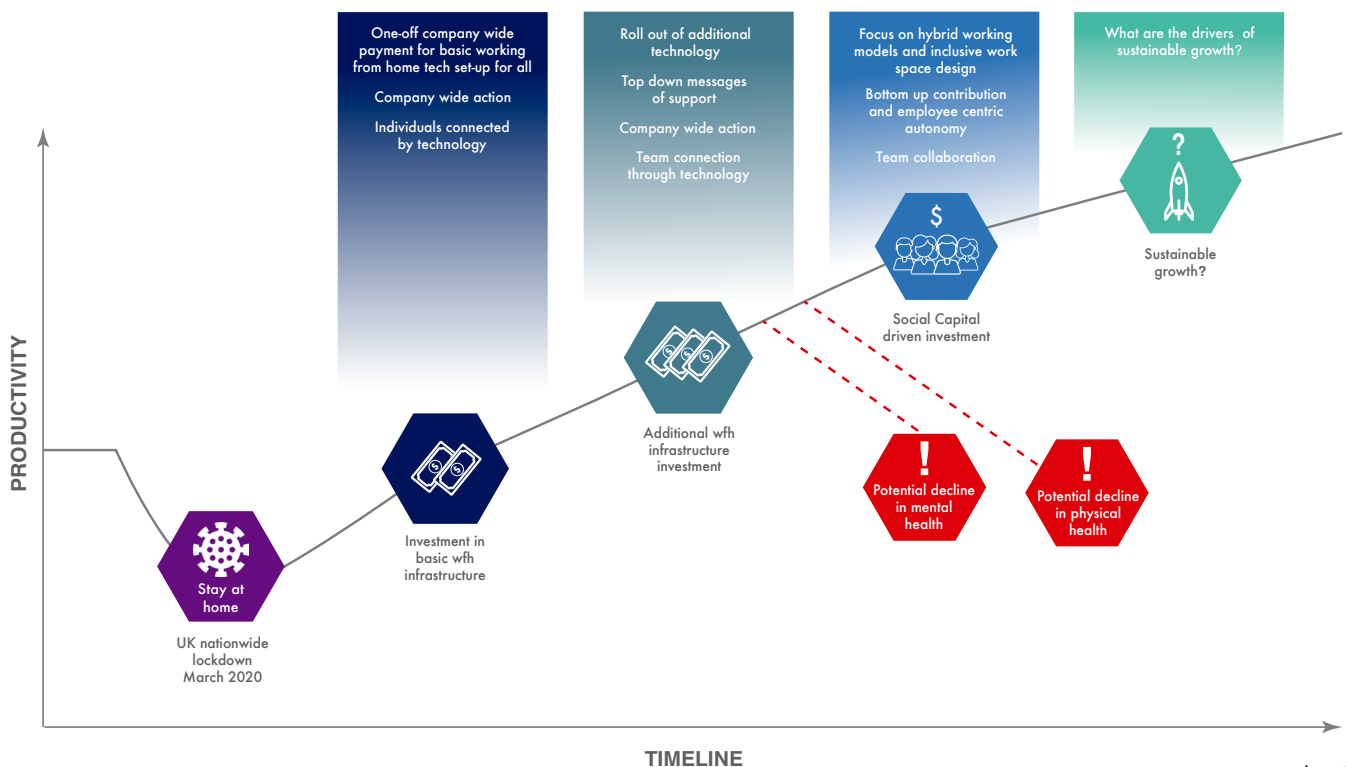
Business leaders are considering the experiences needed from 'getting together' over focussing on the traditional perception of what makes people productive. Analysis of these conversations revealed three core themes - **team energy**, **social capital** and an **employee-centric approach**. We expanded upon these three core themes in this research, to gain a rich understanding of business leaders' priorities when assessing future-proof solutions.

Culture and corporate identity also emerged as topics for evaluation, particularly when thinking about recruitment. However, these themes were seen as concerns for the medium-term. Immediate attention must turn to employees' mental health and wellbeing, with time-critical interventions to address these growing issues.

