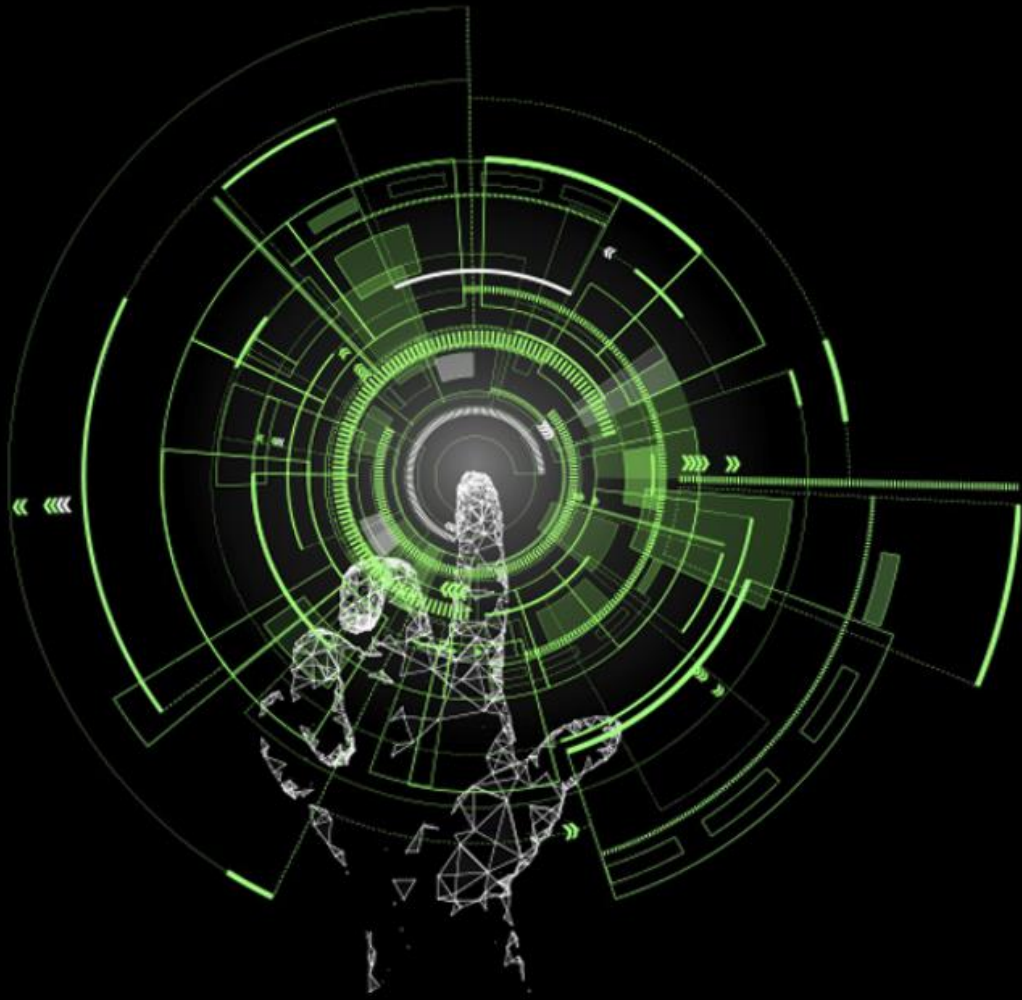


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**The Future of Work:  
act now, not tomorrow**

CRE managers' insights on how organizations develop and implement the Future of Work

We have re-interviewed the corporate real estate (CRE) managers who featured in our previous articles (various large real estate owners and end-users), to see whether their perception of the post-COVID way of working has changed and what (long-term) policy decisions have been made.

We addressed three main topics: 1) changes in their hybrid work policy, 2) their understanding of office use and need for the future, and 3) the integral business case revolving around it. Our findings are highlighted below.

