



The future of the office

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Executive summary

The effects of COVID-19 on the way we work could change the office forever. In June 2020 Brunswick reviewed current thinking and opinions to predict potential alternative futures for the office.

These potential futures vary depending on the rate of post-COVID economic recovery and changing social attitudes to remote and flexible working. But in most cases, they anticipate a 'new normal' in which employees expect greater flexibility in their work arrangements.

In some cases, real estate cost savings are offset by increased ICT costs and compensating employees for setting up home offices. In others, increases in efficiency, flexibility and 24-hour working capacity are offset by a dilution of business culture and a more transactional relationship between employer and employee.

And there are other significant implications for efficiency, productivity, cyber security, safety, employee loyalty, engagement and more. We refer to the four potential alternative futures as 'cost shifting', 'knowmads', 'office meet up' and 'return to normality' – with the latter being the least likely.

We also set out the workplace tensions that businesses will need to understand as they plan for the future and define the specific likely outcomes for their own organization.

Whichever potential future becomes reality, businesses will need to understand the implications and be ready to adapt. Brunswick is here to help.

Introduction: The evolving office

During the first half of 2020, millions of people around the world suddenly discovered a new practice – and a new acronym: WFH, short for Working From Home.

Now, as the world gradually emerges from COVID-19, the question is: will remote working remain the default? Or will we go back to the way things used to be?

In June 2020 Brunswick reviewed current thinking available on the future of the office.

Our findings show that evolution in the office has been a recurrent theme, most recently accelerated by the COVID-19 pandemic. And there's a growing consensus that offices will not return to the way they were before the pandemic. We will not go 'back to normal' and every business should be considering the

office of the future and how they engage their employees in the inevitable changes to the way we work.

The implications of this are significant for business. From planning office layouts to strengthening the organization's culture. From choosing the geographic location of premises to attracting and developing talent. From embedding new technologies to managing the threat of cyber and data issues.

This report describes Brunswick's findings and sets out several possible futures for office working.

The history of the office

Most of us arrive at the office each day without ever questioning why we need to work in that physical space. It seems perfectly natural to sit behind cubicle walls, or at banks of desks in open plan offices. And we're often surrounded by mementos and family photos that remind us of home.

Few consider the history of the office and why it tends to be arranged in a similar way the world over. But knowing how the office has evolved over the years is important for understanding how it will develop next.

The first offices were the monasteries and chanceries of the middle ages. In fact, you only have to look at pictures of monks sitting in rows, copying and illuminating manuscripts, to recognize similarities with today's office workers.

These early offices were essentially copying houses and information repositories. They brought together people who could read and write so they could draft, copy and arrange religious, historical and legal texts and letters.

Fast forward several hundred years to the mercantile period where the office evolved into what most of us would now recognize. The first such office is generally believed to be that of the East India Company, which from 1648 was located at Leadenhall Street in London.

To the activities established by their monk forebears – communication, correspondence and copying – the East India Company added *coordination* of its operations – what today might be called 'management'. The actions of the Company during this period must be condemned, but its office may be regarded as the first manifestation of organizing not just documents, but activities across multiple tasks, locations and time zones.

This established the office template for the next 350 years. Why? Because without modern technology, a physical place where people could get together was absolutely necessary for work coordination.

Which brings us to today. One might argue that today's technology – the internet, ubiquity of computing and mobile devices, 4G connectivity, enterprise social networks, video conferencing from almost anywhere – renders the office obsolete.



The office has become the physical manifestation of the type of organization it houses. It has, in itself, become a way of influencing and supporting the way employees feel and behave

So why (at least until recently) have so many of us been sitting at desks in offices that aren't too dissimilar from those experienced by our 17th century predecessors?

In large part it's because of habit and custom – and a lack of a compelling reason for change. But it's also because, over recent years, the role of the office has evolved again, adding *culture* to coordination, communication, correspondence and copying.

The office has become the physical manifestation of the type of organization it houses. It has, in itself, become a way of influencing and supporting the way employees feel and behave.

Take a look at landmark offices for companies like Apple, Google and Facebook. These tech companies have been reinventing the office to become a statement of who they are – and a driver of how their people see themselves, feel about the work they do and collaborate to create value.

And, of course, the rise of companies providing flexible office space has added another dimension to culture. They've driven the idea of the office as a place to hang out, enjoy spending time, collaborate and get the job done – but only when you need to.

What now for the office?

The COVID-19 pandemic has upended almost everything we know about office working. How odd it now seems to spend the day in what, for most people, is essentially a factory full of desks!

