Reimagining Work in the Era of COVID-19
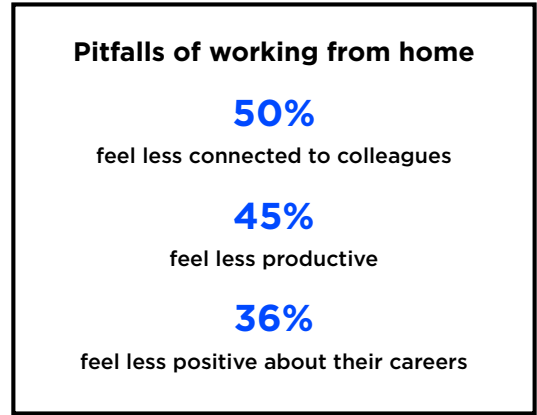
[HPS] | *Replica*

Hamilton Place Strategies
in partnership with Replica

Introduction

COVID-19 has forced us to think about how we work and what we value in a workplace. Because of the need for social distancing, businesses in every sector — manufacturing, retail, food and entertainment, and professional services — have had to reconsider their physical workplaces. Prior to the pandemic, just 3.4% of Americans worked from home. At the peak of the shutdown, an Upwork report in partnership with MIT found that nearly half of the workforce was working remotely. The question in every sector is whether there has been a permanent change in the way businesses, workers, and customers think of the workplace.

The office will continue to be important for many companies and workers, and the benefits of an office environment — such as training, mentorship, and collaboration — remain as essential as ever. We have already begun to see limitations of remote work for some, with reports of more hours worked, burnout, and potential long-run losses in productivity. Drawing lines between "life" and "work" was challenging before "work from home." With a viable vaccine still likely months away, the question is: **How can we realize the upsides of an office environment while keeping employees safe and healthy?** One of the most important lessons learned is that both companies and workers desire flexibility, and the office space will need to adapt.

New York was hardest hit by the pandemic, but it will also serve as an important model for America's reopening. In particular, New York City is home to 4.7 million employees, many of them at the 73 Fortune 500 companies headquartered here. For those employees who are used to regularly going into an office every day, the challenges of staying safe while navigating commutes and dense office spaces are significant, but they are surmountable.

Pitfalls of working from home

50%
feel less connected to colleagues

45%
feel less productive

36%
feel less positive about their careers

Source: Eagle Hill Consulting

It is important to note that those who have been able to work remotely are not representative of all New Yorkers, and not all New Yorkers who are working remote are able to do so effectively or comfortably.

This paper:

1. Explores the value of an office environment and the desire of employees and employers to go back

2. Lays out a framework to empower employers to implement flexible new options that maximize safety and collaboration

3. Demonstrates how flexible workspaces, such as WeWork, are uniquely positioned to enable employees to get back to work safely

> "As New York City embarks on its reopening today, these figures and others indicate that **what's good for getting New York healthy and bustling again is to the benefit of the rest of the country as well.**"
> **Brian Chappatta and Elaine He**
> Columnists, Bloomberg Opinion

Should we return to the workplace?

The pandemic has caused some to declare the end of the office as we know it. Although remote work will likely become more common, it is premature to count out the office space.

Individuals and companies alike recognize remote work is complementary to, rather than a replacement for, in-person collaboration. Gensler's U.S. Work from Home Survey 2020 found that only 12% of U.S. workers want to work from home full-time, and most want to spend the majority of the workweek at the office while having the ability to work from home when they want.

Why? Face-to-face communication is particularly important for complex or creative problem-solving, as noted by business writer Jerry Useem for The Atlantic. In fact, an April 2020 McKinsey report found co-located teams have an easier time building trust and making decisions quickly. This is likely because people prefer to communicate complex information face-to-face, as found by a Brookings Institution report. Even Stanford economist and remote work advocate Nicholas Bloom says face-to-face meetings and in-person collaboration are vital for keeping staff motivated and for generating new ideas. What's more, we are social creatures; social relationships and interpersonal contact tangibly benefit mental and physical health.

> "I fear this collapse in office face time will lead to a **slump in innovation.** The new ideas we are losing today could show up as fewer new products in 2021 and beyond, lowering long-run growth."
>
> **Nicholas Bloom**
> Professor of Economics, Stanford University

These studies echo what many CEOs and business leaders — from Google's Sundar Pichai to Accenture's Julie Sweet — are saying about the office: face-to-face interaction matters for innovation, relationships, culture, and more.

