

REPORT

The Way Forward



LMG

Executive summary

WHAT IS THE FUTURE OF THE WORKSPACE? As we continue to navigate the world in the face of multiple new technologies and post COVID-19, we are facing a new attitude towards many aspects of our working lives. So, what challenges and barriers do property developers and corporate COOs now face in terms of creating spaces which tick their workspace occupants' rapidly evolving requirements?

These are just some of the questions that LMG poses in **The Way Forward report**, which studies the attitudes of business leaders towards the rapidly changing role of corporate real estate. Written for developers, COOs and facilities professionals, the study provides insight into the changing role of corporate real estate. It looks at the circumstances and triggers changing how businesses perceive and use their physical workspaces and what these changes will mean for the building services industry.

The report draws on exclusive qualitative data gained from a survey conducted by LMG's research partners, Acumen, who carried out a series of interviews with 45 senior industry leaders across a wide range of market sectors, to discuss their current and future plans around their business real estate.

The insights gathered from these individuals allows us to segment respondents into three distinct groups, each with their own attitude towards making changes to their corporate real estate. These attitudes – **'not now'**, **'soon'** and **'no need'** – are all representative of the different stages we find businesses at in terms of willingness and capability to transform their built environments.

Each led by different convictions, concerns and standpoints, all three present a very real opportunity for the industry to provide guidance and counsel on the best **Way Forward** into the future of the workplace.

Methodology

Acumen carried out telephone interviews with senior decision makers from 45 different organisations across a number of business sectors, including Architecture, Finance, Professional Services and Manufacturing.

Interviews were conducted over the phone, with interviewers using a conversational, qualitative approach to ensure they gained maximum levels of information and engagement.

Each respondent was asked 15 key questions as part of these in-depth conversations, which produced not only quantitative data in the form of answers to the questions asked, but also qualitative results in terms of comments and testimony captured as part of the wider discussion held with the interviewees.

All interviews took place between August and October 2020.



Rethinking, not relocating

The challenges of 2020 have moved real estate strategy into the forefront of business discussions, whether or not they were already there even before the COVID-19 pandemic. With workers redistributed, operations either halted or interrupted and revenues under threat, the question of how and where we conduct business is on everybody's lips.

But let's not pretend that this is something that's just occurred to us. The situation this year has sped things up, certainly, and forced conversations to happen more often and more urgently, but the shift to remote and flexible working was already underway months and even years ago.

With employee attitudes and priorities changing, and technologies emerging to both facilitate and accelerate these shifts, it's time to say goodbye to the 'desk farm' offices of the past and embrace new, connected spaces that encourage collaboration, reinforce working culture and inspire creativity. The question is, how prepared are businesses to take up the opportunity that lies in front of them?

'Not now', 'Soon', 'No need'

Our respondents can be grouped into three mindsets – each of which need guidance and support, even if they don't all think they need it!

Not now: The majority of businesses we spoke to are aware of the need to make changes to their real estate strategy and the benefits it would bring. But for reasons ranging from 'we need to see what happened with COVID-19' to 'the board doesn't want to commit to changes this year', this group are cautious, unwilling to take the leap and unconvinced that action is needed.

Soon: For this group, there is more of a willingness to try to make changes, and they are starting, cautiously. They may be planning upgrades or refits in the next 1-2 years, or they may be piloting a small in-house project rather than taking the leap and investing with a partner or collaborator. They are trying their best to get the project through, but factors such as reluctant board members or legislative complications are preventing them from making real progress.

No need: This group has a strong (but often unfounded) belief that they've done all they need to do to transform and they don't need to do anything else. They may have made upgrades within the last 5 years or have reviewed things and decided that no action is required. They may in fact not understand the full scope of what they could achieve and what their built environments could be capable of delivering. It's also worth noting that some companies actually have made incredible transformations to their workspaces and are already reaping the benefits. These are the businesses who truly have '**no need**' to change, and it's these firms that other businesses can learn a lot from.