Brunswick's analysis of forecasts about the future of the office has identified five immediate trends. These are the near-term issues that businesses are concerned about or mindful of – and that need careful thought right now.

1. Adaptation

Physical office spaces will need to be adapted to meet government health criteria and other post-pandemic requirements. Whether it's the need for physical distancing from colleagues, signage reminding of new hygiene measures, or the inability to share office supplies that someone else has touched. These are measures many of us will need to live with, at least in the short term.

2. Cybersecurity

This is a real concern for decentralized, remote workforces. Is it possible for employees to be as vigilant in the ongoing defense against hackers and fraudsters when they're working from the comfort of their homes? Cyber criminals have become more active during the pandemic. Systems have become attenuated. And there's a clear attitudinal and behavioral disconnect between the formal office and the more relaxed home environment.

3. Technology

We've all discovered the benefits and disadvantages of video calls while working remotely. And many businesses surprised themselves by the speed with which they and their employees got to grips with the technology. The question now is how to use this and other tech to do more than simply replicate physical meetings. How can it help us be more collaborative and creative? And how can it help us manage the business better and more efficiently?

4. Culture

While new technology may help us be more efficient, what will it mean for our culture? If one of the roles of the modern office is to create a sense of togetherness and shared cultural norms, is there a risk these will be diluted when we work remotely? How will the feelings of an office worker – and their connection to the business, its purpose and brand – differ from those of a remote worker? How will this affect who creates the most value for the business and its customers?

5. Wellbeing

There has long been a growing expectation from employees for their business to focus more on health and wellbeing. COVID-19 will accelerate this because people have realized that health, home and work are inextricably linked. The physical office may need to have more space devoted to health activities.

And these will need to be replicated for people working remotely. Perhaps we'll see a continuation of employer-provided online yoga classes. Practical advice for parents juggling work and childcare. Or financial and practical support for setting up healthy home offices.

What employees think

It's no surprise that different types of employees, in different circumstances, feel differently about the future of the office. But reviewing global and regional surveys covering employees from the C-suite to administration shows that six global trends stand out. Inevitably, some of these are near-term health issues as employees voice their concerns about the ongoing effects of the pandemic.



1. Home working

Employees expect remote working to become a permanent part of office culture as many workers feel more productive at home.



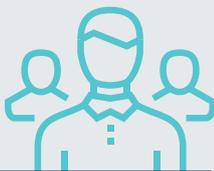
2. Flexibility

Employees feel this will be an integral part of workplace culture in the future, with many choosing flexibility as the highest priority for when they return to the office.



3. Safety and hygiene

Employees expect personal protection equipment, such as masks and gloves, and regular testing to play an everyday role in the future workplace.



4. Density and distancing

Employees believe social distancing measures will be difficult to maintain even though most offices will plan to reconfigure their layout for this purpose.



5. ICT muscle

IT leaders expect digital security to become a strain on ICT teams as they anticipate that resources will be stretched.



6. Blended work and burnout

Employees are concerned about the implications of blended work and home office on burnout and they don't know if a return to the office will increase or decrease stress.

Digging a little deeper into these trends reveals both positive and negative views about the future of the office.

On the positive side, employees expect both flexible work and offices that keep them safe and healthy. They expect their business to move to and stay in remote operations even after the pandemic.

Leaders expect to dramatically renegotiate office leases and significantly reduce their office space and expenses. And there's an expectation that a partially remote workforce will increase global cooperation and 24-hour coverage.

On the negative side, there's concern that, while employees who can work independently will thrive, those who need more direction will not. Leaders expect it'll be a struggle to preserve culture and corporate DNA with less in-person interaction. As a result, they'll have to find new communications methods and rituals that transmit culture.

And there's a real worry that many now-remote employees will lose their deep connections to peers and their employer, becoming less loyal and more transactional in their work.



What next for the office?

In reviewing what people are saying about the office now – and their thoughts on what may come next – we wanted to make predictions that will help businesses plan for the future.

Our analysis of current thinking; employee opinion; and social, technological, economic, environmental and political trends has shaped our baseline prediction for a 'new normal' in which employees expect greater flexibility in their work arrangements and a more deliberate office environment designed to keep them safe and healthy.

Many businesses will become 'digital by default', moving to and staying in remote operations even after the pandemic.

Most will dramatically renegotiate office leases and significantly reduce their office space and expenses.