Leaders appreciate humanising messages from CEOs, sharing personal experiences and directives such as "It's OK not to be OK". But these leaders wrestle with an inner conflict: "everything is under control" and deeper concerns of - "I am not an expert in this and have to make decisions for a workforce I feel disconnected from".

The productivity predicament

Businesses already struggle to accurately forecast risks to productivity and the pandemic has thrown up factors which have compounded the issue. Yes, growth is up, but these factors, specifically around mental and physical health, put sustained growth at risk. Support and intervention is an immediate need, with a more strategic approach required to elevate and secure future performance.



Productivity and perception

In the initial weeks of the pandemic, immediate fears over failing productivity were allayed as businesses found that traders could still trade, teams could stay connected with clients and technology could keep core office practices functioning. After an initial dip, as companies rolled out tech to enable home working, businesses were up and running.

The perception of being in the office as being representative of commitment or results will be less of a factor in today's working world. Showing up no longer holds value in itself and 'presenteeism'* ultimately costs businesses money.

The perpetual working-from-home myth is that employees will 'slack off' or be distracted by personal issues. But the pandemic has shown us that this is not the case. Employees work

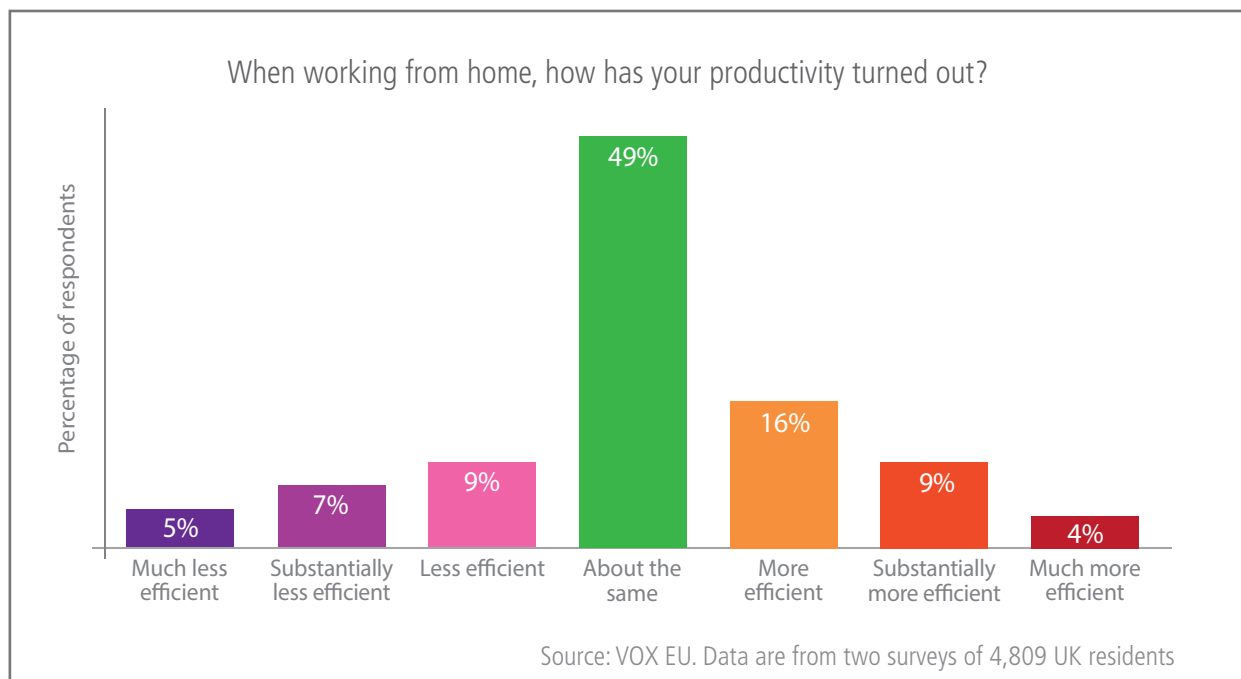
"I fundamentally trust every person in our team to be doing their job. Maybe they are impromptu carers, have children or work different hours"


longer hours and just as hard, if not harder, when they are at home. Also, many business leaders appreciate spending more time with their families and the opportunity to work flexibly and contribute to family responsibilities.