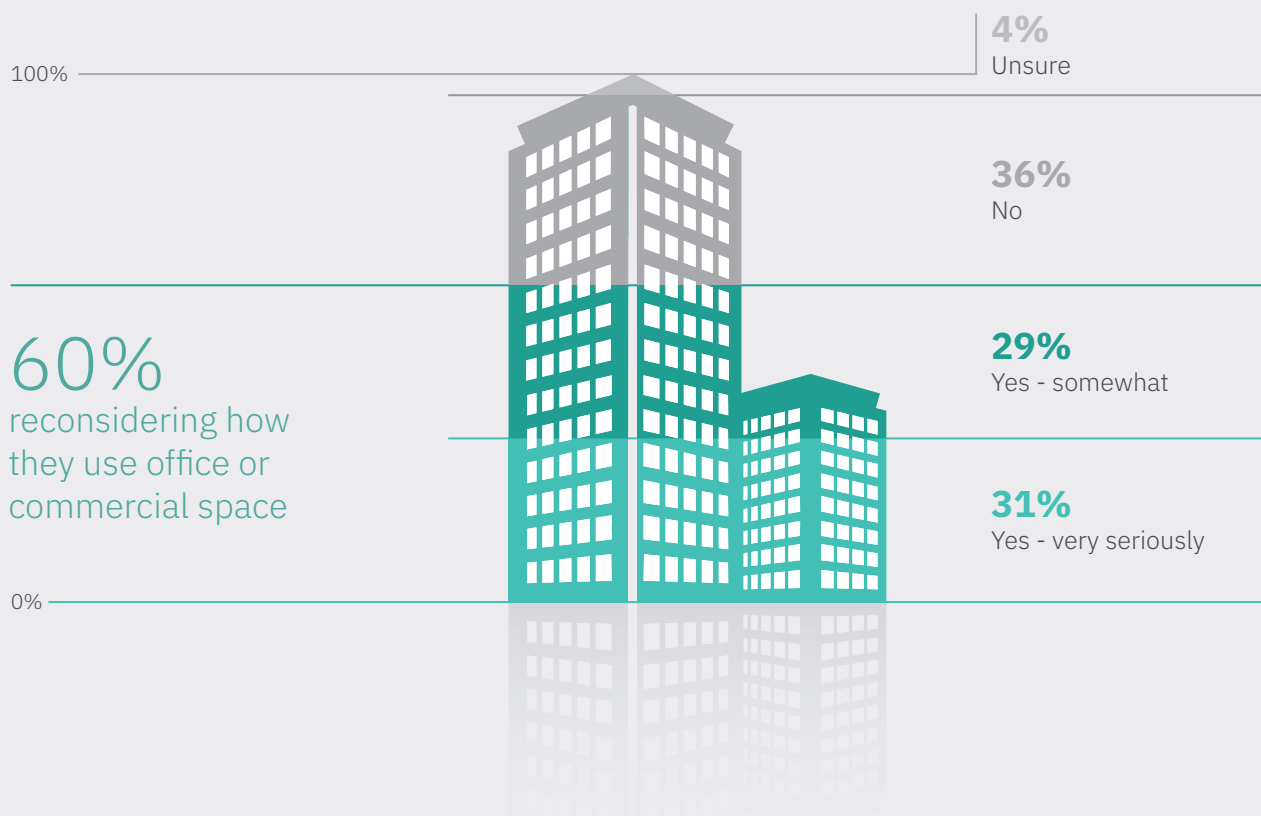
The good news is, that actually **ALL** of these groups can be helped, at a pace which suits them, their business and their approach. Concerns can be assuaged; progress can be accelerated and overconfidence or doubt can be challenged.

It's up to developers, consultants, technology providers and workspace experts to pave a way for each of these groups and show them that with the right attitude, knowledge and partnerships, the future can be bright, flexible and start right now.

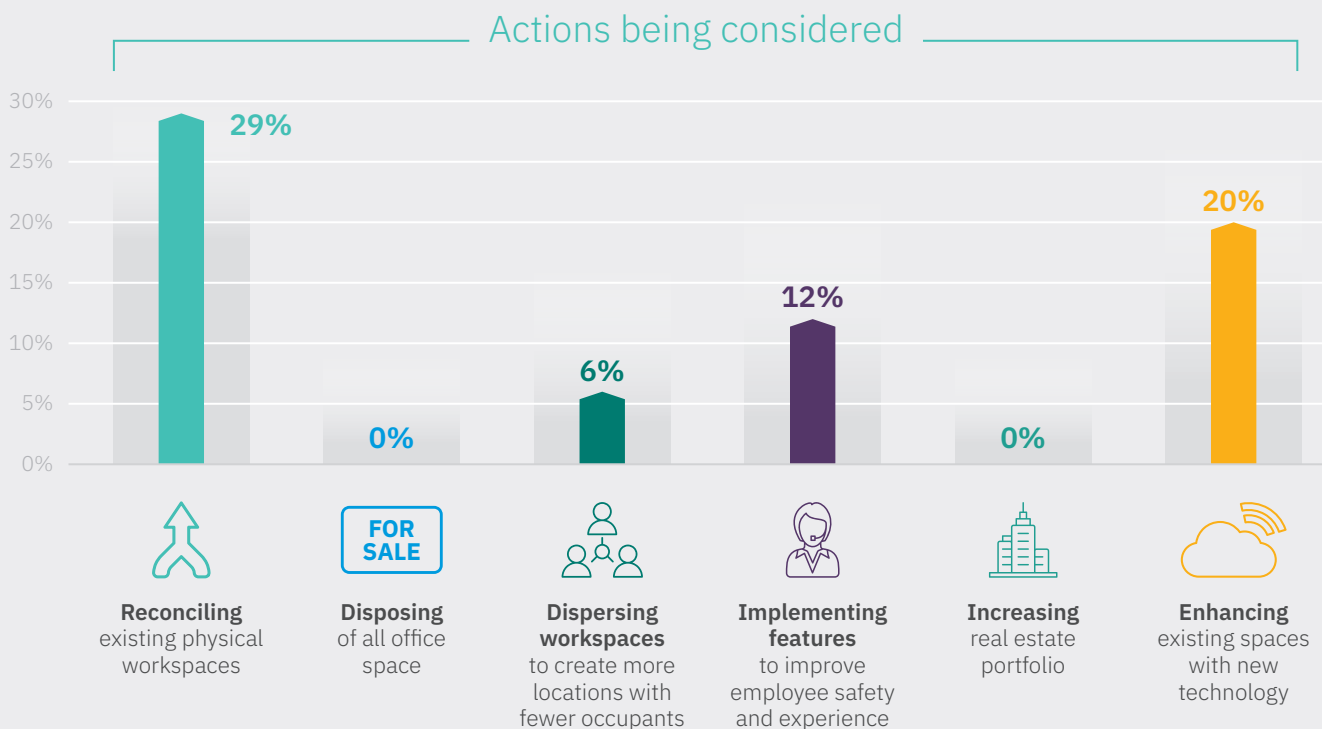
Cautious consideration

So, what are the **'not now'** and **'soon'** groups thinking about and how does this translate into action or inaction? The research paints a picture of an audience who is aware of the need to make changes but for various reasons, is not willing or able to take steps to address this need.

