



CORENET GLOBAL

VIRTUAL POP UP

A pop in community for **corporate real estate professionals**

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Pop-Up Webinar: Key Takeaways

27 May 2020

As corporate real estate professionals, our role is to manage the physical space where work gets done. Do you think this role will be expanded now to include work from home, as so many of our people have gone from working inside our corporate spaces to working at home? How might this impact our role?

- I think it will. I think it already has in many ways. Our organization was asked to come up with a resumption plan and what that might look like. Work might be done at one of our offices, at a customer site, or at a home office. We are currently looking at all this and asking ourselves some key questions as we form our long-term view. Will we have more people working from home? Are we having rotational teams? Who needs to be in the office? Why do they need to be there? Is there adequate connectivity to work from home? Is there enough space at home to work there, especially in some of the Asian countries? I think the role of corporate real estate will be more encompassing. While we might or might not be driving all that, we will certainly have a voice at the table in conjunction with Legal, Health and Safety, and other groups. The opportunity is there.

Do you think the profile of CRE professionals has been raised during this COVID-19 crisis? Our profession has always talked a lot about getting a seat at the table.

- Yes, I think its credibility has increased. We are now holding ourselves to a different standard. I never professed to be the smartest guy in the room, but now I see the business coming to us and asking what we think, offering to work through the answer together, etc. We are not rushing to get back into the office, although I am sure many of our associates want to get back and socialize and see friends and colleagues. We have an entire team of people that are inside and outside of the corporate real estate organization helping us form a strategy. Presenting that up to the C-Suite is done by the real estate organization, at which point it is go or no go.
- It is good to hear you say that Real Estate is driving things. It is good to see companies realizing the capability they have in their Real Estate teams. I am currently working with two clients, and in both cases, it is the HR team that has been driving the overall strategy. In both cases, the Real Estate team is less strategic, more tactical, and they are seen more as order takers and working on the operational aspects. I am hoping this will change. It is not just the immediate needs of the next three to six to nine months we should be focused on, but rather how can we look at this awful crisis and find the opportunities. In my mind, this is a role that Real Estate should be driving. I am hoping that your experience is the more common one.

How has the relationship between the CRE team and HR team evolved through this pandemic?

- Working from home here in New Zealand is bringing up some interesting conversations between Property and HR because we have very strong health and safety laws that we cannot opt out of as individuals. When a corporate authorizes and encourages employees to work from home, they are taking on the responsibility for the health and safety of that person in their home workplace. That kicks off a discussion around what that means, what about chairs and ergonomics, etc. – all the conversations we have sort of avoided up until now. Now, the Property teams are having to engage with HR on this. We can see the benefit of people working at home. However, that will kick off the health and safety side of things, and legally the managers are responsible for that. You cannot get people to sign a waiver and thereby absolve the employer of responsibility. We are now coming to grips with what this really means.
- The employer does have exposure when the employee is working from home, just as they do when they are working from an office. The office location is more controllable, whereas the home location is less controllable. We have all seen the stories where someone is working from home and they trip over the vacuum cleaner cord, then you have a worker's compensation case. You will never get away from that completely. And yet most companies are willing to take that risk. It is a tradeoff. In our company, we are getting Health and Safety, Legal, and HR involved in these discussions along with Real Estate. You mitigate risk where you can. It becomes a decision: is the risk profile acceptable, or not? There are setup costs for the home office, but those can be addressed.

Have organizations started to look at the pandemic's long-term impact on workstyles and what impact it might have on activity-based working?

- In my mind, it is way too early to say what will happen to the office over the longer term. It could mutate. It could possibly disappear. It will be different in different countries. In some ways, it has been harder to operate remotely and manage remote teams, and in other ways it has been easier.
- We have broken it up into three phases: up to 25 percent returning to the office, up to 50 percent returning to the office, and then the long view. We are not saying we are reducing our footprint by any specific number. Rather, a discussion will be had along the line of what does rightsizing mean in each country. We will be looking at lease terms and having discussions with landlords about termination rights. Our footprint going forward will most certainly change. We are demonstrating that working from home can work. The focus now is to start resumption of occupancy, and then we will take the long view.
- The people I am talking to say they will have employees coming in at different times. They plan to use checkerboard layouts. They are talking about new protocols for meeting rooms, and that will take a while for people to get used to. I have not heard anybody say they are going to totally change the workplace. I do not think many companies are going to make drastic, wholesale changes.
- I agree. Organizations can look at how they can use what they have differently, and then perhaps let go of what they do not need. Rather than making big decisions now, they are taking a wait-and-see approach. There are different ways of managing the number of people you have in the office. It is better to do that than make commitments you might come to regret in twelve months to two years' time.

Some people are saying we should go back to the 'old normal.' How much will companies be willing to do to make changes that accommodate the 'new normal?'

- I was on a webinar recently, and someone referenced this quote: 'never let a crisis go to waste.' If there are things to be learned from this, we should harness them, and not let old bad habits creep back in.

- Yesterday was a big holiday here in the US. Everyone seemed to immediately go back to their old ways. Some beaches were terribly crowded. It was clear that people were not practicing social distancing at all. I am curious to see if there are spikes in the number of cases. It was a bit alarming to see how quickly people went back to what they were doing before.
- In many of our upcoming leases, we are negotiating in an effort to extend for a short period of time, just to get some flexibility so we can figure out what we need and then see if it is really working. We have people working from home, and it seems it is working OK, although collaboration and teamwork have not been as productive. We have not decided if we are going up or going down with our space. While we figure that out, we are asking our landlords to give us another year or so to do some tests. As far as CRE being at the table, we have always been one of the four legs at the table. But now it seems there are many more legs on that table because more people are coming to us with ideas. My time has been consumed in reading people's playbooks and so on to glean anything we can build into our playbook.
- In New Zealand, a lot of corporates are 50 percent in one week, and fifty percent in the next. You have a choice as to whether to go into the office. For whatever reason, most people are continuing to choose to work at home. When you go into the office environments, they are like ghost towns. It could be just a timing thing, but we might struggle to get people back into the office. It is very interesting that there was no rush to get back into the office. One of my colleagues went into his office on Monday. Because nobody else was there, he decided to go back to working from home until more people get back into the building. I have talked to people who say they do not want to take public transport, and they do not want to go up into a high-rise building because of the long wait for the elevator. And they also do not want to go into meeting rooms. They are saying 'what is the point of being here?'
- Frustration levels will be very high in these high-rise buildings. With an elevator capacity of two to four people, before you had a wait time of a couple of minutes. Now that time has gone way up. The frustration and anxiety levels are going up, especially anything associated with public transport. People are saying 'I will have an issue getting to the building, and then I will have another issue getting up to the floor.' We can never force our people to come into the office. If they are not comfortable going through all those steps, they can just work from home. I understand that the early stages of returning will be like a ghost town. We asked our landlords how many people will be in the buildings, and their response is 'we do not know.'
- It will be interesting next week in New Zealand because we can once again hold gatherings of 100 people. At the end of June, we are planning our first CoreNet Global face-to-face event, which is exciting. We have no cases in hospital today, and there are only 25 people with the virus in the country. Yet people are still nervous about going back to the office. It will take a few weeks for us to ease back into everything and see what comes out of the office in the future. I am working on a couple of projects where the buildings are fixed, but the layouts are not, and they are not due until March of next year. We cannot change the footprint of the building, but we can still change the layout. Do we still need all these quiet spaces? Could we do that quiet work at home? We want to make sure we create a workspace that is fit for purpose.

CoreNet Global

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