70%

want to work in the office
the majority of the week

Top reasons employees miss the office:

1. Scheduled meetings with colleagues
2. Socializing with colleagues
3. Impromptu face-to-face time
4. To be part of the community
5. Access to technology

Source: Gensler

Leading executives on bringing employees back to the office — and the benefits of in-person work

"Our campuses are designed to enable collaboration and community — in fact, some of our greatest innovations were the result of chance encounters in the office — and it's clear this is something many of us don't want to lose."
Sundar Pichai
CEO, Google & Alphabet

"While it was an incredible insight that you can innovate remotely, it is not a long-term answer. Personal engagement remains essential for long-term success."
Julie Sweet
CEO, Accenture

On the shortcomings of virtual meetings: "What I miss is when you walk into a physical meeting, you are talking to the person that is next to you, you're able to connect with them for the two minutes before and after."
Satya Nadella
CEO, Microsoft

"I worry that [our culture] decays over time … We are anxious to get some of our people starting to come back into offices and starting to reinvest in the culture and that people-development aspect."
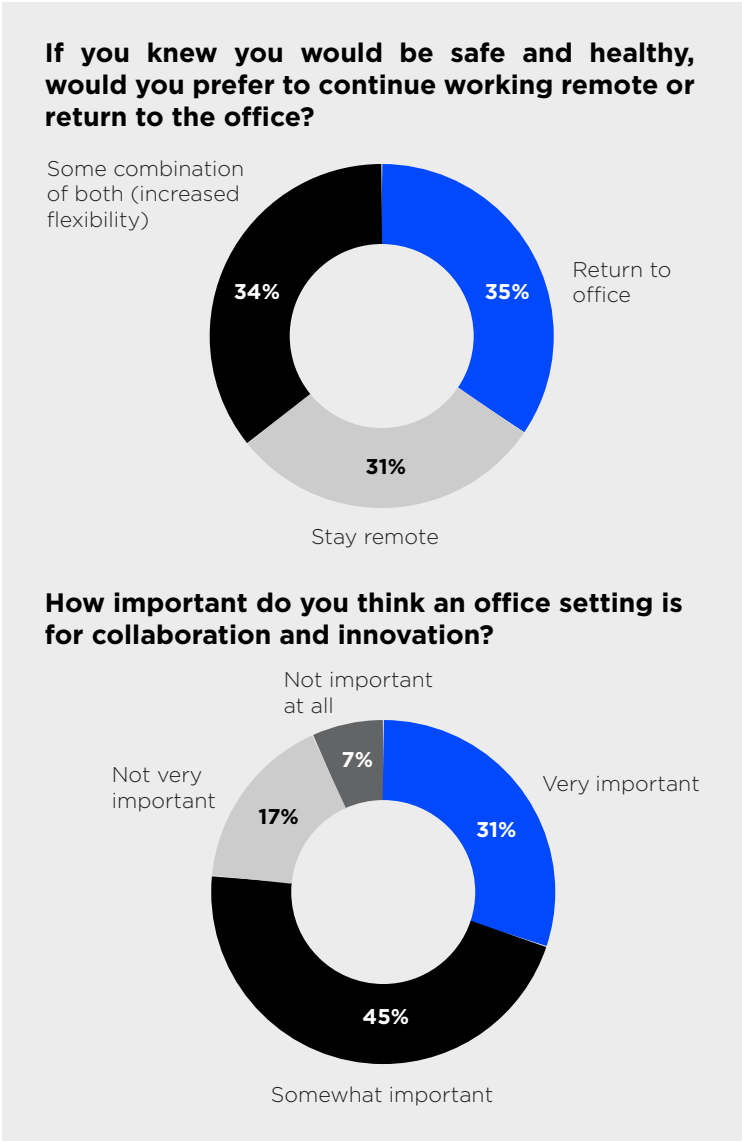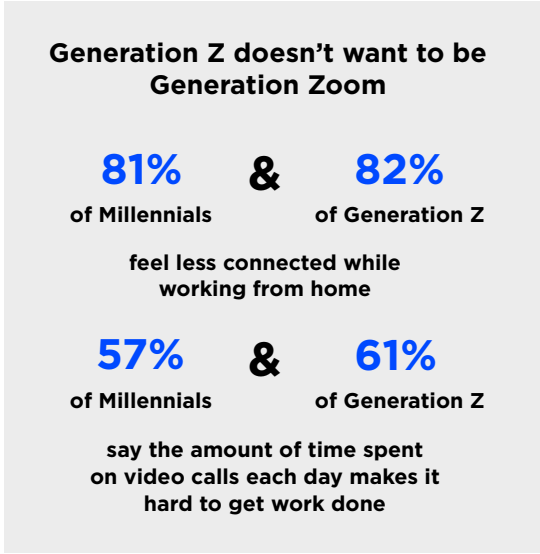**John Waldron**
President & COO, Goldman Sachs