In terms of general attitude towards real estate strategy, almost two thirds (60%) of respondents say they are reconsidering the role that the built environment will play in their business. Over half of this number (31% of respondents) say they are doing so seriously.



Although the research shows that reoccupation of workspaces is on the agenda for many, the data suggests it's more about rethinking than relocating for our respondents. Strikingly, none of the respondents interviewed said they were planning to either buy new real estate or get rid of existing spaces. Instead, those who claimed to be thinking about making real estate changes said these would come in the form of transforming the spaces they already have.



This shift towards thinking not about reducing or scaling up physical workspaces but instead about carefully considering and working to transform the way in which they are used is a common theme throughout the research.

The fact that relocating is not on the agenda shows that for employers, it's more about the buildings themselves and the features and experiences they deliver which is now of most value, rather than if they are located near a city centre, a station or a major road.

However, it's worth considering here that although these factors may not matter as much to business leaders, for employees, being close to home with off road parking or alternatively, to good transport links or city centres may be exactly the kind of incentive they look for. If we are to build

workspaces which encourage employees to visit and occupy them, this must be thought about carefully. With employee satisfaction clearly a key factor, it's vital that businesses understand the full extent of what's possible in terms of enhancing and maximising the role that a building itself can play in improving these experiences.

From security measures and space management, to opening a 'world of invisible buttons' through data-driven, highly personalised features, these buildings of the future can not only keep people safe but also ensure that they have the best possible experiences whilst working on site. This convergence between using operational technology (OT) and IT is an effective way for businesses to create smart or hyperaware buildings without compromising on the safety, security, or satisfaction of their workforce.

Health and wellbeing has moved up the agenda

This issue of employee wellbeing is one which dominates the research findings, an issue which resonates with each of our persona groups. COVID-19 has clearly dominated all business decisions throughout 2020 and is likely to continue to do so for at least the coming year.

Our research shows the real effect the situation is having on business planning. Over half (61%) of interviewees say that COVID-19 and the health and safety of their employees are driving them to reassess the strategic value of the workspace and the role it plays in their business.

Almost three quarters (73%) say that health and wellbeing has moved up their agenda and almost a third (32%) of those interviewed (those who fall into the **'soon'** category) said they hope to increase employee wellbeing and future-proof their workspaces against future health emergencies by making changes to their real estate. In terms of benefits to be gained from real estate changes, 17% of respondents cited increasing the health and wellbeing of their employees.

Focus on flexibility

Gone are the days, it seems, that teams are expected to be in the same place and physically together to be productive and successful. Employers are waking up to the fact that happy employees appreciate flexibility and choice and that the tools and features are now available to facilitate this without any detriment to the business.

With local and national lockdowns restricting movements and dictating working behaviours, it's inevitable that businesses will now pay more attention than ever to developing flexible, distributed working practices which don't rely on mass office occupation levels.

Interestingly, although people are now more focused on the health and wellbeing of their employees, the solutions they are intending to implement seem to be more focused around having less people in the office at any one time, rather than upgrading the office space itself.

Health and wellbeing of employees

Average score out of 10

8 out of
10

Health and wellbeing
has moved up our agenda

5 out of
10

We are actively looking
to implement features
to improve health
and wellbeing

8 out of
10

**We expect less of
our employees to work
in the office** due to health
and wellbeing concerns

7 out of
10

**We have no plans to
upgrade our buildings**
to improve health
and wellbeing

The statement 'we are actively looking to implement features to improve employee health and wellbeing in our workspaces' only scored, on average, 5 out of 10 by respondents. In contrast, the statement 'we expect less employees to work in the office due to health and wellbeing concerns' scored 8 out of 10. The claim 'we have no plans to upgrade our buildings to improve health and wellbeing' scored an average of 7 out of 10.

These findings reinforce the '**not now**' and '**no need**' mindsets uncovered by the research. Even though such a large percentage of interviewees claimed that health and wellbeing has become more of a priority, this reluctance to actually implement features to tackle this issue speaks volumes about how unprepared or unwilling people are to actually take action.

Awareness vs action

So, what is the reason for this disconnect between awareness and action?

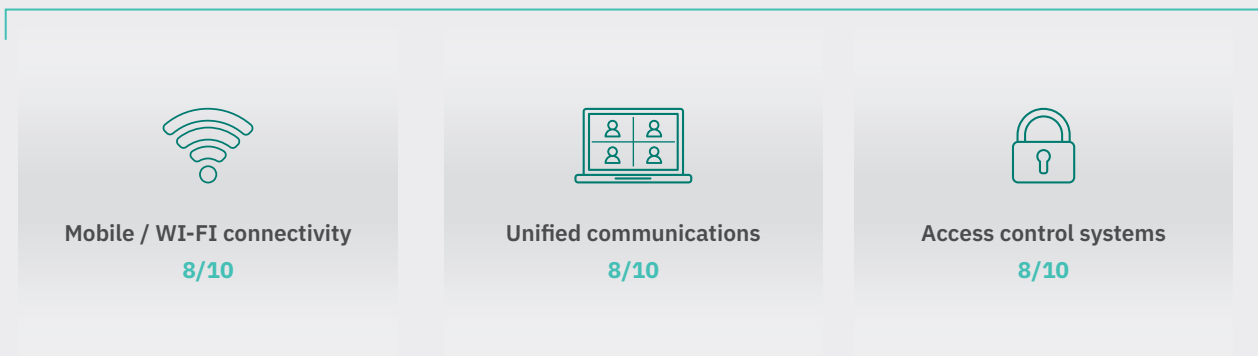
The research shows that businesses know that there are things that can be done to improve the quality of their built environments and changes they can make to improve the health, happiness and experiences of the people they employ. They just aren't making these changes right now, reflecting the '**not now**' and '**soon**' mindsets we've discovered through these interviews. Instead, they are (perhaps understandably) opting for remote and flexible working practices to serve as a practical, if temporary fix, whilst things become clearer and official guidance becomes more concrete.

