

Organisational futureproofing in a post COVID-19 era

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ABSTRACT

This paper is concerned with how our organisational attitudes about workspace have been — and will continue to be — affected by public and organisational policies that dictate how and where we work, and most recently, those pertaining specifically to the COVID-19 pandemic. We begin by identifying the flexible workplace model as a site of important organisational dynamics

concerning people's dialectically tensional needs for physical convergence (being physically situated with others) and divergence (being individually sequestered). By considering industry research about organisations' and individuals' attitudes about and uses of space, we realise that organisational challenges pertaining to spatial design, collaboration and communication technologies can be overcome by a holistic strategy that combines an understanding of these elements and their relationship to one another. In addition, we can identify the tensions between building business resilience through efficiency planning, ensuring quality employee experience, and their relationship with productivity and profitability. These insights are relevant to organisational 'futureproofing' strategies. The defining characteristic of work in the post-COVID-19 era will be the importance of choice. Leaders' sensitivity to how their people work best will be key to organisations' futureproofing strategies, simultaneously creating cost-saving opportunities and increasing employee satisfaction.

Keywords: *real estate, office, corporate real estate (CRE), consumer experience, experience, change management, COVID-19, flexible working, coworking, collaboration*

INTRODUCTION

The world is currently experiencing what has been coined the 'largest work from home experiment of all time', and it cannot

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be denied that indeed COVID-19 has had a dramatic impact on how we communicate, interact and, of course, work. The concept of remote working was still not readily accepted at the beginning of 2020, and in fact, PwC's Remote Work Survey conducted in June of 2020 revealed that, pre-COVID, 39 per cent of US-based office workers interviewed indicated they did not work remotely at all. Post-COVID, 32 per cent said they preferred a fully remote work style, and 72 per cent said they would like to work remotely at least two days a week. This trend towards remote working was also reflected in organisational strategies. The percentage of companies that anticipated that the majority of their office employees would be working remotely at least one day a week pre-COVID versus post-COVID increased from 40 per cent to over 65 per cent.¹

So what factors are driving this new way of working when, less than 40 years ago, the idea of work (besides trade-oriented jobs) taking place outside of an office was unheard of? To better understand this shift in workplace culture, we need to better understand the dialectic of personal/private (divergent) and organisational/communal (convergent) loci of work.

HOW DO WE DO THINGS?

Since the beginning of the industrial revolution, and really since the definition of 'work' came into existence, the manner in which people organised themselves considered the following in one form or another: what kind of tasks do people do every day, who do they do them with, and in what way are they done? It makes sense, then, to hypothesise that as organisational tasks became more complex (see Table 1), so did the nature of organisational relationships (see Table 2); as we move from simple tasks to complex, you can see how there is a direct correlation between how involved the task is and what

kind of organisational structure is best suited to deliver the desired outcome.

If we start on the left side of each of these matrices, we see the characteristics of what Morgan would describe as a bureaucratic organisation in his book *Images of Organisation*. He suggested that a mechanistic mode of thought has shaped our most basic conceptions of organisational structure, likening this to our understanding of machines and how they operate; our expectation of an organisation's functionality is similar — we want organisations to behave in a routinised, efficient, reliable and predictable way.²

This mechanistic approach to organisational structure is reflective of a classic management style, which defines management as a process of planning, organisation, command, coordination and control. In this system there is a precise definition of job roles and responsibilities, key decisions are made by senior management and there is little autonomy. If we refer back to the 'simple and mundane' category in Table 1, it makes sense why this structure was effective in the past. The assembly-line concept meant that the ability of a group to successfully deliver a project only required each individual to complete their task and then pass it along to the next step in the production line. The necessity for collaboration was not present, and indeed in some cases would have been detrimental to the efficiency of the project.

COLLABORATION VERSUS THE THREE CS

As we move further to the right on the complexity matrices, it becomes increasingly difficult to effectively function within the context of such a structured, rigid and singular culture. Enter the concept of collaboration.