Research produced by Vox EU shows 78 per cent of employees believe their productivity has stayed the same or improved. But in order for productivity to be sustained, the deeper needs of employees must be understood and implemented into the future working model.

"I feel more part of the company than ever before. Historically at 5.30 I just had to leave, now working from home, I can dial in to all the social stuff with my son sat on my lap"

* 'presenteeism' - physically being present more hours than needed or when, in ill health, one preserves an image of "working"





"Before, I was doing one day at home with a push towards two, but not managing it. Perception was holding me back - how it would be viewed by the business. Even though I work much more effectively at home, alone and uninterrupted"

"I don't have to do that commute which seems insane now"

"The Company is trying to make people stop, take holidays and take breaks, but easier said than done"

"I can happily walk in to the office at 10.30, it is totally accepted that you are working on the train and that you are doing less traditional hours - and still you get your job done"

CORE THEME 1 ENERGISING TEAMS

It is important to understand the diversity of your workforce in terms of needs. Some people thrive in busy and social office environments, are active participants on social zooms and seek out informal moments with their teams. Others perform better in environments with space and calm, replenishing their energy supplies in moments alone, whilst continuing to be fully engaged with teams.

Business leaders have strategies for maintaining their own personal energy and cognitive function. They include: standing desks, walking-and-talking on calls outside, disciplined breaks for fresh air and conscious decisions as to which remote meetings to mute themselves. They recognise the importance of their own needs and personal strategies in order to maintain optimal engagement, but often feel ill-equipped to measure and influence the day to day vitality of their teams or individual employee needs.

"We have had a massive shift in company perspective, we want to offer the best working solution for all. I would like it to not be about the virus anymore, then we can start finding the best ways of working that suit everyone"

Remote productivity is proven, but deeper capital opportunities are being missed – social capital, collaborative capital and the vibrancy, culture and excitement of the city itself.

Whilst being in the office is no longer thought of as a major contributing factor to productivity, how can we redefine the purpose and fabric of the office to maximise the energy of the team? Collaboration can be facilitated by simply sitting people together, but are we missing the bigger opportunity to examine what stimulates energy, creativity and deeper social connections?

What has the function of the office become? Could it transform into a space that thoughtfully supports the needs of your workforce, tailored to recharge and revitalise employees in ways that cannot be satisfied at home or on a digital platform?

This is a unique opportunity to get to grips with the drains and gains of team energy. To plan for a future working environment that secures purposeful and revitalising spaces where energy thrives.

CORE THEME 2 SOCIAL CAPITAL

Physically being together builds social capital and strong working relationships that carry us through time spent apart. Informal moments for team connection and growth through innovation are longer term challenges for leaders, as they prepare strategies for a hybrid working model. Technology is useful, but it cannot replace the unique feeling of being together in person.

Working remotely has provided an unanticipated opportunity to understand colleagues and clients on a deeper human level. As babies cry, dogs bark and people share their feelings, hierarchical power imbalances are no longer significant.

The challenge now is to energise your team and engage clients on more than a product



level, without draining them with constant communication. Longer term solutions should focus on shared moments that forge deeper relationships, build resilience and maintain essential human connection.

"I miss the office, the gym and the city. I want to play tennis and chat about business, this is where ideas form. But there's also a need for a mix of cultures, diversity and the arts"

CORE THEME 3 EMPLOYEE CENTRICITY

Employee wellbeing remains one of the key drivers of conversation about the challenges of working from home. It is of paramount importance to consider your employees' physical and mental wellbeing when designing your future work model and workspace.

Some people need the office for peace and serenity, to refresh and restore, others take energy from immersive shared experiences with their colleagues. An employee-centric approach listens to individuals and informs the design of a way of working that boosts both productivity and the personal experience.