Later in the report we will address this issue of reluctance or uncertainty around taking definitive action and explore why this may be the case. It's clear we are on the cusp of a major change in the way we use our workspaces and support those occupying them, but there is a layer of reticence and uncertainty which needs to be removed before this change can fully take effect and propel the '**not now**' group into taking positive steps towards transformation.

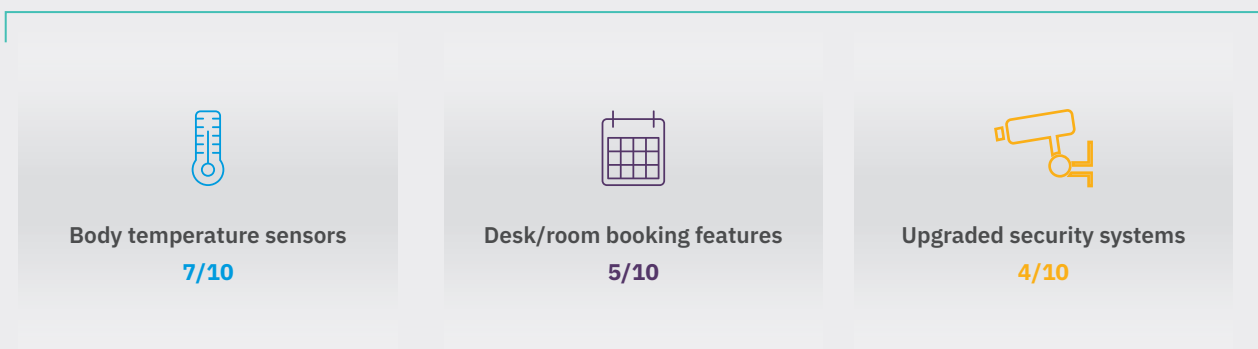
Staying connected

Although businesses may be uneasy or non-committal about investing in health and wellbeing features currently, they do seem to be placing significant value on measures and tools aimed at increasing and improving connectivity and unified communications.

Based on average scores out of 10, the following systems all ranked 8 out of 10:



Although not as highly ranked, the following technologies related to keeping employees and buildings safe and secure, were also listed



In terms of health and safety-related technology, temperature scanning sensors score highly due to an enhanced awareness of their availability and the need for businesses to make their office spaces COVID-secure.

However, as we saw from the statistics around employers expecting less of their employees to work from the office, it seems that businesses are looking not just at solutions which are obviously connected

to health, but those which speak to a wider issue around employee satisfaction and wellbeing.

Perhaps driven by a renewed and accelerated need in 2020 to embrace distributed and flexible working, the research shows that businesses are recognising the potential of technologies to keep their teams connected, online and talking. Features such as videoconferencing are cited by respondents as being a particular priority.

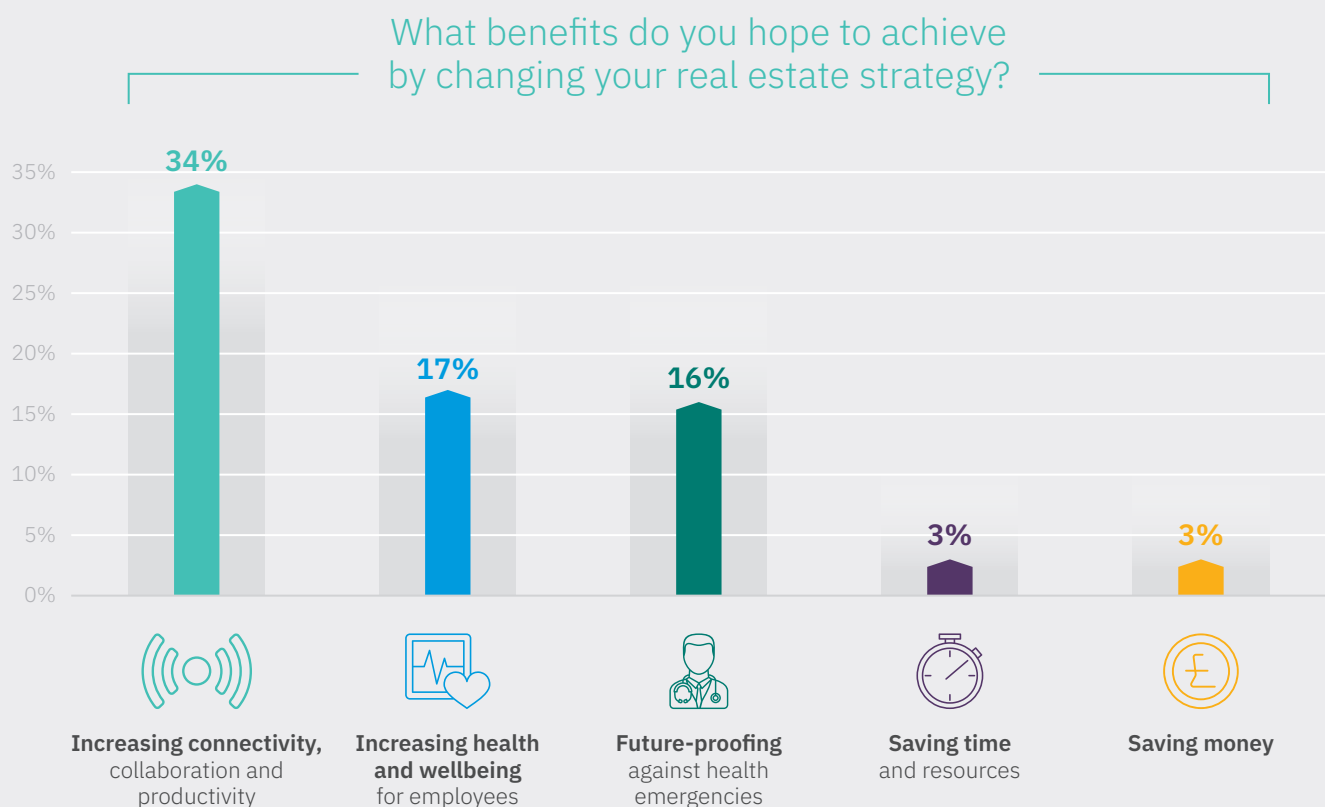
Although only scoring an average of 5/10, many respondents claimed that they are turning to space and occupancy control features such as company apps and desk booking systems. Such tools are excellent sources of quantitative and qualitative data which can be used to inform designers about consumer demand and preference, hence guiding them on what they should and shouldn't include in workspace building designs.