Leo Denise, in his article 'Collaboration vs. C-Three (Cooperation, Coordination and Communication)' for *Innovating* magazine,

Table 1: Task complexity in organisations

<i>Simple and mundane</i>	<i>Complex and mundane</i>	<i>Complex and novel</i>
<ul style="list-style-type: none"> • Has a pre-established and effective methodology • Can be completed by one person • Requires little time investment 	<ul style="list-style-type: none"> • Has a pre-established and effective methodology • Is too large to be completed by one person • Requires a large time investment, but there is not much time available 	<ul style="list-style-type: none"> • Has no precedent • Is too large to be completed by one person, or requires multiple perspectives and knowledges • Requires a large time investment, and there is a lot of time available

Table 2: Relationship complexity in organisations

<i>Individually</i>	<i>Distributively/non-synergistically</i>	<i>Collaboratively/integratively/synergistically</i>
<ul style="list-style-type: none"> • Efficient for simple and mundane tasks • Enables personal control (possibly subject to a supervisor’s approval and/or revisions) 	<ul style="list-style-type: none"> • A team manager ensures coordination of task-parts and minimisation of gaps and overlaps between individuals’ responsibilities • Enables some personal control but within a hierarchical context (in which designated leaders/managers approve and or/revise) 	<ul style="list-style-type: none"> • Team members challenge, corroborate, and build on each other’s work, insights, and expertise • No one person has complete control; group strives for consensus rather than ‘either/or’ voting. • Is optimal for open-ended kinds of problems

Source: Kelshaw, Dr. T. (2020), ‘Collaborative Problem Solving’, Montclair State University.

suggests that the term collaboration is often misunderstood and mistakenly interchanged with the other three Cs: cooperation, coordination and communication.³

Communication is how people *understand* each other and how information is organised and transferred; cooperation is about *agreement* — ie assimilative adherence to group standards; coordination is about *efficiency* — it is a centralised method where an organisation’s multiple parts work together as distinct yet connected parts in a *distributive manner*. Collaboration, on the other hand, is not about agreement, it is about creativity. It focuses on how people with different perspectives are able to work *integratively* to develop new perspectives and solutions to challenges. The divergence of perspectives that takes place during collaboration is considered an asset, and as an essential part of the problem-solving process.⁴

This shift is fundamental to understanding how people work, because unlike classical and human relations kinds of organisations, human resources organisations emphasise collaboration and place people and relationships at the centre of an organisation’s success.

THE AGE OF ORGANISATIONAL DECENTRALISATION

In his piece ‘The Structuring of Organisations’ written in 1979, Henry Mintzberg noted, ‘The words *centralisation* and *decentralisation* have been bandied about for as long as anyone has cared to write about organisations’,⁵ and he is correct. These concepts are not new.

Because historically the majority of organisations functioned under a hierarchical management model, the decision making was in most cases centralised to senior

management. As the collaborative working model gained traction, however, we began to see organisations move towards a more decentralised, or hybrid, working model.

Decentralisation is a function of a flatter organisational structure because it allows for decision makers to delegate tasks to lower-level managers as opposed to affording all decision-making power to those at the top. The theory suggests that by including employees from all levels of an organisation in the business development process, you will foster more engagement and ownership in business outcomes and employees will feel increasingly motivated to perform because they have vested interest in the success of the project.⁶ Another benefit of a decentralised strategy is that, if implemented effectively, it builds business efficiency by removing decision-making bottlenecks.

Referring to Table 1, it is apparent that as a project becomes more complex, the more critical a collaborative approach will be in ensuring a successful and timely delivery.⁷ Ultimately there is not a one-size-fits-all organisational structure and what we are seeing is the utilisation of both the centralised and decentralised approach, depending on the project and its priorities.

THE EMERGING WORKPLACE

There are numerous theoretical models that have been developed to try and understand what kind of management styles enable creativity and deliver business results. While managers may not agree on which one is the most effective, what is clear is that the value of a collaborative workplace is undeniable, and the organisation of the future will reflect that.

There are multiple factors that are driving organisational change. Start with the evolution of jobs. Dell estimates that 85 per cent of future jobs do not exist yet, and every day we encounter new job titles, new job descriptions and completely new industries.⁸

The way that people work is also evolving, empowered by mobile culture and the evolution of technology.