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Our previous articles, highlighted how the post-COVID way of working changes the fields of Human Resources (HR), Information Technology (IT), Real Estate (RE), Mobility and Sustainability. If we are to translate our organizations' goals and ambitions into a new interpretation of how, when and where we perform our work and use our offices, we need an integral approach. [The first article](#) (published during the early stages of COVID-19) showed that many organizations indicated to expect a 40-60% office real estate footprint reduction. [The second article](#) (February 2021) showed CRE managers to have already adjusted this estimation to an office space reduction of approximately 10-20%. This new article shows CRE managers to now be considerably more cautious regarding the expected office space reduction (indeed, they may even consider expansion).

While people still had the old normal in mind during the pandemic's early days and organizations were reluctant to change their way of working and familiar work environment, a general tendency has now emerged in which COVID-19 induced changes (e.g., working from home) will potentially become a permanent fixture in the 'Future of Work'. On top of this, pre-COVID-19 real estate trends, such as activity-based working concepts, are now being implemented at a faster pace. In developing towards the Future of Work, COVID-19 has been a catalyst rather than an enabler.

### Developing the Future of Work strategy

Most interviewed CRE managers indicated that their organizations have made long-term hybrid working decisions by now. Whereas in the previous interviews organizations still had their doubts about making such decisions, organizations are now increasingly developing and implementing hybrid work policies. The development and implementation of the Future of Work strategy remains a trial-and-error process. Our findings reveal a number of important elements for organizations to consider:

1. A generic or standard hybrid work policy is not the solution, as policies must be tailored to the type of organization and differences between work activities and the employees' personalities means these policies need to be flexible. Rather, new work standards are evolving in real time. While results show site-dependent organizations to be more reluctant to hybrid working, organizations where people mainly perform individual work are fast developing and implementing hybrid work policies.
2. A hybrid work policy impacts an organizations' overall real estate strategy, calling for a reconsideration of the real estate portfolio. New office needs result in new office requirements which, in most cases, requires a redesign of the office. This may be realized through some small changes or adjustments but may also require a more radical office transformation.

Some offices may become obsolete and can be divested, while others (such as headquarters) remain an important part of the real estate portfolio.

3. Lastly, an integral business case can optimize the development of the Future of Work strategy. It achieves collaboration within all of the organizations' departments, thus creating the opportunity for organizations to realize cost savings and providing important insights into support decisions.

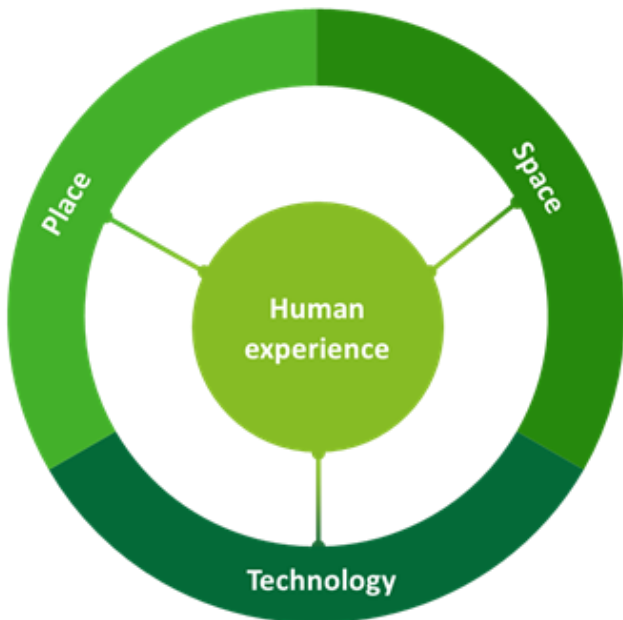
### The evolution of organizations' hybrid work policy

Working from home (or anywhere other than from the office) has become 'the new normal' and is changing the work environment. This calls for a new hybrid work policy as part of organizations' Future of Work strategy. At the beginning of COVID-19, organizations were hesitant about whether their organizations would be as productive as when working from the office was the rule. Soon though, most organizations and employees clearly were positive about certain elements of working from home. Things worked out better than expected. Working from home has shown to have many advantages, such as a better work-life balance for employees, the possibility for more flexible (and online) cooperation between countries, and less time spent in traffic.