As we navigate the return to workspace and the increasing appetite for flexible working, such measures are becoming crucial for companies to oversee and manage who is where within their buildings.

What's the benefit?

Almost a third (30%) of interviewees said that by making changes to their real estate, they hoped to achieve a combination of benefits around improving connectivity, facilitating collaboration and flexible working and increasing productivity.

These considerations outweighed other, perhaps more 'fundamental' benefits such as saving money (3%) or reducing time and resources spent on facilities management (3%). 16% said they hoped to future-proof their business against further health emergencies or pandemics, and 17% said they wanted to facilitate increased health and wellbeing for their employees.



In the light of this year's events, it's not a great surprise that health and wellbeing is continuing to rise up people's priority lists, nor is it a real shock that many companies are not yet ready to commit to completely overhauling their building infrastructures to accommodate this.

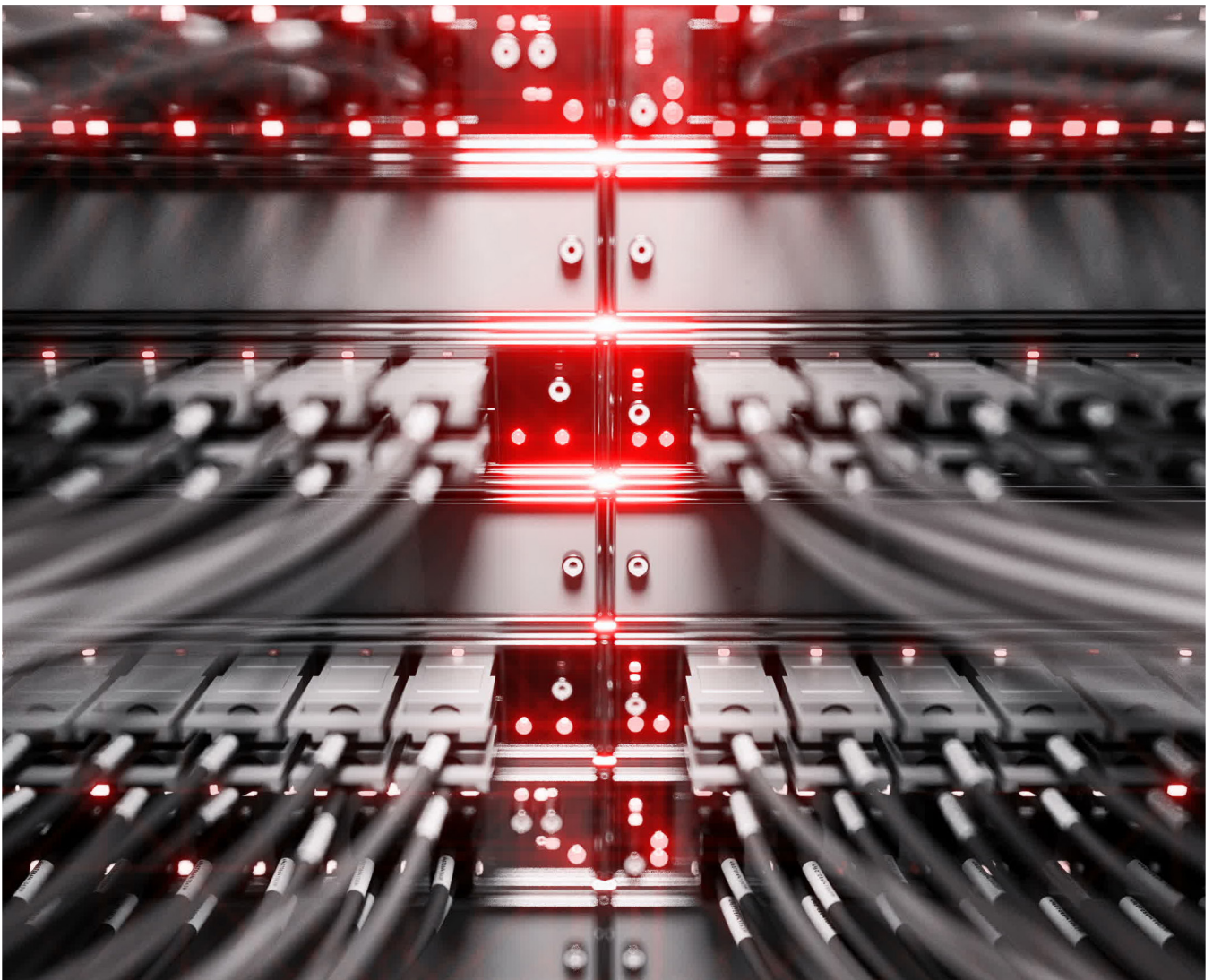
As long as remote and flexible working solutions remain a viable option for firms, it seems there is reluctance to opt for transformative technologies within the workplace, especially whilst official guidance still dictates that employees should work from home if they can.