A survey by McKinsey & Company indicates that organisations are now interacting with their customers digitally more so than ever before; this rapid adoption of a digital-first business strategy has only been accelerated by COVID-19 and is years ahead of what previous survey results suggested. According to these results, global adoption of digital technologies has accelerated by three years from 2019 to 2020 in comparison to 2017 to 2019. While the digital product mix might not be entirely revolutionary, the dependence on and investment in the digital space has significantly increased as a result of COVID-19. McKinsey & Company's survey respondents also indicated that in 2020 at least 80 per cent of their consumer interactions were digital in nature.⁹

We are also seeing a drastic shift in the makeup of global workforce demographics. Studies suggest that by 2024, the majority of the workforce will be comprised of people aged 25–54, but that we will see the largest increase of participation from the 55-and-over age group. This makes sense as Millennials, representing the largest labour market share of any single generation, are aging and entering into more mature roles.¹⁰ The implications? These workers grew up in a technology-fuelled environment; the way they communicate, how they interact and their expectations from organisations are unique and represent a different set of values and work styles than those pre-COVID. Deloitte's Global Millennial Survey 2020 suggests that Millennials and Gen Zs hold the key to creating a better 'normal' and will drive organisational change as businesses focus more heavily on employee needs, from diversity and inclusion to sustainability and reskilling.¹¹

These factors all have an impact on how the workplace will evolve. But to intelligently predict where we are headed, we need to first understand where we have been.

WORKPLACE CULTURE: A BRIEF HISTORY

Form, fit and function has been at the heart of industrial design, and the evolution of the office space and the way we work is no different. As our professional activities, the technology that empowers our growth, and the relationships we develop with both our colleagues, clients and brands evolve, certainly the role, infrastructure and size of an office will continue to change. But, in order to understand this transformation, we first must take a step back to see where the concept of 'work' started.

There is much evidence that since the creation of writing systems there has always been some form of dedicated space to do scholarly work or administrative tasks. The word *desk* descends from the Latin word *desca* which means 'table to write on', and while the desk as we know it today went through its most significant evolutions starting in the 19th century, various iterations of writing surfaces have been documented as far back as the 12th century. Even the most modern of workstations such as the standing desk are not new concepts; Leonardo da Vinci himself worked from a standing desk as early as the 15th century.¹²

The desk, however, did not evolve in a silo, so what was the main proponent of its changing design and function? It is the evolution of the office that has affected what are considered essential working elements. Neither did the evolution of the office emerge organically, nor is it a static growth. It is being driven by a fundamental change in the way that people socialise, purchase, consume and ultimately work.

While there is evidence that suggests variations of what today is called an 'office' has existed since as far back as the Roman times, it was not until the 18th century and the true start of globalisation that dedicated office buildings were invented.

THE FIRST OFFICE

The first real iteration of the office concept as we know it today was named the Old Admiralty Office and was built in London in 1726.¹³ The British Empire, experiencing a rapid increase in international trade, needed a space whose pure purpose was for handling paperwork and logistics en masse. The Old Admiralty Office concept (which is still in use today) was quickly replicated, first in 1729 by the East India House; moving forward, the notion of a centralised administrative space began to gain traction. One of the first mentions of this 'new' office design concept can be found in a UK government report on office space layouts, which said: 'for the intellectual work, separate rooms are necessary so that a person who works with his head may not be interrupted; but for the more mechanical work, the working in concert of a number of clerks in the same room under proper superintendence, is the proper mode of meeting it'.

Moving into the 19th century, we saw a further centralisation of the workplace. The end of the industrial revolution in the late 1800s brought people out of factories and reduced assembly-line work. The introduction of commercial telephones and typewriters continued to drive this shift from manual labour to more desk-based, paperwork-focused work, of course further emphasising the need for dedicated workspaces.¹⁴

TAYLORISM (THE METHOD OF SCIENTIFIC MANAGEMENT)

The assembly line concept did not disappear entirely, however, it only changed form. As jobs became increasingly task-based, questions about how to increase and efficiency and productivity remained a focus for managers. At the time, one of the biggest challenges facing organisations was called 'soldiering'; this concept assumes that

workers are inherently lazy, ie if left to their own devices, they will do as little as possible in the longest amount of time. While there were multiple attempts to solve this perceived problem, the first mainstream management idea, called scientific management, was coined by Frederick Winslow Taylor in 1911, and to this day much management strategy takes a foundation in its theory.¹⁵

Scientific management advocates the use of scientific methods to analyse and synthesise the most efficient workflows in order to increase productivity. In this theory, Taylor suggested that it was the workplace manager's responsibility to develop the most effective production system for achieving efficiency, as well as a system to measure the economic impact that resulted from these systems' implementation.¹⁶