Most importantly, employees want to get back into the office. In a May 2020 CivicScience poll of the New York City metro area, the number of respondents saying that (barring safety concerns) they would prefer to work in the office at least part of the time was more than double the number who said they would prefer to stay fully remote.

Additionally, **76% of respondents said they felt an office setting was "very important" or "somewhat important" for collaboration and innovation**, and roughly one-third of respondents said they felt America's long-term innovation and ingenuity would eventually suffer if many companies continue to work remotely.

The training and mentorship of an office environment may be most important for those just beginning their careers. Large percentages of Millennial and Gen Z workers report feeling less connected to coworkers or are having difficulty communicating as a result of remote work, according to a survey by Smartsheet. Ensuring that everyone has a seat at the table can be difficult over video conferencing, and "Zoom Fatigue" is real. Senior leadership teams also benefit from face-to-face interaction; Satya Nadella, CEO of Microsoft, and Paco Ybarra, CEO of Citi's Institutional Clients Group, have both expressed concerns that remote work makes it difficult to renew and build bonds, even among senior leaders.

If you knew you would be safe and healthy, would you prefer to continue working remote or return to the office?

Some combination of both (increased flexibility)

34%

35% Return to office

31%

Stay remote

How important do you think an office setting is for collaboration and innovation?

Not important at all

Not very important

7%

17%

Very important

31%

45%

Somewhat important

Source: CivicScience
Due to rounding, percentages may not sum to exactly 100%.

Generation Z doesn't want to be Generation Zoom

81% & **82%**
of Millennials   of Generation Z

feel less connected while working from home

57% & **61%**
of Millennials   of Generation Z

say the amount of time spent on video calls each day makes it hard to get work done

Source: Smartsheet / Engine Insights

A flexibility framework for returning safely to the office

The challenge of bringing tens, hundreds, or thousands of employees back into the office is daunting. As employers begin seriously planning to bring employees back in a way that effectively balances productivity, collaboration, and safety, there are three dimensions to consider: space, geography, and time.

Space

Employees will need to feel safe when they are in the office. This means creating space to spread out and ensuring clean and sanitary work conditions.

> In Qualtrics' Return to Work / Back to Business Study, **61%** of American workers said they want to be sure they can maintain social distance at work, and **74%** said they want their work facility to be thoroughly and regularly cleaned and disinfected.

This means "de-densified" office space with "professional distancing" that are in line with guidelines from the Centers for Disease Control and Prevention (CDC) and local authorities. This includes considering the appropriate square footage per employee and adjusting desks to ensure a safe distance between each employee.

In addition to the individual workspace, de-densifying will require a reimagination of common areas and how people interact and move around the office — for example, improved ventilation, larger conference rooms, new kitchen protocol, one-way pathways, and reduced capacity in elevators.

Meanwhile, enhanced cleaning protocols and the ubiquitous availability of hand sanitizer and disinfecting supplies will be essential.

Employees said to return to work, they want the option to:

64%
Wear a mask

49%
Limit the number of people they are exposed to in workplace meetings

Workers want employers to:

56%
Provide personal protective equipment

50%
Provide assurances about cleanliness and disinfecting procedures

Source: Qualtrics, PwC

Geography

Employees will also need to feel comfortable going to and from the office. In the context of the pandemic, this means a commute that people will be comfortable with.

In the CivicScience poll of the New York City metro area, 70% of respondents said they preferred an office space within walking distance of their home, and more than half — 55% — of respondents said they would feel "somewhat" or "very" uncomfortable commuting into the office before there is a vaccine for COVID-19.

These preferences are reflected in the steep decline in transit ridership from pre-COVID levels, and the anticipated slow return to these modes of travel, according to commute data from Replica, an urban planning tool that helps cities answer key transportation questions.