What is clearly missing from people's understanding is that joined up, smart solutions

which encompass everything from facilitating remote working to managing and maximising office space are already available. The **'no need'** group of respondents clearly believe that action isn't needed to improve these areas of their business, whilst the **'not now'** and **'soon'** groups are unconvinced that they are ready to take the leap.

However, the opportunity is there for the taking.

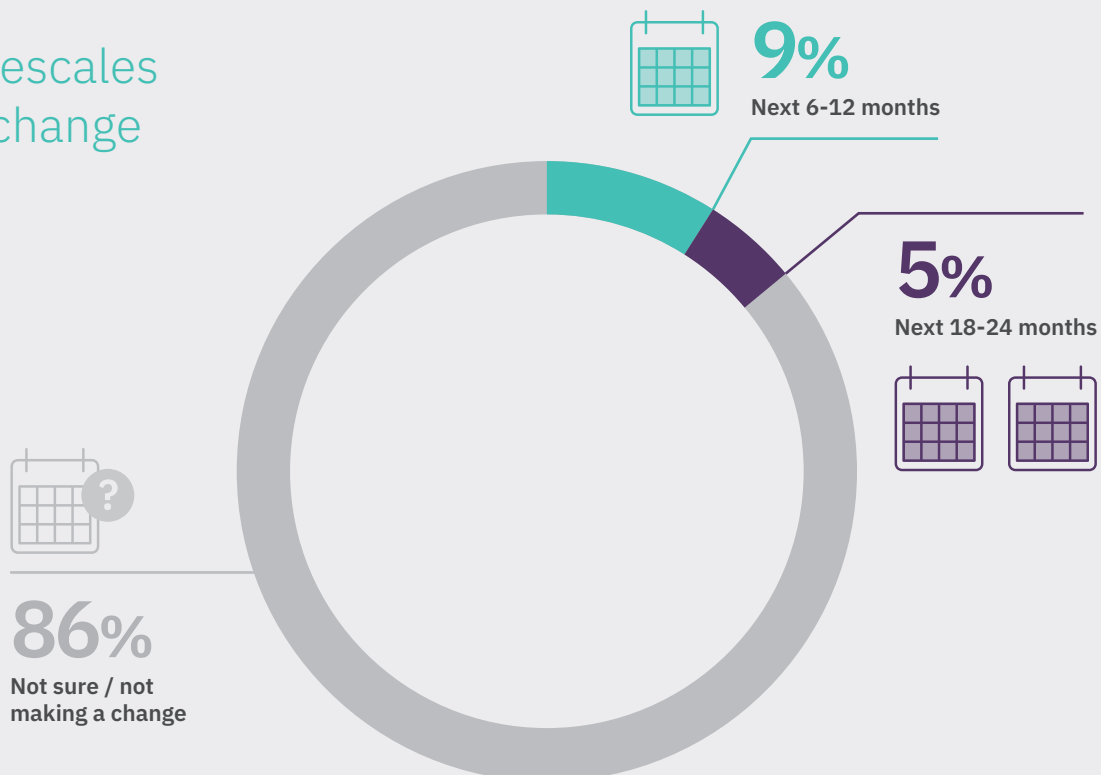
From upgrading the technology to connect people from wherever they choose to work to providing exciting collaboration spaces on site, these smart solutions are achievable now, through a converged approach to building infrastructure, bringing operations and technology together.



Overcoming uncertainty

THIS IS A CRUCIAL TIME FOR BUSINESSES – the challenges and changes that have been sped up by the extraordinary events of 2020 have shone a spotlight on the possibilities and decisions that lie ahead. The **‘soon’** group are willing to take the leap, willing to grasp the opportunity which has quite suddenly appeared before them, but aren’t quite ready to commit to immediate action. 9% of respondents said they were planning to make changes within the next 6-12 months, and a further 5% will do so in the next 18-24 months.