Four principles of scientific management

Taylor's scientific management theory is composed of four key principles:

- (1) *Science versus 'rule of thumb'*: Managers should rely on the scientific method to identify and implement 'one best way' to complete a task, as opposed to allowing each individual worker to determine the most efficient way for them to get the job done;
- (2) *Aptitude-based assignments*: Identify the skill set of each individual worker, assign tasks based on those skill sets and invest in training to improve efficiency, instead of randomly assigning workers to any open job;
- (3) *Monitor worker performance*: Regularly assess performance and provide additional instruction when necessary, to ensure productivity;
- (4) *Collaboration versus individualism*: The workload should be shared between managers and workers. The manager's role is to build the strategy, identify team

strengths and train workers, and the workers are tasked with the implementation of their assigned tasks.¹⁷

TAYLORISM'S IMPACT ON OFFICE DESIGN

Not only is Taylor credited with creating one of the most impactful and widely accepted management theories in the world, he is also considered to be one of the first people to ever design an office space. So how did Taylor's approach to management affect office layouts? The focus is one word: efficiency. While job tasks had evolved from the industrial era's physical assembly line, Taylor's focus was still on efficiency and this was reflected in his optimal office plan design. Desks were formatted in long straight lines, usually in the centre of the office, and management suites were located on the periphery to allow managers the ability to constantly observe workers' efforts.¹⁸

At the time (early 1900s), this design worked well due to the production line nature office work, which mostly involved small, repetitive tasks and required limited interactions with other members of the organisation. As the requirements of individual jobs became increasingly complicated, however, this simple and relatively rigid organisational workplace structure started to be a hindrance to productivity.

THE OPEN-PLAN OFFICE AND THE SHIFT TO BETTER BUSINESS PERFORMANCE

In the 1950s in Germany, a team of management consultants known as Quickborner released a radical new office layout known as *Bürolandschaft*, or 'office landscape'. As opposed to the Taylor-inspired office, this design was considerably less structured, with furniture scattered in a mostly undivided space. Instead of obvious separations between spaces, they utilised office partitions

and foliage to demarcate different areas in this open-plan space.

This design concept was founded in organisational theory, which suggests that the complex rationale of ‘human relations’ needs to be considered when developing a management construct. This was the first time that a team recognised that there were a diverse number of types of office work, and that there could not be a one-size-fits-all solution when it comes to office layouts; instead, offices should reflect and be designed to support multiple functions and tasks, and this requires different kinds of workspaces within one complete office.¹⁹

This movement from a product-based economy to one that was more service-focused also resulted in a change in business key performance indicators (KPIs). As opposed to quantity being the indicator of success, the concept of ‘better business performance’ (BBP) gained popularity. Taylor’s concept of productivity was too simple and BPP suggested that much of the work done in an office required creativity; many businesses started to judge their performance as a combination of quantity, and more importantly quality, of goods, as well as the customer experience.

A study by the British Council for Offices in 2005 suggested that BPP is directly linked to workplace experience, and they developed a framework called the ‘three Es’ (a concept developed by Frank Duffy) to redefine productivity:

- (1) *Measures of efficiency*: Cutting occupancy costs and other business costs;
- (2) *Measures of effectiveness*: Value added by design, to business performance;
- (3) *Measures of expression*: Success in broadcasting business values externally and internally.

They found a direct link between office design and the three Es; this was one of the first realisations that there was in fact a

tangible relationship between spatial design and business performance.²⁰

THE SERVICED OFFICE MODEL

The 1960s and 1970s also brought around another innovation in the office sector. The first documented serviced office was opened in 1962 as a single office of executive suites, but it was Paul Fegan who is credited with laying the foundations of the serviced office leasing model when he launched Fegan Suites in 1966. This office was created as a shared space for attorneys; as with the current serviced office model, Fegan Suites provided ready-to-use offices, complete with furniture, meeting and conference rooms, receptionists and telephone infrastructure. Shortly after, Fegan Suites also began providing virtual office services to law firms.²¹

Serviced offices are a real estate solution that provides increased flexibility to businesses, which allows them to quickly adapt to changing market conditions. The concept developed because as businesses began to expand, they needed space but could not predict growth. The growing entrepreneurial mindset combined with continued globalisation meant that people wanted to focus their energy on building their businesses, not operating an office. The serviced office model provided just that — a fully operational space as well as a range of business services (such as receptionists, call and mail handling services, secretarial support, meeting room and training facilities, etc.), all ready for immediate occupation.

