

Hybrid Work Series

Leveraging Space as a Service

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One undeniable trend that has emerged as a result of the Covid-19-triggered move to remote work is the importance of employee choice in creating the workspace of today and tomorrow, wherever it might be. And while many companies were already shifting to hybrid work settings for a variety of reasons, the pandemic closures moved these plans along at a much faster rate than originally planned.

Leveraging Space as a Service is part of Knoll's Hybrid Work Discussion Series, which convenes workplace leaders from across North America for peer-to-peer discussion around the changing workplace and the impacts of Covid-19. For this installment, Knoll invited flexible space providers Industrious and LiquidSpace to share their expertise and experiences with corporate leaders who are exploring alternative models within the newly expanded workplace as an ecosystem.

The following is a recap of discussion and best practices shared at the virtual peer-to-peer roundtable.

What We Learned About the Fluid Workplace

Insight #1

Space as a service is an integral component in the workplace as an ecosystem—and companies are embracing it despite not having a final game plan. New Knoll Research recently found that the post-Covid pandemic office has evolved into the workplace as an ecosystem and one of the key components within it is coworking and other space-as-a-service typologies.

Space as a service, currently used by 35% of organizations surveyed by Knoll, represents a fundamental change in how organizations view their space. Instead of focusing primarily on ownership of physical structures and assets and long-term leases, it provides short-term, highly flexible space options that may also include additional services, community-building and other amenities to enhance the employee experience.

Anna Squires Levine from Industrious, a premium provider of spaces with hospitality-driven services and amenities, kicked off the discussion by describing how companies are looking to fulfill a wide range of office offerings—running the gamut from

corporate headquarters to novel ways to replace the coffee shop experience. “Sometimes companies are looking for a great headquarters experience, and sometimes they're looking for a satellite office. Sometimes they want an individual employee to have a great space where they feel they can really get stuff done, and sometimes they're looking to replace the coffee shop environment, offering interaction with other people.” She noted that for an organization to meet its goals effectively, it's all about creating balance between an open-ended approach and having a cohesive company strategy—and while many companies are thinking about how to take steps into the future, it's common for them to not have all of the pieces worked out yet.

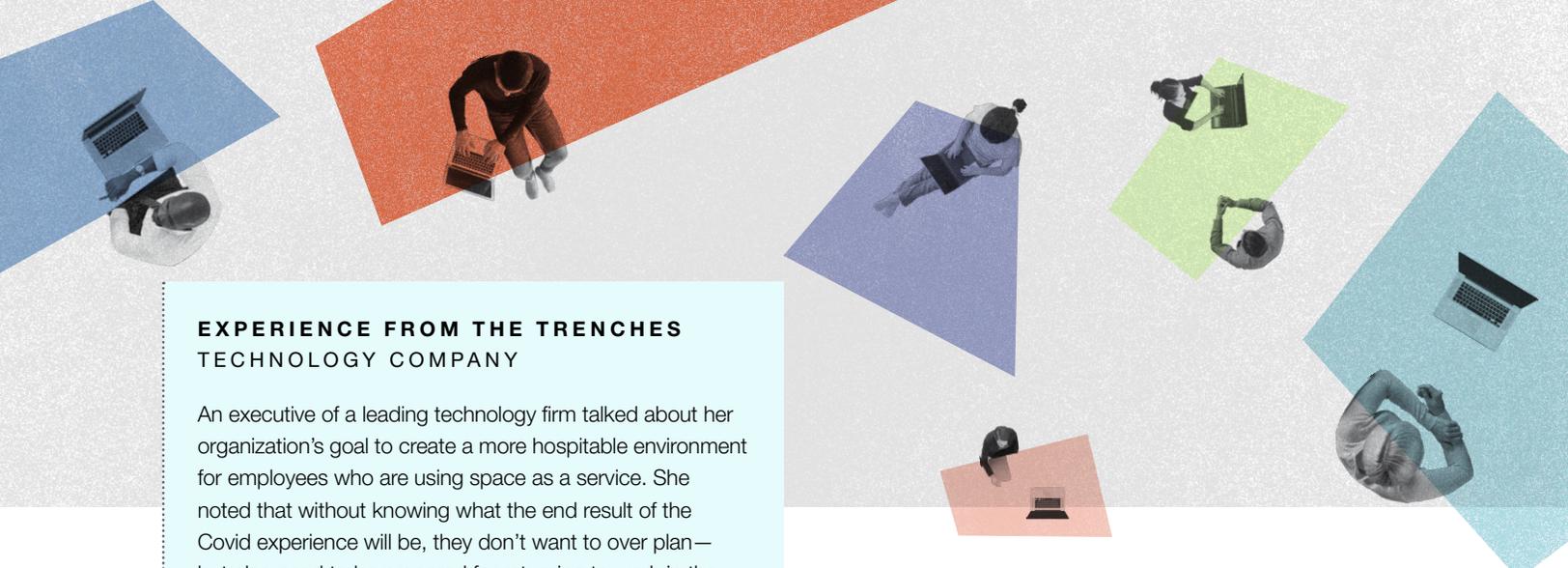
LiquidSpace's Mark Gilbreath, founder of one of the industry's leading space aggregators, characterized the pandemic as an “enormous accelerant.” He noted that in the first weeks and months of Covid, the ability to work from home saved the day while companies reimagined their spaces. “Now,” he added, “they're beginning to think deeply about workplace strategy—and ‘work from anywhere’ is likely to win the decade.” These workplaces, Gilbreath said, will need to be created as a managed experience while also affording flexibility and choice to the individual.

