

Optimizing Your Real Estate & Facility Strategy



As market volatility continues, business owners and real estate teams across the globe and in every industry are challenged with navigating uncertainty. For the foreseeable future, agility, responsiveness, and innovation are accelerating. Flexibility is a business imperative. Workplace solutions are evolving to keep pace with workstyles that embrace hybrid. To prepare for the short- and long-term, real estate and facilities teams are engaging with the C-suite to forecast and plan with contingencies that enable organizations to pivot when necessary.

While there has been much attention over the past few decades on improving facility metrics—reducing square footage, dematerializing workstations, unassigning workspaces, etc.—people and data are the true drivers of performance. Given the cost of people to an organization is at least 10 times any other cost, successful strategic planning for real estate and facilities supports the workforce of today and tomorrow.

77%

of respondents in a Q1 2021 survey planned portfolio optimization projects during the pandemic.

Source: CBRE, 2022

50%

of full-time US employees want a hybrid work arrangement for the future.

Source: Leesman Purposeful Presence Report, October 2022

Goals of Corporate Real Estate Team

87% Optimize portfolio

69% Return to office

65% Cost reduction

65% Improve space data accuracy

62% Implement employee experience technology

Source: CBRE 2022 Occupancy Benchmarking Program

People & Space Are Top Priorities

Workers today are empowered to work fluidly in an ecosystem that includes office, home, and third places. This flexibility lets them choose the right space for the right task, with the resources and technology that support both. We believe the office will remain the hub of the work ecosystem—the primary place to support the required in-person connections between employees and organizational culture. With a shortage of workers expected to continue, leading organizations are not waiting to enhance their workplace while offering creative amenities to current and prospective new employees.

Hybrid work provides flexibility and choice to employees and can help provide a better work-life balance. Each organization will need a plan that puts people at the center and encompasses physical space, policy, and technology. Most workplaces will require a recalibration to support their unique hybrid plan—but what is the right mix for each organization?

Recalibrate, Reimagine, Reinvent

The pandemic catapulted optimization of real estate and facilities. And while strategies may be altered (or at the very least revisited), there is a need for rebalancing and maximizing space—most notably for space-sharing strategies that accommodate future business growth within existing spaces. Providing what home cannot, the office will integrate the physical and virtual workplace. Space efficiency of any building relates to three factors: the quantity of space, the number of users, and the amount of time the space is used. Each client’s ideal solution to space per employee is unique based on their objectives. Design and occupancy will become a continuous process.

We have identified five themes that are important to every organization, regardless of industry. The key is customizing the approach based on culture type, organizational goals, geographic location, and workforce demographics.



Immersive Technology

We can’t do our work without some form of technology—and we all learned how to connect via virtual tools to access resources, both information and people. The Internet of Things (IoT) will make connection in space more seamless than ever before.



More Collaboration

Hybrid work brings more choice in where to work, but the office is the hub for collaboration and culture—connection and togetherness for group work will be more critical than ever.



Focus to Restore

People need spaces that protect from burnout and support well-being—places to recharge and restore from intense collaboration and focus work, and where they can explore or happen upon great ideas.



Space Shift

In the new world of hybrid work, people have more choice of where to work and this new workforce autonomy will cause layouts to shift to less density. The office becomes better tuned to serve physical, emotional, and cognitive needs.



More Human

The office should be a place where people want to be—safe, comfortable, and welcoming with a vibe that attracts people, supports well-being, and merges hospitality.

Understanding employees’ workplace dependencies, which will vary based on the amount of time they plan to work in what location (home, office, or third place) and the purpose of that usage, allows us to help customers recalculate how the workplace can be used—whether supporting a hybrid strategy, focus work, group work, etc.

An Organic Strategy

Haworth’s approach to space is less about product and more centered on a holistic, systems-based understanding of the workplace. Elements that remain unchanged for the duration of a lease are not sustainable—neither for business nor the environment.

Because people and technology change and evolve, treating the office like a living organism that flexes and adapts is the basis of Haworth’s Organic Workspace® strategy.

Organic Workspace is both a process and an outcome.

1. As a process, it starts with the individual, considering their needs, user control, and well-being.
2. Next, it takes into account the team and the interplay of culture, collaboration, social connection, and focused work.
3. The floorplate as a whole is considered, addressing real estate needs and facility operations.
4. Finally, at the highest level, Organic Workspace assesses the entire organization and its business drivers.

The outcome is space that is more flexible, responsive, and cost-efficient.

Creating a Master Plan

A master plan is how cities and communities grow strategically, but it's also how forward-looking companies prepare for the ups and downs of their business. A solid plan can usually be developed in six to nine months, but it can take longer if additional information needs to be gathered.

Master Plan Components:

- The organization's values, mission, and vision, which set the foundation for all strategies
- Strategic plans for every business unit, initiatives that impact facilities, focus areas for growth or contraction, financial goals, and a facilities capital plan
- Employee perspective including data from engagement surveys or focus groups
- Data
 - Current and hidden headcount
 - Growth projections
 - Utilization rate
 - Sharing ratio (number of people per space)
 - Design density (square foot per seat)
 - People density (square foot per person)
 - Vacancy percentage

The key is to treat a master plan as a living document, reviewed and updated frequently to accommodate changing business conditions.

A master plan can guide companies toward options—or analyze trade-offs—that support:

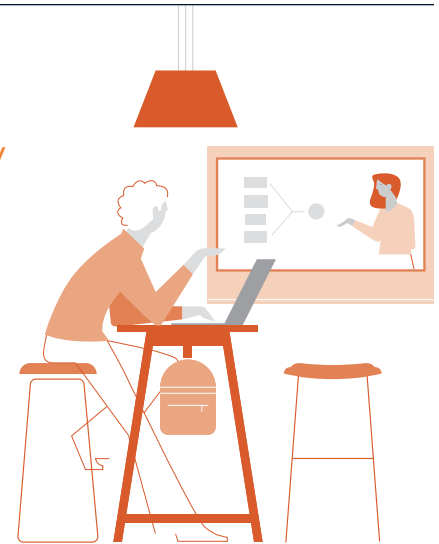
- Reconfiguring facilities for density
- Adding new applications to better support agile work
- Investing in natural spaces that take advantage of benefits of working outdoors
- Balancing individual focus work time and the comforts of home with being in-person at the office for team collaboration and social connection and/or community building

Companies that have solid plans are better prepared for an economic downturn because they can adjust quickly or defer real estate projects. Then, when the economy rebounds, the master plan helps decision-makers quickly ramp up to accommodate the shifting demands of the workforce and customers. When organizations put strategic planning in place for real estate and facilities, they are prepared to support the workforce of today and tomorrow.

Top Business Drivers – 2022

1. Attract/Retain
2. Space Utilization
3. Flexibility/Adaptability
4. Collaboration
5. Customer Experience

Source:
Haworth customer
feedback, 2022



Want to learn more?

To connect Haworth's research and experience in organizational performance with your real estate strategy, contact your local Haworth representative.