To reduce commutes for employees, company footprints will need to be dispersed, spreading office locations across cities to meet people closer to home. Some call this the hub-and-spoke model, where companies and organizations have a centralized "hub" office with dispersed "spoke" offices across the city. Employers identify neighborhoods where portions of employees live and offer office spaces in each of those neighborhoods.

Meeting employees where they are will be key to making them feel comfortable returning to an office.

**Now, understanding COVID-19 is a reality, how comfortable are you commuting into the office before there is a vaccine?**

Very comfortable	17%
Somewhat comfortable	19%
Neutral	10%
Somewhat uncomfortable	24%
Very uncomfortable	31%
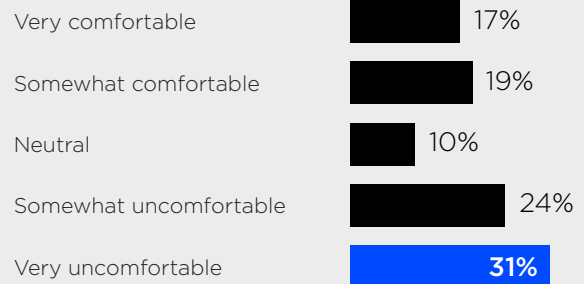
If you knew the space would be safe, would you prefer that your office space be within walking distance of your home?

Yes	70%
No	11%
No preference	20%
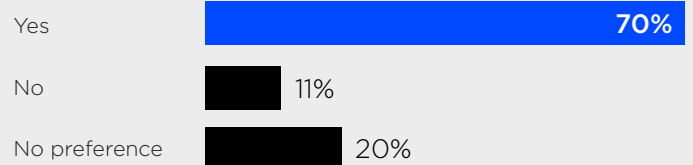
Source: CivicScience
Due to rounding, percentages may not sum to exactly 100%.

Change in transit ridership
Millions of riders

	Pre-COVID	Current	Post-COVID*
Subway	5.5	0.7	2.0
Bus	2.0	0.6	1.1
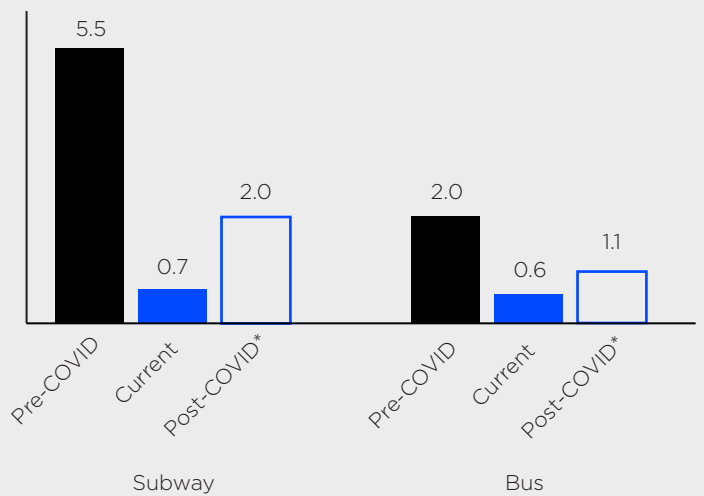
*Projected

Source: Replica

Time

Employees will want and need more flexible work schedules. In the short term, employers will likely need to implement staggered or phased approaches to returning to work, with groups of fewer employees going into the office at any given time. In the long term, working in the office and working from home will no longer be a binary choice, with some companies providing employees with the opportunity to do both.

With de-densified offices and a dispersed footprint, employers will need to determine the "critical mass" of employees needed for each office location to reap the benefits of collaboration and in-person interactions. Once these staggered or phased schedules are put in place, employees can come into the office ready to tackle the challenges most requiring increased collaboration.

Even in a post-COVID world, there could be lasting value in maximizing employees' time in the office, while giving them the benefit of a more flexible schedule. In Prudential's Pulse of the American Workforce Study conducted in June 2019, respondents were asked what factors, aside from compensation, would encourage American workers to stay at their current employer: **48% said they would want a flexible work schedule.**

Flexible schedules for employers and employees will increase intentionality and maximize opportunities in the coming months and in a post-COVID world.

Flexible workspaces can get New York back to work

Flexible workspaces are uniquely positioned to help get people back to work safely and quickly, both in New York and across the country. Yet not all employers have the resources, financial or otherwise, to quickly implement a flexible workspace model that stretches across the city. Companies like WeWork, IWG, and Industrious are built on providing employers this flexibility and have already thought through these questions on space, geography, and time for their clients.