“In the past, we CRE and workplace leaders had the authority to say, ‘this is the great workplace that we've built at this address, and this is where you will come to work.’

We were benevolent gods of workplace. Now we must adapt to being servant leaders, in the service of employees who will be making their individual workplace decisions on any given day, considering the palette of choices that we create for them.”

Mark Gilbreath
LIQUIDSPACE





EXPERIENCE FROM THE TRENCHES TECHNOLOGY COMPANY

An executive of a leading technology firm talked about her organization's goal to create a more hospitable environment for employees who are using space as a service. She noted that without knowing what the end result of the Covid experience will be, they don't want to over plan—but also need to be prepared for returning to work in the short term as well as develop a 3- to 5-year solution. She admitted to a certain amount of decision paralysis, as her team had undertaken extensive conversations and research but didn't yet have it figured out.

With internal rebranding coinciding with the pandemic, she defined the current climate as a perfect storm with amazing opportunities ahead. Fortunately, space as a service provides the type of agility that allows firms to continually iterate and refine their plans. "We don't have to get it right from the get-go, because that's unrealistic. After I let go of that expectation, it helped us think about this in phases."

Insight #2

Real estate portfolios are evolving as companies explore what to consolidate, reconfigure or eliminate. With its inherent flexibility—such as monthly memberships that avoid long-term lease commitments and space options that ease scaling up or down quickly—space as a service is an increasingly popular consideration within corporate portfolios. A facility manager at an information technology and services firm described how her company is rethinking its allocation of physical assets. "We have a fairly sizable real estate portfolio globally—and we're taking a look at which offices we could consolidate or eliminate based on where they are in their leasing cycle. We are also seeking to partner with vendors to provide alternative ways of working," she added.

Panelists agreed that there will be a need for "office space on demand" on a daily basis. One executive noted her firm was seeking to offer ad hoc space that is flexible with conferencing support, versus a membership model.

Gilbreath suggested that companies might reconfigure space allocation to allow employees to be in the traditional space fewer days per week. One strategy in this model entails monetizing excess space. He added that this type of reconfiguration could

be accomplished via a full divestiture or as shared space, such as offering it to smaller startups.

Levine described how Industrious has clients exploring what to do with their extra space and considering making it available to other organizations who need it. "The new requirement might not be five days a week/24/7. Rather, it might be episodic or periodic, such as two days a week at a nearby location. That's one illustration of the new rhythms that are needed," she explained. Gilbreath added that in this newer framework, employees are empowered to self-solve—for example, to head to shared space when wanting to collaborate or needing face-to-face time.