The primary difference between serviced offices and traditional offices is the commitment terms, operational structure and office environment. A traditional office lease usually requires a minimum of three years commitment; however, for a serviced office the terms are completely flexible and can be as short as one month. In addition, in a serviced office model the provider invests the capital to design, build and manage

the space, allowing an occupier to move in immediately without having to invest the time and money it requires to open a functional office.²²

After the launch of Fegan Suites, the growth of the industry rapidly increased with multiple providers opening across the world. In the 1970s the first truly international serviced office company, Servcorp, was founded in Australia. This was followed by what is today the largest serviced office provider in the world, Regus, founded in 1987 (now a part of the group IWG, Regus has over 3000 locations worldwide), and The Executive Centre, Asia's largest premium flexible workspace provider, founded in 1994. At this stage, however, the serviced office industry was still fringe; information sharing was not yet considered a viable business strategy, and privacy was immensely important. Large corporates did not like the idea of 'sharing' an office floor with other companies (one of the other main differences between a serviced office and a traditional office), and the perception of having a serviced office still questioned the validity of the business. That perception, however, began to change as a result of the evolution of technology, which began to alter the way people communicated and how information was shared.

THE RISE OF BIG TECH

The first computer 'logged in' to what is now called the Internet also in the early 1970s. Since then, the impact this system has had on all facets of life is undeniable. Technology has completely revolutionised the way that people communicate, learn, collaborate and, of course, work.²³ It was also in the 1970s that tech companies settled in the now famous Silicon Valley. By the 1980s, Silicon Valley was widely accepted as the centre of the technology industry. Huge innovators such as Google, eBay and PayPal founded their headquarters in the area, and

in the 1990s they were followed by the next set of tech giants: Facebook, Twitter, Uber and Tesla.²⁴

At the same time, the recession of the early 1980s resulted in high levels of unemployment. Businesses became more conscious of the need to manage cash flow and reduce long-term overheads, including office leases, thereby validating the need for a serviced office model and helping it to gain a stronger foothold as a legitimate corporate real estate (CRE) product.

Ironically, despite the negative impact of the recession during the 1980s, we saw a much broader adoption of office technologies such as word processors, personal computers, voicemail and fax machines. The integration of these new tech tools resulted in less personnel needs by businesses and created an opportunity for further innovation in the serviced office sector; some of these services were already being provided by business centres and more were added to the list — another motivation for businesses aiming to reduce overheads to choose this office solution.²⁵

This period is also when we saw the next major shift in office space design and workplace culture. The unprecedented growth and globalisation that organisations were experiencing meant that the traditional 9-to-5 task-based job was a thing of the past. Personal computers were now a standard office inclusion, imperative to the day-to-day business operations, and the Internet was easily accessible and steadily adopted by businesses. In fact, as computers became smaller, more powerful, commercially available and eventually in laptop form, office design shifted to accommodate a more mobile culture. Desks no longer needed to be sprawling spaces where people spent their entire workday, and we saw office design shift away from assembly-line style seating to incorporate more spacious, creative and empowering environments.²⁶

The tech giants of Silicon Valley were the

ones leading the way forward in terms of office design innovation. In 2005, Apple for the first time sold more laptops than desktops which marks the shifting trend towards flexible working, and this shift was actually adopted by the companies whose products enabled it in the first place.²⁷ Fuelled by seemingly unlimited monetary resources and hungry to be known as the visionaries of the future, companies such as Apple, Google and Facebook began to focus their energy and investments not only in product innovation, but also in the environments in which these innovations take place.

Their facilities were designed with the purpose of not only maximising opportunities for creativity and collaboration, but also to create an environment that encouraged employees to stay longer and work harder.²⁸ The science of workplace design was further explored during this time period; the integration of more 'lifestyle-focused' elements such as gyms, cafeterias and meditation rooms meant that workspaces were beginning to be thought of as more than just a space to do work, but as an actual facilitator of the creative process.