All CRE managers indicated that a uniform and standardized hybrid working policy is neither feasible nor desired, as every employee has different needs (due to the team they work in, the activities they perform, their personality and their home situation). In addition, the results show clear differences between types of organizations. Organizations that are more site-dependent (such as manufacturing and R&D organizations and organizations with a strong corporate identity and teamwork focus), they are somewhat reluctant to adopt hybrid working. But in organizations that mainly perform individual work an emerging shift can be seen towards developing and implementing hybrid working policies. Most hybrid work policies in the latter organizations now set working from home at 60% and working from the office at 40% (with some departments working at the office four days and others only one). Nonetheless, this ratio is not set in stone and organizations still allow for room to adjust their future hybrid work policies.

Deloitte offers organizations the Hybrid Workplace Framework to determine their desired Future of Work strategy (of which the hybrid work policy is an important part). The framework provides insights into which type of work and activities should be performed by whom, where and how and is based on four perspectives:

- **Human Experience:** e.g. efficiency and performance, culture and connection, wellbeing and employee value proposition;
- **Place:** e.g. distribution of work (future footprint), real estate portfolio strategy and planning, transactions, travel and mobility;
- **Space:** e.g. workspace vision and design, space capacity planning, smart operations and service delivery, alternative pricing and commercial models;
- **Technology:** e.g. connected workplace, hybrid collaboration, data and IT infrastructure and (cyber) security.



All four perspectives in the Hybrid Workplace Framework constantly interact, so if CRE managers want to arrive at a feasible and desired Future of Work strategy they need to make sure all perspectives are aligned. Since a new Future of Work strategy is mainly based on employees' needs and should enable employees to perform their work in the most effective and efficient way, everything ultimately hinges on the Human Experience perspective. As each organization is different and employs different types of employees, the hybrid work policy needs to be flexible enough to adapt to this diversity of needs.

The Human Experience perspective covers another important consideration for the Future of Work strategy: the war on talent. The new way of working has significantly changed talent needs and if they are to win the war on talent, organizations must act accordingly. The new requirements include the flexibility to work when and where they want (both from the office and elsewhere), spacious individual workplaces in the office, connectedness with corporate identity and colleagues, and a healthy work-life balance.

### Changes in office use and need

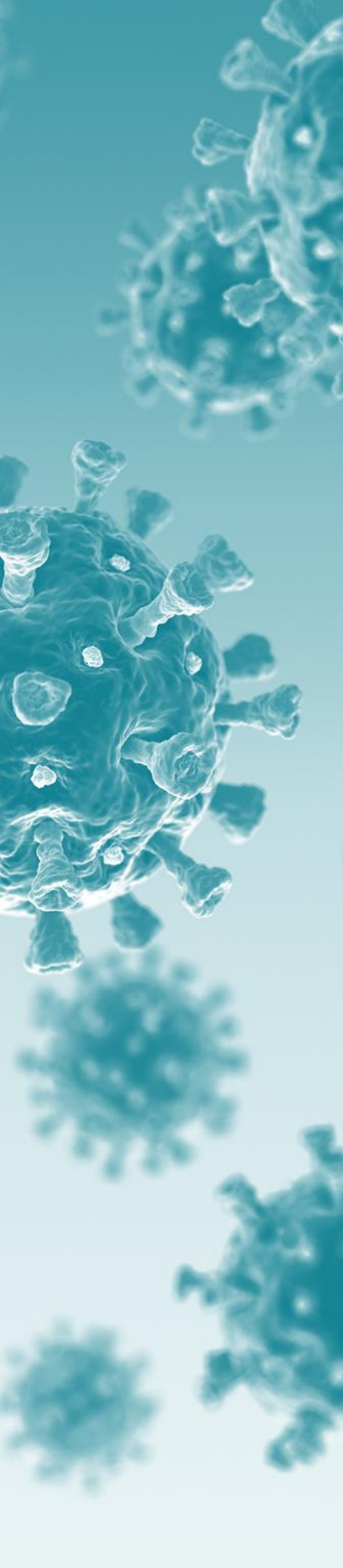
Organizations are aligning the new hybrid work policy with their real estate strategy to arrive at a new Future of Work strategy for their organization. While translating the needs and preferences of employees into a Future of Work strategy, CRE managers face a dichotomy. Most organizations say that a large part of their employees desire to work from home at least a few days a week, which obviously affects the required amount of office space. At the same time, many CRE managers indicate that the office will remain an important place for a variety of activities, including collaborating with colleagues, facilitating various work activities, and meeting with clients.