"Everyone's situation is so unique you can't put them into categories. Understanding employees' deeper needs will drive more inclusive solutions. The traditional workspace and working model is designed for a very narrow set of needs, home life assumptions and working personalities"

Our research found that universally, managerial focus has shifted from driving outward facing initiatives to protecting against potential inward risks to employee wellbeing. This shift was initially triggered from a point of human compassion during a pandemic, now leadership teams recognise failure to empathise with employees and take action, could risk productivity falling off a cliff.

Companies are leveraging inclusive employee feedback to establish robust strategies regarding wellbeing, flexible working solutions and decision making. This optimises loyalty, vitality and performance of existing workforces, as well as attracting the strongest candidates, who want to work at companies who promote these values.

YOUR MOVE

"We are struggling to find an approach that works. We have meaningful meetings, but the side conversations, the walk to the lift, going for a beer - we haven't managed to replace that"

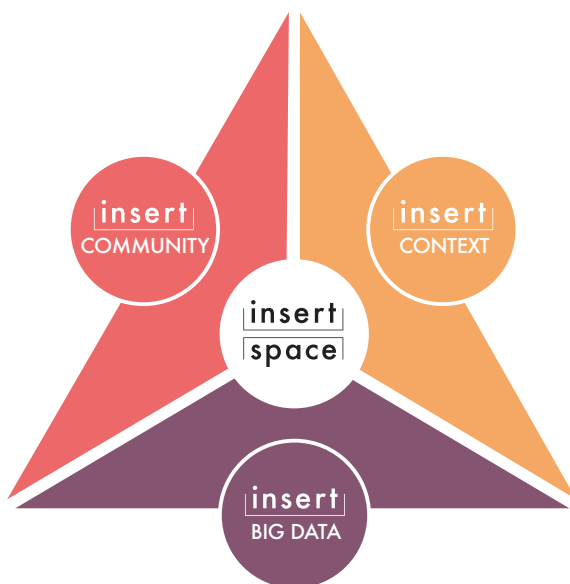
Working from home is one of many strategies being rolled out, when planning for a more flexible future of work. Business leaders view the time we are in right now as an opportunity to learn and evolve. Implementing technology to mimic traditional working models is only a short term fix.

Companies with the greatest ties to London (long leases/well established multi-floor offices) forecasted changes to flexible working models, but expected a return to the standard office for the majority of employees, although the time frame was uncertain. Those more nimble and progressive companies, with less ties to bricks and mortar, are exploring new ways of getting together, as well as alternative office space contracts and flexible working solutions.

Business leaders are asking what employees think about a return to the office. Employee feedback is at an all-time high. But is it useful? Are workforces, constrained by the pressures of the last 12 months, in a position to suggest progressive solutions? Will the questions asked and answers they give now, reflect their needs in another 12 months time? Are we asking for employees to provide a voice at the precise moment they are too exhausted to talk?

Feedback mechanisms provide an opportunity to drive a new stage of growth for your company, alongside employee loyalty. The next essential part of a strategy, where leaders listen to employees, is visible action to ensure they feel heard. Interventions, solutions and perks must resonate with the employees they are designed to benefit.

INSERT SPACE provides bespoke support to companies who are making decisions regarding their future work space. Our experienced research professionals contextualise big data sources with bespoke community research for deep industry insights. This provides leaders with a clear framework to confidently make decisions. Email hello@insertspace.co.uk today to find out more.



We use our Smart Data™ Framework to incorporate executive & employee research, workforce statistics and trend data on the future of work.

Combining AI technology and human analysis of social listening data, we expose the full scope of the conversation.

INSERT SPACE contextualises this analysis with your organisations' business objectives. This ensures your decisions are anchored in the specific needs of your current and future workforce.