When asked about the design concept behind Facebook's headquarters, Mark Zuckerberg said, 'The building itself is pretty simple and isn't fancy. That's on purpose. We want our space to feel like a work in progress. When you enter our buildings, we want you to feel how much left there is to be done in our mission to connect the world.' Apple's Apple Park is also meticulously designed, but conversely to Facebook's purposeful 'work in progress' approach, Steve Jobs envisioned this facility (which is 2.8m sq. ft and houses over 12,000 Apple employees in one building) to be an embodiment of Apple's future-thinking mentality, to inspire future Apple employees with its thoughtful and precise design and to encourage the same attention to detail in their own work.²⁹

This idea that the space in which an organisation exists needs to reflect the mission and

ethos of that organisation, to foster a sense of community amongst employees and to enable collaboration was a new concept in the early 2000s. While the openness to information sharing started to gain traction, it was not until 2010, when a new disruptor entered the workspace industry, that workspace and workplace culture really became a key organisational focus.

THE COWORKING BOOM

As digital and automation technology became more robust, the workforce began to embrace a more mobile culture; however, the adoption of this same strategy was not immediately reflected in office designs and organisational cultures. Despite what most believe, even the idea of coworking is not new. The concept of working in a shared environment has been around for decades, starting with 'hackerspaces' and eventually evolving into the 'third space' working model (ie not working from an office and also not working at home). These spaces arose as a result of working practices becoming more flexible; the proliferation of private and public Wi-Fi and new services and facilities that were being provided by places such as coffee shops and libraries made working outside the office more convenient.³⁰

In addition, the acceptance that a collaborative and flat organisational structure has a positive impact on innovation was becoming commonplace and was no longer just associated with start-ups. It was around the turn of the millennium that the first real coworking spaces entered into the market. Brad Neuberg is credited with opening the first coworking space in 2005, out of personal need rather than industry demand. Neuberg, a freelance life coach at the time, wanted to integrate the independence and freedom of working by himself without sacrificing the structure and sense of comradeship that comes from working in a traditional organisation. While the shared office model, as previously

discussed, already existed, it lacked the sense of community that Neuberger was yearning for, and which is now a key characteristic of the coworking concept.³¹

With entrepreneurialism as a career choice in full swing, people quickly bought into Neuberger's concept, and coworking blossomed into the newest way of working. Even as shared workspaces emerged across the US, however, the concept of working in a fully mobile environment with strangers from other companies and other industries was still a fringe concept, and these spaces catered mostly to small start-ups or individuals looking for a more stable place to work and share ideas but with the flexibility to change or move as suited their needs.

Then we reach 2010, a year which many consider the real birth of today's coworking model. Founded by Adam Neuman and Miguel McKelvey in 2010, WeWork charged into the market and in less than a decade earned the title of 'unicorn start-up' due to its US\$47bn valuation, and its subsequent epic fall from grace. More important than its valuation, however, was the impact that WeWork had on the way the world thinks about work.

THE WORKPLACE REVOLUTION

The idea WeWork was selling was the 'office of the future'. Its slogan 'Do What You Love' suggested that if you make work and the working environment an enjoyable place to come to, it will have a positive impact on productivity.³² WeWork suggested that the workplace itself is more than a space — it actually supports the people who work there, empowering them to pursue their passions, rather than looking for just material success.³³

As work continued to become more digitalised, and social media brought forth a new era of needs and wants, we saw design changing to accommodate these new ideas. Spacious, creative and empowering environments took

the place of cubicles and plain open floorplans. Inspired by the offices of Google and Facebook, cool, trendy and colourful decor, digital technology incorporated as design elements, entertainment and leisure areas, barista bars and open kitchens and multiple working formats within one building became the identity of coworking spaces.³⁴

The term coworking almost became synonymous with creativity. Companies that used coworking spaces were innovators; focus on employee satisfaction was key and organisations were beginning to realise that the workplace environment had the power to both attract as well as retain the best talent in an increasingly competitive market. Even the most traditional of organisations that resisted the transition to a more flexible and open style of working for years realised that in order to stay relevant they were going to have to adapt.

HOLACRACY AND THE FLAT ORGANISATION

As the idea of collaboration became commonplace in organisations across industries, new management styles emerged to reflect that mindset. One of the main theories to challenge Taylorism is called holacracy, which is a method of decentralised management that distributes authority and decision making throughout an organisation. It postulates that through the formation of multiple teams that are self-reliant, but at the same time dependant on connection to the larger organisational whole, efficiency, transparency, innovation and accountability are positively affected.³⁵

The concept was developed at a company called Ternary Software by founder Brian Robertson in 2007 and is based on the company's organisational management structure. There are four key elements as described by Robertson in his book *Holacracy: The New Management System for a Rapidly Changing World*:

- (1) Roles instead of job descriptions;
- (2) Circle structure;
- (3) Governance process;
- (4) Operational process.