Squires also reminded the group that in the post-Covid environment, people will want to get back to some previous norms. "We'll probably see people settle into a more regular cadence," she concluded. Using an engineering team as an example, she described a common model whereby employees will do their heads-down work at home and get together once every week or two. "And to do that, they're going to need a bigger than normal conference room with lots of whiteboards so they can all be distanced. Or maybe it's an outdoor conference room, which we're starting to build more of. And on that same day, they are going to want lots of individual private workstations that are enclosed offices so they can have some mask-off time in a safe spot."

"Whether it's a startup with 10,000-square-foot leased footprint who wants to share/monetize 10 desks within that environment, or a company with a 30,000-square-foot location that it has vacated and wishes to fully divest, we are listing thousands of companies with excess space to monetize."

Mark Gilbreath
LIQUIDSPACE



Gilbreath went on to note that the traditional strategies and processes of real estate development and leasing—and of workplace management—were not designed for this new notion

of working from anywhere. Thus, “new processes and new tools are going to be required, and we as the workplace community have to address new questions with regards to people and place economics, or price and process. And frankly, for many companies there's a total workplace ROI opportunity,” he suggested.

EXPERIENCE FROM THE TRENCHES WEB COMMERCE PLATFORM

One roundtable attendee noted that her company's CIO has declared that if possible, employees will work from home regardless of Covid. This has shifted the focus to supporting employees in the design of their home offices. “So, we have already let go of some of the real estate that we've got, and we're still working out really what we're going to be doing with the real estate that we've decided to hang on to,” she said.

Insight #3

The brand experience remains critical. A topic of particular interest among the group involved maintaining corporate identity amidst new flexible models, especially when a dispersed team is far from corporate HQ. As one participant jokingly lamented, “I had a sinking thought that it's all going to come down to branded T-shirts.” But she went on to share important insight regarding the brand experience—in particular, the need for management's commitment to maintaining corporate culture. “I've observed that if I put on my calendar that I'm going to be at HQ downtown, my whole team will come in because they want to interface. They want to know what their opportunities are—so I've started deliberately scheduling myself downtown knowing that everybody needs a ‘tune-up.’”

“Who are you as a company, and what were the pillars of your culture before Covid? Maybe it felt like so much of it was office-based—but I'll bet a lot of the cultural DNA is woven even more deeply into the fabric of your team than just the physical place and/or the color of the paint on the walls.”

Anna Squires Levine
INDUSTRIOUS



Gilbreath suggested that whether or not employees come into the traditional workspace shouldn't cause worry about maintaining corporate spirit. “Just because we're not requiring

them to come to headquarters doesn't mean they won't attend to their own cultural needs if we create opportunities for them to do so,” he assured. What's more, the choice of optional spaces can also be “culture coded,” he noted. New dedicated locations can be chosen to reflect the brand and its needs. Organizations have the opportunity to curate those spaces via color scheme, logo, and furnishings.

Levine suggested that corporate culture is likely more ingrained than many may realize. Gilbreath concurred, and challenged companies to ask themselves the question: “What's our cultural DNA and the expression of it coming out of Covid?” He noted that this exercise can affirm the culture that will be present, even if it is only virtual for now. “And once it's safe to do so, we'll want to get everyone together, even just for a picnic outside.” This culture will also continue to be seen in the ways an organization celebrates each other and implements performance development, he said.

Insight #4

Employees will help drive your culture with space as a service. Rather than having the onus of the evolving company culture fall solely on management, the group discussed the role of the employee in driving the brand forward. Gilbreath referenced an old architectural adage regarding the decision of where to lay new HQ sidewalks. “Rather than laying the concrete down, plant grass, and watch what pathways get worn in by the actual behavior of employees.”

“There's a new orthodoxy of change and adaptability that we need in our mental toolkit as we think about designing the future and the fact that it's going to evolve.”