Headquarters are generally regarded as one of the most important office locations as they represent the corporate identity which employees identify themselves with and it functions as the main location for people to meet in person. Translating these needs into a new Future of Work strategy reveals a general trend, in which organizations whose office portfolios are larger are now adapting their main (generally bigger) office(s) to new needs and divesting redundant (generally smaller) offices. Although it should be noted that this trend is less obvious at organizations whose core business is site-dependent.

As for Place and Space, how, when and where we use the office is currently predominantly viewed from the employees' perspective rather than from the financial perspective. As the office will mainly be used for meeting and collaborating with others in person (spontaneously), adjustments to the office have to be made. Some offices only require small changes such as adding extra technologies.

Other offices require a more radical redesign to facilitate new hybrid work forms, such as replacing individual desks with meeting rooms, brainstorm rooms and open spaces for social gatherings. There has also been a gradual change in the estimation of how much the new way of working would reduce office space. CRE managers are now more cautious in their estimations regarding the required office space. New requirements of employees and talent, such as more collaboration space, meeting rooms and spacious individual workplaces, may also result in organizations considering to expand their office space to facilitate these new office needs.

All in all, all CRE managers indicate that the most important change in developing a Future of Work strategy compared to previous real estate strategies, is to factor in more flexibility in case of desired adjustments later in time. One example is that organizations increasingly require flexibility in their current and future lease contracts. A large part of the CRE managers state that they prefer short lease contracts with a maximum of five years over long-term contracts (even if at a substantial rent reduction) for their offices.



### New insights aided by an integrated business case

In practice, when developing a Future of Work strategy all perspectives of the Hybrid Workplace Framework are interconnected. An integrated business case can optimize this process of combining the interests of different departments, such as HR, IT, RE, Mobility and Sustainability. It facilitates a feasible and desired Future of Work strategy for each department within the organization. With each department having its own focus and interests, the main challenge in developing an integrated business case lies in the alignment with and cooperation between the different departments. However, developing this integrated business case can create many advantages. Using an integrated business case not only saves costs, it can also provide organizations with important insights to support strategic decisions, enhance collaboration within departments, and improve overall organizational performance.

If organizations focus on cost savings, an integrated business case can provide an opportunity to realize savings within different departments that can be used for the core business. For example, reducing the required square meters of office space should result in overall lower real estate costs. In addition, as working more from home results in less commuting, costs can be saved on the mobility allowance (because the work-from-home allowance often is more favorable for organizations).

All in all, most CRE managers indicate to have developed and implemented a new Future of Work Strategy. It is time for all organizations to act now and start doing the same, as hybrid working is here to stay.

### Throughout COVID-19 we interviewed several CRE managers of large real estate owners and end-users on their perception of the Future of Work.

- How do they develop their Future of Work strategy and how is this implemented in the organization?
- What is the influence of hybrid working on the Future of Work strategy?
- And to what extent can a business case help making decisions?

### For this article we addressed three main topics:

- 1) changes in their hybrid work policy,
- 2) their understanding of office use and need for the future, and
- 3) the integral business case revolving around it. All in all, most CRE managers indicate to have developed and implemented a new Future of Work Strategy.

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**Want to know more? You can read the whole article here.**

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