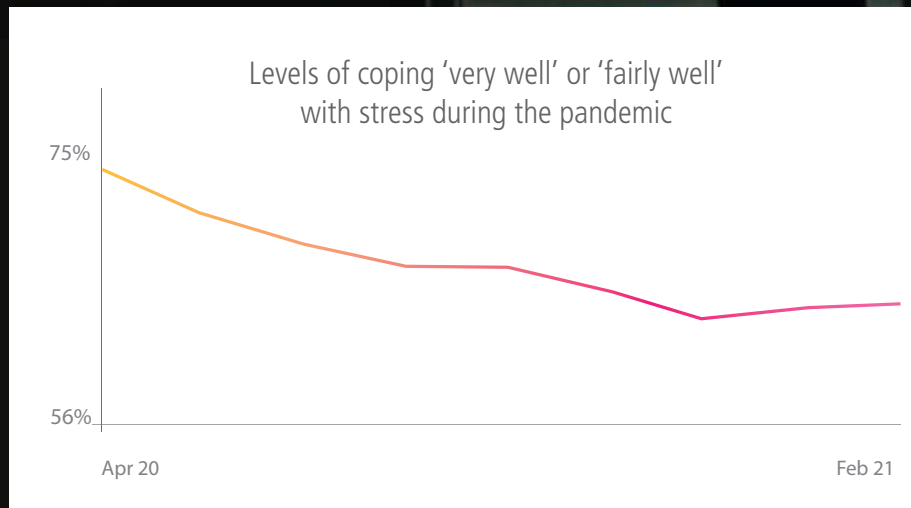
Mental Health and Wellbeing

Looking after yourself whilst working in a pandemic and beyond

The coronavirus pandemic has had a seismic impact on all our lives. The unexpected challenges we have faced have brought with it a great deal of uncertainty and stress.

Right now, business leaders are more concerned about the mental health and wellbeing of their teams than anything else. They recognise that even though productivity has increased during the pandemic, it is unlikely to be sustained as teams are feeling fatigued and intervention is required.

- Addressing wellbeing at work increases productivity by 12%
- Only 24% of managers have received any training in mental health
- The UK loses 12.8 million working days per year due to work-related stress
- Just 13% of employees feel able to disclose a mental health issue to their manager



*All statistics taken from: mentalhealth.co.uk

INSERT SPACE have addressed this acute need for proactive interventions, adding a *Supported Wellbeing* module to our foundation level solutions. In partnership with Claire Habel, MSc Positive Psychology, of Thrive Hub, we deliver practical tool kits for your team, delivered through constructive exercises, bespoke team workshops and one-2-one support.

We can create a strategy for your team to empower a greater satisfaction with their time and a stronger ability to enhance positive relationships, whilst helping everyone feel more buoyant and energised. Email hello@insertspace.co.uk today to find out how we can help you.



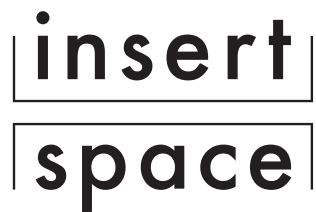
Future spaces that work

If there's no change, we will be going backwards, not forwards. A widening divide is being created between those companies and business leaders who focus on the opportunity for change and those who search for comfort in returning to the way things have always been done. A shift to hybrid working, with time split across the office and working from home is a step forward, but not an evolution. We need to really think about whether this is the most effective way to work.

Now is your opportunity to do something different. The work environment of the future will be most productive when it's based on trust. Growth will excel when work and life is supported, social capital is embraced and managers understand their role in the balance and implementation of this. The key purpose of the 'office' must be for connection, collaboration and innovation.

There must be a clearly defined purpose that resonates in order for your employees to go to the workplace.

The companies re-defining the purpose of the office are less focussed on the challenges of working from home. They invest their energy in conceptualising workspaces and working practices to ensure diverse and sustainable appeal. Spaces that work will elevate the engagement and collaboration of current teams and provide excellent opportunities to entice the future workforce.



About **INSERT SPACE**

Advanced SMART DATA™ Intelligence & Research

Insert Space combines big data sources with bespoke localised research to analyse the key market needs, layered with stakeholder and organisational values and targets.

Our unique Smart Data™ Framework gives clients the advantageous knowledge, tools and insight required to navigate challenging decisions and communications with confidence.

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