Timescales for change



But the large majority of the businesses we spoke to (the **‘not now’** group) are erring on the side of caution, waiting for further guidance, a clearer path and to see what is around the corner. For these individuals and companies, the risk of implementing change now, in a period of deep uncertainty, is too much. It seems that for many, the only thing they can be sure of right now is that they are not sure of what they should do. There is

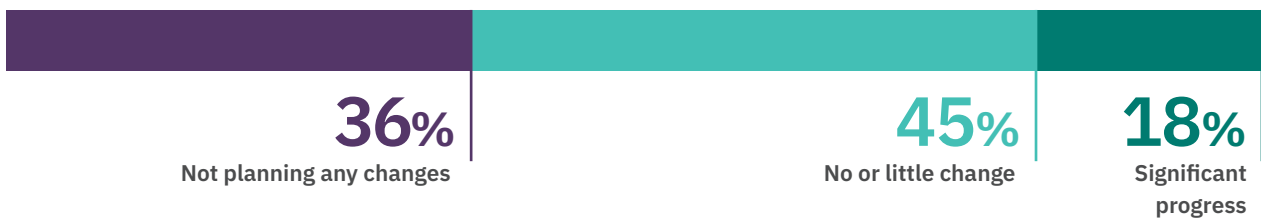
a strong sense of ‘wait and see’ which dominates throughout our respondents’ comments. It is striking that not more companies and individuals have seen this pandemic as a chance to create real and lasting change to their real estate strategy. In many ways it’s a missed opportunity, so it’s vital we look carefully at why people have this mindset and what we can do to help them change it.

For the **‘not now’** and **‘soon’** groups, the issue is not whether to make the change, but how to get started. Awareness is high in terms of the impact that real estate strategy can play and the benefits that can be gained from maximising, enhancing and transforming workspaces.

But proactivity is low - the majority of respondents say they are either still considering whether to change their real estate strategy or are not in a position to do so at the moment.

Of those who are committed to making a change, most are at the very beginning of the process, with 45% of businesses having made little or no progress in their transformation journey. A further third (36%) fall into the **‘no need’** category, having completed all the changes they think are necessary and planning no more for the foreseeable future.

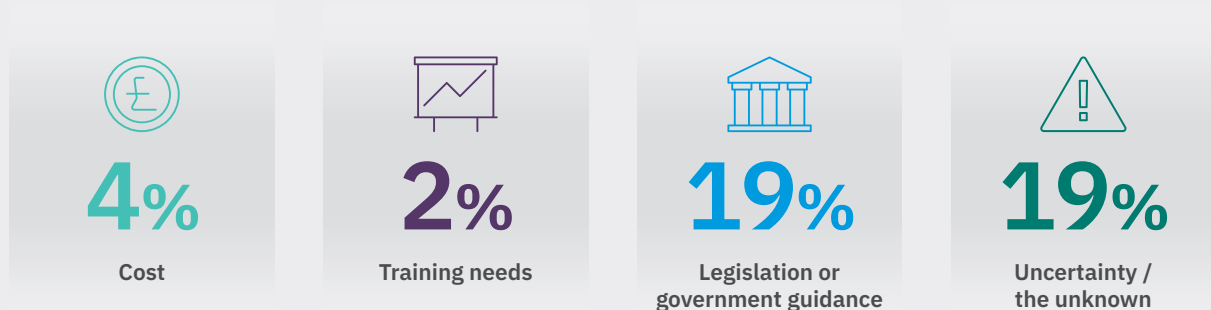
Progress level - companies making changes



In the way of progress

For those falling into the **‘not now’** and **‘soon’** categories – those not yet making changes to their real estate strategy – what is stopping them from making a start? Understanding the concerns, fears and blockages behind any lack in progress is crucial for developers and professionals looking to assist businesses find a way forward.

Barriers

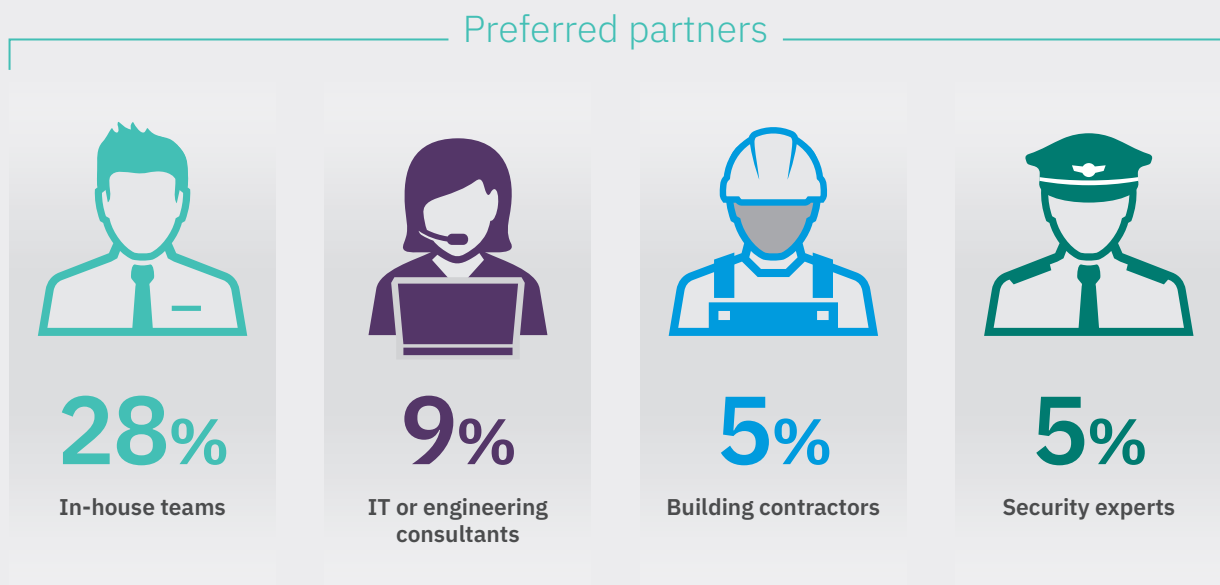


For almost a fifth (19%) of respondents, government or legislative issues are the cause of their hesitation, and a further 19% said uncertainty and the unknown was causing their business to wait before making any related decisions. Only 4% said cost was a prohibiting factor in moving ahead with such plans.