With WeWork and New York City as a model, below is how flexible workspaces can support a safe transition back to an office environment.
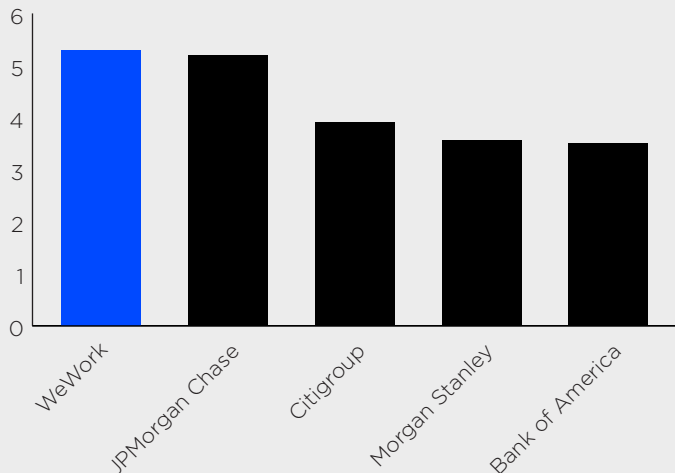
Space

As the city's largest tenant of office space, WeWork offers the room for employers to expand their operations to accommodate appropriate distancing practices. In Manhattan alone, WeWork holds nearly 9 million square feet across more than 60 locations.

The flexible workspace model allows for rapid reconfiguration, and WeWork has done the hard work of creating safe, distanced offices. The ability to make these changes at scale has put large providers of flexible office space in a unique position to help companies configure workplace arrangements that accommodate professional distancing in the age of COVID-19.

Across all spaces, WeWork has heightened cleaning and hygiene standards to align with guidance provided by the CDC and local health organizations to keep employees safe. These efforts include:

- **Increased frequency and scope of daytime cleaning and sanitization**

- **Expanded availability of hand sanitizer, sanitizing wipes, alcohol sprays, and gels throughout the building**

- **Provision of masks, gloves, and other protective equipment to Community teams and members**

- **Modified spaces throughout buildings to accommodate distancing**

- **Installation of touch-free soap dispensers in all restrooms and pantries**

- **Reduced touchpoints in pantries and expanded offerings of single-use cutlery, dairy products, and condiments**

Not only can employees feel confident that their office space is safe, employers can save money. A company of four can save $24,000 on average annually when renting from WeWork compared to traditional commercial real estate. These cost-savings become especially important as companies of all sizes face uncertain economic conditions. As time goes on and distancing restrictions ease, companies can scale into additional office space as needed to allow for more employees to return to the office at one time.

Leading private office tenants in New York City
Millions of square feet occupied

Source: Statista, data from August 2018

Geography

Through the existing network of flexible workspaces throughout New York City, WeWork and other providers like it can help companies offer their employees places to convene and work that are closer to home, even within walking distance or a quick bike ride away.

In an original analysis by Replica, movement patterns of New York City residents revealed that when looking at WeWork locations across the city:

> Around **one-third** of New York City-based office workers — approximately **303,000** people — could be a 15-minute walk from their nearest WeWork.
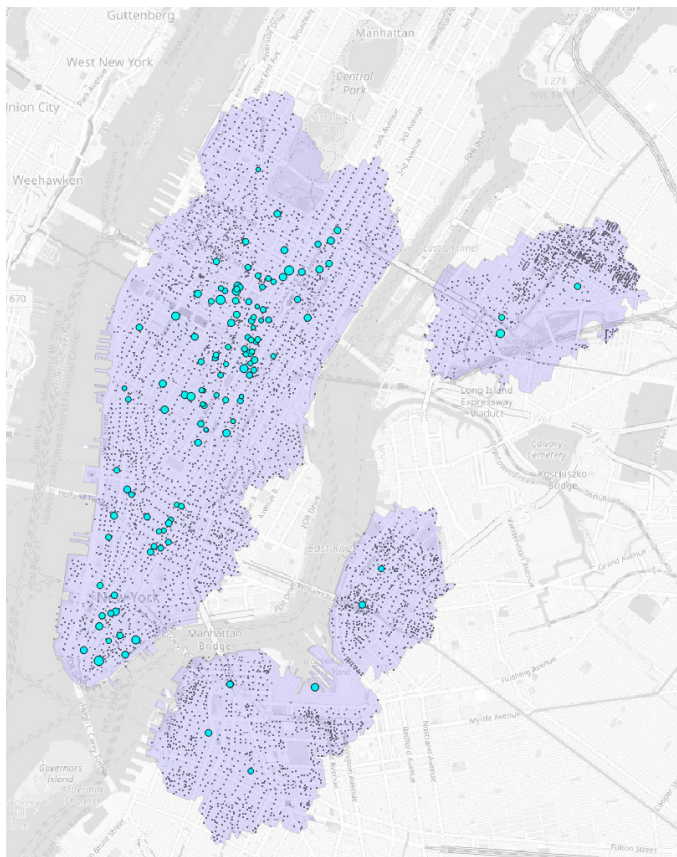
To identify office workers, Replica looked at workers in the following industries:

- Information
- Finance and Insurance
- Real Estate Rental and Leasing
- Professional, Scientific, and Technical Services
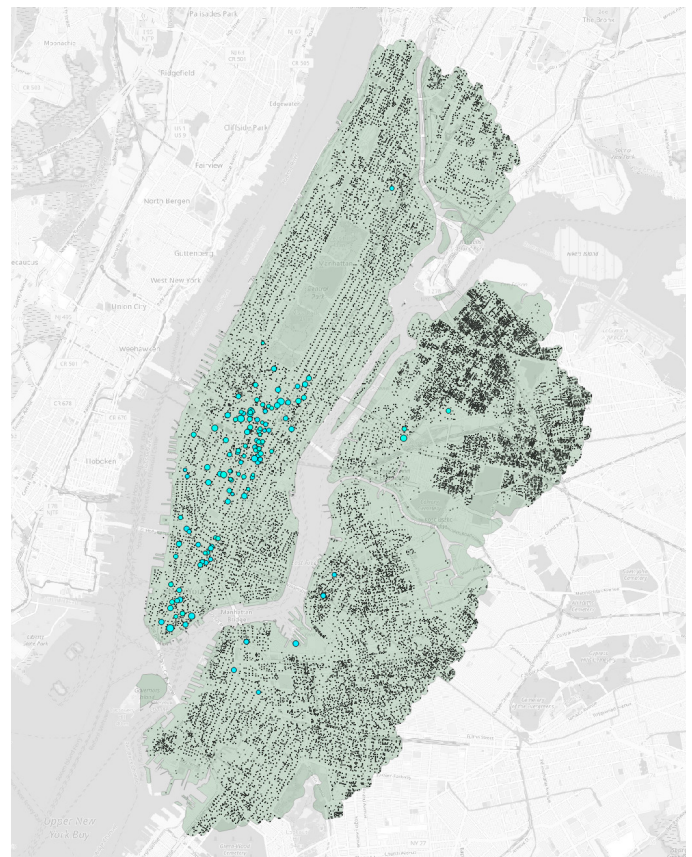- Management of Companies and Enterprises

Factoring in biking expands this footprint further. Replica found that:

> More than **58%** of New York City-based office workers, approximately **565,500** people, live within a 15-minute bike ride or walk of a WeWork.

Given the proximity to transit hubs, this could also be a boon to commuters, allowing 55,763 office workers from outside the city to commute to their "office" via only a 30-minute direct commuter train and a 15-minute walk or less, or 92,344 office workers via a 90-minute direct commuter train and a 15-minute walk or less.

New York City residences within 15 minutes of a WeWork

Teal dots represent WeWork locations

15-minute walk

15-minute bike

WeWork 15-minute accessibility by borough

Location	Total number of office workers	Percent of office workers within 15-minute walk	Percent of office workers within 15-minute bike ride
Brooklyn	263,802	16.5%	49.9%
Manhattan	394,879	63.2%	96.1%
Queens	192,959	4.8%	24.5%
NYC Total	**960,494**	**31.5%**	**58.8%**

Looking at the boroughs individually, Replica's analysis found that the impact is felt most heavily in Manhattan, where a staggering **379,865** individuals, making up **96%** of local office workers, live within a 15-minute walk or bike ride of a WeWork. But, WeWork's geographical footprint is not restricted to one borough. Hub-and-spoke strategies using WeWork locations could drastically cut down commutes for hundreds of thousands of Brooklyn and Queens residents: **Half of all Brooklyn office workers, or 131,844 individuals, and a quarter of such workers in Queens, or 47,360 individuals, live within a 15-minute bike ride or walk of a WeWork.**

Given high commuting levels from these two boroughs into Manhattan, the ability to walk or bike to a local satellite office could sharply reduce commute times for many employees and help them feel safe as their companies return to the office. For office workers across all five boroughs, the median commute is nearly **7** miles. Meanwhile, office workers within a 15-minute walk to the nearest WeWork location could cut their commute down to **1** mile. This would mean an **85%** reduction in miles commuted for those workers.