The main theory here is that individuals can hold multiple roles, which adapt and react to the needs of the organisation, and that while hierarchy still exists between circles, autonomy *within* circles allows for project ownership and gives individuals the ability to decide how to best achieve their goals.³⁶

Returning to the hypothesis that if employees are involved in the decision-making process they will be more invested in their work, holacracy encourages individual team members to take initiative by giving them more responsibility for their own thoughts and actions, as well as the opportunity to provide honest feedback.

FLEXIBILISATION

The entrance of coworking into the CRE industry had a dramatic impact on the serviced office market as well. Sometimes called business centres, sometimes shared offices (as well as multiple other names), the serviced office industry did not benefit from the same perception as these innovative coworking spaces did, but because there were similarities in their business models (ie short-term leases, multiple companies sharing working in the same space), a new category of real estate emerged and contained both serviced offices and coworking spaces: flexible workspaces.

The idea of flexibilisation can be defined on three different levels:

- (1) Organisational risk assessment and business continuity planning through outsourcing or temporary work, which allows for upscaling and downscaling of the workforce at short notice;
- (2) Distribution of working hours and models (eg part-time or flex-time arrangements);

- (3) The virtualisation of work in terms of workplace location.

All three of these levels make a financial case for the adoption of a more flexible organisational structure; flexible workspaces fit within level three.³⁷

As economic challenges, political instability and the changing workforce created more challenges for the modern organisation, corporates have started to re-evaluate their real estate strategies and the value that flexibility can add to business resilience. Cost-saving strategies and resource-maximising capabilities are becoming the main focus for companies looking to reduce overhead cost while growing profitability. While it is generally accepted that downsizing an owned real estate portfolio does not equate to reducing revenue potential or business instability and decentralising the workforce through the use of a flexible model has growing potential, on the whole the flexible workspace model was still not widely adopted.³⁸

THE GLOBAL PANDEMIC MOMENT: A RUPTURE IN THE WORKPLACE NORM

Despite the overall shift toward a more mobile and flexible culture over the past decade, COVID-19 ruptured the divergence/convergence dialectic and has had dramatic consequences for how organisations and individuals are thinking about (and re-thinking) workspace ideals. While initially the 'digital nomad' lifestyle seemed like a luxury to those stuck in the traditional corporate wheel, the endless 'work from home experiment' lost its appeal. While the COVID-19 crisis showed that staff can interact well when apart, and most executives expect options for remote work post pandemic, they also recognised the integral role that work culture and environment plays in job satisfaction and productivity.³⁹

There are four key areas where tensions have been exacerbated as a result of the pandemic:

- (1) *Balance*: Work is increasingly complex, and change is constant. The 9-to-5 workday is a thing of the distant past and working from home resulted in longer working hours; however, this does not necessarily result in increased productivity. An extended workday combined with ongoing distractions, unreliable infrastructure and homes not being optimised for work, has left many workers feeling overwhelmed, with increased stress and anxiety, irritation, frustration and even anger.⁴⁰ The relationship between the expected workday and productivity is more complicated than originally thought, and employers are beginning to realise that optimum productivity comes from a balance between home and work;
- (2) *Productivity*: The perception that people are not productive working at home was still a very real thing pre-pandemic and this created a challenge when suddenly the majority of the workforce were unable to go to the office. COVID-19 challenged organisations to rethink how they measured productivity, as well as the role that environments play in productivity. PwC's December Remote Work Survey showed a perceived increase in employee productivity over time (34 per cent vs. 28 per cent), but that it was correlated to companies becoming better at performing various activities, including collaborating on new projects and serving customers;⁴¹
- (3) *Connection*: Fewer than one in five executives indicated that they want to return to the same kind of pre-pandemic workplace; however, it is almost a universal understanding that the office is still vitally important. Only thirteen per cent of executives in PwC's 2021 survey were

willing to let go of the office for good. Their main rationale? The fundamental need for connection with colleagues and managers cannot be replicated digitally. Eighty-seven per cent of employees said the office is important for collaborating with team members and building relationships;⁴²