Once any barriers or concerns have subsided enough for businesses to start making changes to their workspaces, it's interesting to see how they plan on going about this work.

Getting help

Interestingly, over a quarter (28%) plan to execute any changes using in-house teams rather than external support. 9% would partner with specialist IT or engineering consultants, 5% would use building contractors and 5% would use security experts.



It's perhaps to be expected that in these uncertain times, relying on internal expertise is seen as the best route forward.

However, with cost not being seen as a barrier, it is slightly surprising that businesses are not willing to make the investment in expert

advice and skills to ensure that any changes are made effectively and smoothly. There is clearly an opportunity for consultants and architects to convince businesses of the benefits of partnering with experts when addressing any form of building transformation or enhancement.

The Way Forward: 5 steps to creating workspaces fit for the future

Based on our many years of experience in creating smart, connected buildings for and with our customers, plus the insights we've gained from the respondents interviewed during this research project, the advice below sets out our suggested path to creating the ultimate smart workspace.

1 Harness data and transformation will follow



Smart buildings cannot deliver transformational experiences on their own. The pivotal ingredient, which organisations are only just beginning to understand and appreciate, is meaningful data. For example, having access control or room booking systems is useful as a feature, but the real value comes from the data they produce, allowing businesses to analyse spikes, spot trends and make arrangements accordingly.

Perhaps the most crucial of all the technologies which enable smart buildings is connectivity. While we take wired connections, WIFI and mobile services, for granted in buildings today – we cannot lose sight of the vital role it plays as the workspaces we build continue to evolve.

Creating this reliable, robust backbone of connectivity – of every type – is critical if we are to be successful in using technology to establish compelling new standards for workspaces and engender new working cultures within organisations. From changing the design of space to encourage more people to come into the office, to using employee apps to monitor demand and carry out qualitative surveys to establish how, when and why individuals and teams are using each space, smart buildings will be hugely beneficial in how businesses can shape their real estate strategy for the best.

2 Build smart foundations



Instead of going straight to talking about the technology, it's vital to first tackle the issue of networks and integration.

If you don't get the platform right, nothing can be joined up and you won't be able to manage and act on data in order to realise the building's full potential. Without the right platform, you risk creating confusion, inconsistency and ultimately, a loss of efficiency and productivity.

This is where unified building networks are so valuable. By putting the focus on the network, you can create a much more fluid, adaptable approach which prioritises interoperability and multiple connected systems, rather than a particular technology.

3 Converge, don't silo



Currently, the vast majority of buildings – even where common network infrastructures have been installed – have their physical security, AV and other building systems managed in various disconnected siloes. Installation and management are handled by separate specialist contractors. This model only serves to add unnecessary complexity to the digitisation of buildings, holding back the potential to truly transform workspaces through technology, boost occupant satisfaction and extract, gather and act upon crucial insights.

Rather than the scattered, inefficient deployment models that are typical, we need to embrace converged 'all-in-one' deployments of network, devices and service management for buildings. This approach means that all of a building's digital systems – from communications and security to AV, OT systems and digital signage – can be deployed and managed by one central supplier or master systems integrator. This is a crucial step to simplify processes, reduce complexity, ensure interoperability and increase speed of issue resolution – to make the full potential of smart building networks a reality.

4

Get personal



Integrated smart building networks provide a backbone of connectivity that enables the collection of data from multiple sources and subsequently its aggregation into one stream of insight. Once this information has been collected and analysed, there is a world of personalised, ‘invisible buttons’ that opens up for businesses and their employees, maximising the user experience for all.

Using individual employee credentials and their location, real-time events in the local environment can automatically happen around them, all tailored to their own preferences and needs. The result is a personalised, digital environment where real-time user data is converted into bespoke experiences, improving the safety, security and wellbeing of each employee.

5

Collaborate to succeed



Each of the groups categorised within these report findings have some convincing before they are ready to take action to transform their built environments.

For the **‘not now’** category, they need reassurance that there are enough benefits available to justify taking those first steps.

For the **‘soon’** group, they need consistent and robust advice to allow them to accelerate their progress and take action now rather than later.

Those with the **‘no need’** mindset need to be shown that whilst what they’ve already done is admirable, it can still be expanded and improved upon to further enhance their levels of success and the experience of their employees.

What all of these groups have in common is a need for a trustworthy, knowledgeable partner to help them understand the capabilities and potential of their corporate real estate, holding their hand through the difficult decisions and guide them towards tangible and long-lasting benefits that can be achieved by taking transformational action.

The Way Forward

What the research shows us is that the only certainty for businesses at the moment is uncertainty – it's a fear or at least distrust of the unknown which is making them wait and see before making any real estate changes. The job now for property developers and industry professionals is to provide that reassurance and certainty. By building smart, connected and multi-use infrastructures, buildings can become flexible, intelligent spaces which can adapt and evolve to whatever situation or necessity arises.

Nothing is set in stone for the future, but one thing is for sure: we have the technology, the expertise and, most importantly, the opportunity, to transform the workspace completely. And now is the time, despite and even because of the challenges we face, to take this opportunity with both hands and find a Way Forward which suits every business and every mindset.



For more information about **The Way Forward** research or to chat through your own corporate real estate requirements and ambitions, contact LMG on **08443260076** or **think@lmg iq.com**



To find out whether you belong to the '**not now**', '**soon**' or '**no need**' camps, take our online progress test here:

www.lmg iq.com/the-way-forward/self-assessment

and enter your details to access your own bespoke advice sheet.