A dispersed footprint would also have important external benefits. Replica's analysis showed that if the above workers used a 15-minute walk or bike ride to travel to their nearest WeWork, rather than commuting to their standard place of work, New York would see approximately 45,000 fewer car trips and 225,000 fewer vehicle-miles-traveled (VMT) daily — over 1 million VMT per week. The change is significant for not only decreasing often-congested traffic but for improving air quality and reducing greenhouse gas emissions:

> A reduction in **225,000** VMT per day is approximately equivalent to cutting CO_2 emissions by **448** metric tons or planting nearly **7,500** urban trees each week.

Moreover, a hub-and-spoke approach can have secondary benefits for other industries — helping neighborhood businesses recover by allowing employees to work, shop, and eat closer to home.

Time

Flexible workspaces like WeWork are already set up to support the different ways different people use an office. Some want to be at an office from 8 a.m. to 6 p.m. to have distinct boundaries between work and home, others want to use an office because it can have a more reliable or faster internet connection, or to use high-quality printers.

Each WeWork location features a unique set of amenities tailored for what workers want. This includes technological necessities, like hard-wired Ethernet and access to WiFi, multi-function printers, and smart boards, but also community benefits such as lunch-and-learns, networking events, and wellness sessions.

Employers can leverage these amenities to set up systems that fit the unique needs of their employees and benefit the company.

> That is why **80%** of WeWork members report increased productivity since joining, and **54%** credit WeWork with accelerating their company's growth.

This all while supporting 119,000 jobs and directly contributing $19.6 billion of GDP in New York alone.

In the long term, these spaces can provide a cost-effective way for employers to scale or downsize as needed based on employees keeping more flexible work schedules. These employees get to keep the benefits of collaboration, productivity, and relationship-building that comes with their typical office.

Conclusion

The COVID-19 pandemic has upended the way we work, but New York has the opportunity to be a leader in reshaping the future of the workplace — and that future is flexible.

The approach outlined in this paper does not represent the only solution to get New Yorkers back to work, but it provides an important piece of the puzzle as cities begin to reopen. It is imperative to think through solutions that work for each industry and segment of the population.

We cannot and must not ignore the fact that office workers are not representative or encompassing of all New Yorkers, much less all Americans. Furthermore, not all office workers operate within the same socioeconomic circumstances: many do not have the luxury of a separate home office space or the equipment to effectively complete their work. We are uncertain of the long-term impact of these new challenges, but we will need to be aware of them as employers and employees adopt more flexible work schedules.

With the flexibility WeWork and other companies like it can provide, New York can and will get back to work safely in a way that benefits employees, the economy, and the environment.

Endnotes

About Hamilton Place Strategies

Hamilton Place Strategies (HPS) is an analytical public affairs consulting firm with offices in Washington, D.C., New York, and California. HPS uses substantive analysis to understand complex topics, and creative public affairs tools to explain issues to target audiences and reach critical stakeholders. We achieve our clients' goals by enhancing understanding of issues, products, and companies, and ultimately, improving outcomes.

Replica data

Replica data is an estimation of movements and associated metrics derived from a composite of de-identified mobile location data and other third-party data sources. The technical methodology contains a number of preventive measures to ensure a single individual cannot be reidentified.

CivicScience data

CivicScience fielded a poll from 5/27/20 - 6/1/20 among adults 18 and older and weighted this data according to U.S. Census figures for the New York City DMA for gender and age.

CO$_2$ & tree calculation

The calculation of CO$_2$ to tree equivalency is based on EPA data showing 8.89E-03 metric tons of CO$_2$ per gallon of gasoline, 22.3 miles per gallon average for cars and trucks, and 0.06 metric tons of CO$_2$ per urban tree planting. The calculation also uses Replica data that shows a reduction of 225,000 VMT per workday and the assumption that an average workday is five days a week.

Note: The development of this paper was supported by WeWork.