Mark Gilbreath
LIQUIDSPACE



He shared his belief that opportunity exists for space as a service as long as a company is bold and confident enough to provide that measure of choice to the employees—and then observe those choices. This will reveal their use of on-demand space and can be a powerful design influencer of dedicated or HQ spaces that a company creates, he suggested.

On the topic of culture, Levine advised that while team members want to make choices, some structure is helpful as long as it's not so rigid that there are no exceptions. As an example, she cited Gallup research that shows that having a best friend at work is the single biggest driver of employee engagement. “So much of that comes from in-person interaction. So, a company can establish a baseline, such as suggesting interaction

between colleagues twice a week. If you want more, here's how you do it and if you want less, that's totally fine too. But having a starting point is really important." She also stressed that there is more commonality between organizations than some might think.

EXPERIENCE FROM THE TRENCHES GLOBAL MEDICAL DEVICE COMPANY

With everyone working from home, it's an opportune time for companies to introduce discussions about employee choice, flexible work and having a spot at headquarters, related a principal global planning and design lead at a medical device company.

Her colleague, a director of workplace strategies, also had predictions about the post-Covid setting. She described pre-Covid as being comfortable and safe, as everyone had a place with their name on it. And despite the fact that employees have been working away from the office for a year, becoming more electronically based, and learning new skills, the traditional office may still be considered the "safety zone." Like her colleague, she posited that employees may say they still need a dedicated space, so that will be one of the challenges moving forward.

Panelists cautioned that companies would need to have a defined plan in place so that as they rebuild their employees' habits, they're established in a very specific way. Otherwise, "it would be too tempting to just walk back in and resume where we were last year in March. We've got to think very carefully about this as people are reentering the office." But as Levine reiterated, organizations are working very hard to maintain their brand while ensuring employees that any new approaches they take will achieve a better outcome.

Insight #5

With the uncertainty of the post-Covid environment, companies are piloting planning strategies that allow for flexibility and fluidity while they evaluate utilization and expense data.

Space planning within the new workplace ecosystem will be a work-in-process incorporating testing, evaluation and reiterating options for many firms.

A technology executive suggested that it will be easier to move forward once post-Covid is a more mature state and appropriate decision-making data is collected. "Once we're able to quantify the cost of keeping an employee in the office at headquarters

versus outsourcing in flex space, I think that is going to be the final driver of how we make these decisions," she said. In addition, she envisioned looking at actual usage of rooms booked in flex spaces versus at HQ. "It's all about utilization," she concluded.

"From a workplace experience point of view, I'd say 85% of things are the same across companies, and there's a very high-impact 10 to 15% that makes your company your company. And that's the part to really customize."

Anna Squires Levine
INDUSTRIOUS



Looking Ahead

As exhibited by the robust discussion that occurred throughout the virtual roundtable, corporate leaders remain actively engaged in reimagining workspaces and exploring space as a service as a component of their post-Covid plans. This exploratory phase and the implementation opportunities it affords will likely keep these leaders extremely hands-on in their workplace planning and reallocation processes over the coming months—and years. **K**

A special thanks to the following individuals and the participants who chose to remain anonymous:

Anna Squires Levine
Chief Commercial Officer
Industrious

Mark Gilbreath
CEO & Founder
LiquidSpace

For Further Reading

The Case for a Thriving Workplace
<https://www.knoll.com/story/design-plan/thriving-workplace>

Knoll k. Talks
<https://www.knoll.com/design-plan/resources/research/k-talks>

Knoll k. Talks Insights: Coworking and Flexible Workspaces Poised To See Big Uptick Post-COVID
<https://www.knoll.com/knollnewsdetail/coworking-and-flexible-workspaces-poised-to-see-big-uptick-post-covid>

How Having a Best Friend at Work Transforms the Workplace
<https://www.gallup.com/cliftonstrengths/en/249605/having-best-friend-work-transforms-workplace.aspx>

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Through research, Knoll explores the connection between workspace design and human behavior, health and performance, and the quality of the user experience. We share and apply what we learn to inform product development and help our customers shape their work environments.

To learn more about this topic or other research resources Knoll can provide, visit www.knoll.com/research.