- (4) *Placemaking*: Those most affected professionally by forced remote working are those that are new either the workforce or the organisation.⁴³ Being 'seen' and having access to upper management is hugely important, especially for new employees, and this has been challenging in a completely remote world. Organisations that have seen the most success during COVID-19 are those where their leaders demonstrate vulnerability and empathy, and combine a science-based approach with a more human touch. Companies where senior leadership ensure their actions connect with the company's purpose reflect a high level of understanding and feeling of belonging amongst their employees, which in turn fuels leadership development, innovation and increased the capacity to be adaptive and resilient.⁴⁴

FUTUREPROOFING FOR THE NEW NORMAL

COVID-19 has fundamentally changed our lives, both personally and professionally. It has caused a convergence of work and home in ways we could never anticipate, and as a result we have had to readjust our perceptions about productivity, our relationships with technology and ultimately how we stay connected with the people in our lives. It has been a time of introspection.

Businesses too have been forced to reevaluate the structure of their organisations; whether it is to build efficiencies through resilience planning, to accelerated integration of technology solutions or to investing

in resources for teams to effectively work remotely, workplace changes are starting to be made collectively. Finally, organisations are realising that workplace solutions are much more than just space decisions; it is the convergence of intelligence and insights from human resources, space planning and finance. Decisions that used to be made in departmental silos are now being discussed and managed cross-functionally, and this is to the benefit of employees and businesses' bottom line.

Choice has become the most valuable commodity post-COVID, and traditional industries are realising the advantages of incorporating flexibility into their real estate strategy. Traditional leases with a long-term contract period of five to ten years are a thing of the past; with unpredictable market and economic environments, businesses need to be able to adapt rapidly. Moreover, immediately post-COVID cash is king, and businesses are eager to save on capital expenditure costs. Many businesses will look towards a more flexible work model which allows their workers to choose where, when and how they work; simultaneously, businesses only invest in the space their employees are actually using.

Moreover, COVID-19 has financially strained many businesses, and while many see the opportunity to make organisational changes, it is difficult to know where to start. The investment required to evaluate options for part-time remote work is financially and systematically daunting, as are the resources required for change management. Flexibility has the potential to cost more upfront, which in a time when cost savings are essential, is not something that many organisations are interested in, or in some cases even able to explore.

There are many questions that still remain unresolved: Will flexible workspace providers continue to be able to charge a premium for coworking spaces or will there be so much less need for space that they will

have to adjust their office rent rates lower than pre-COVID? The same question is being asked by developers and traditional office landlords. Will employees have to bear the costs of working from home or will employers subsidise the costs of 'work from home' infrastructure such as faster Wi-Fi, home offices and ergonomic furniture?

The argument can be made, however, that it's those that look at the long game here that will emerge successful. Ultimately organisations are realising that there is a fundamental connection between their people, their spaces and their profitability, and one does not have to be sacrificed to allow for the others to thrive. As our understanding of 'work' continues to evolve, businesses that invest in their people and empower them with the ability to choose how they work best will emerge successful. And, while the argument can be made that fully remote working is possible, the workplace is now being recognised as an essential element of organisational culture, a place where connection and community is fostered and where employees build impactful relationships with their colleagues and company as a whole.

STRATEGIES OF ORGANISATIONAL FUTUREPROOFING IN THE POST-COVID-19 ERA

With organisations and individuals experiencing different needs, what will be the defining characteristic of work in the post-COVID 19 era? The way people work has fundamentally changed, and as a result the spaces in which they do so need to evolve. In the past the traditional versus flexible work spectrum was black and white; what COVID-19 has proven is that there is not a one-size-fits-all solution for how and where work should be done. Again, the winner? Choice.

The current crisis merely brings to the fore something that should be baked into every

company's growth strategy: planning for uncertainty.⁴⁵ The pandemic has emphasised the important dynamic between workplace design, employee satisfaction, productivity and business profitability, and that they are inextricably linked to each other. This is an opportunity for a reevaluation of business strategies through the eyes of organisations' biggest assets: its people. Organisations will continue to move one towards a holacratic style of management rather than a Taylorist approach. The reconciliation of employee needs with business goals, and the adoption of flexible work models, not just in the physical sense but in the fundamental way that business models are developed, will set organisations up for success in the future.

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