One result of this is that some office real estate will be repurposed into apartments. This will initially be heralded as brilliant cost savings, until remote employees demand compensation for the use of their home living space, and these demands are codified in law.

A partially remote workforce will increase global cooperation and enable near 24-hour coverage for projects, with managers learning to work the 24-hour, global clock.

Employees who can work independently will thrive. But those who need more direction will fall behind. And managers

will learn to find who's contributing and who needs to recalibrate, some with the aid of worker surveillance software.

Leaders will struggle to preserve culture and corporate DNA with less in-person interaction. They'll focus more on corporate purpose. And they'll communicate much more frequently in an attempt to engage with remote workers and overcome charges that those still working in offices are privileged and promoted faster.

Even with this effort, many now-remote employees will lose their deep connections to peers and their employer, becoming less loyal and more transactional in their work. They will slowly become free agents.

But we also believe there are two significant factors influencing how this baseline will actually play out. These factors are the rate of post-COVID economic recovery, and changing social attitudes to remote and flexible working. Plotting our baseline against these factors, we see four potential alternative futures, as shown on the next page.



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Cost shifting

There's a significant move to remote working as an employee expectation and cost saving measure. Businesses make big real estate savings, which are somewhat balanced by increases in ICT costs for security, efficiency and creative purposes. Establishing and preserving a consistent culture becomes challenging and requires a new, significant focus from leaders and their supporting employee engagement teams. Meanwhile, employee loyalty gradually reduces as they lose connection with their employer who now exists only on the other side of a screen.

Social shift to remote and flexible work

Knowmads

Employees demand flexible and remote working arrangements and use this as a bargaining chip when deciding who to work for. Employers rush to create new employee value propositions that feature these working arrangements prominently. They invest in employee home offices to attract talent – and as a grant-based retention mechanism. The trade-off with employees is a rise in surveillance software. Preserving a consistent culture becomes a challenge. And the employee-employer relationship becomes even more transactional as people realize they can easily work for more than one employer without leaving their home office.

Economic turbulence

Rapid economic recovery

Office meet up

There's an increase in remote working, but it's very much blended with the use of physical workspaces. Businesses make some real estate cost savings while still experiencing increases in ICT costs to support remote working. Regular – for example, quarterly – all-office gatherings allow employees to physically meet in the style of networking events. These big gatherings exist alongside smaller, employee-initiated, low-cost meetings for what can't be done over a screen – whether it's work or social. Employees fear a two-track system favoring those who work more from the office, and there's a desire to be present and visible in the business's 'motherhood'.

Social need for office reconnection

Return to normality

We experience a period of goodwill where getting back into the office is celebrated and acts as a pressure release after months of remote working. There's a surge in employee loyalty as people reconnect with colleagues and leaders. The benefits of office working are reconfirmed, and there's an even stronger separation between home and work – although the office becomes a little bit more like the home (rather than the other way round). It's less formal, standards are looser, and there's an expectation that '9 to 5' has had its day.

Each alternative is viable and, while it's unwise to predict what will actually happen, our findings tell us that a return to normality is the least likely future. The 'new normal' will hover somewhere between knowmads, cost shifting and office meet up.

Practical next steps for businesses

So what can you do in your business to prepare for what comes next? Brunswick recommends two practical next steps for every business.

First, it's important to consider the workplace tensions that will arise when planning for the office of the future. There's no easy trade-off for these tensions, and the right outcome will be different for each business.

Some require near-term responses that will affect your current and longer-term employee relations. Others require a longer-term approach that will be fundamental to the way your business operates far into the future.

- Safety vs. efficiency: will the introduction of safety measures such as social distancing and use of personal protective equipment hinder employees from doing their jobs effectively?
- Synchronous vs. asynchronous: to what extent will businesses be able to harness the power of global teams sharing work 24 hours a day across time zones?
- Direction vs. autonomy: will remote workers need more direction than employees who work in the office, or can they be empowered to work with greater autonomy?
- Office vs. home: is it one or the other or will employees be expected to blend the two – and what are the practical guidelines that should be established for this?

- Cost control vs. culture: a reduction in office space may come with an associated reduction in costs, but will that be offset by cultural dilution from dispersed, remote working – and how can that be mitigated?
- Relational vs. transactional: will remote working relationships become based on transactional needs, losing the benefits of personal relationships that can be built through real, face-to-face contact?

Second, it's vital that every business develops potential future scenarios with low, medium and high likelihoods. We've included a broad look at such scenarios on the next page. But the potential scenarios need to be specific for each business. They need to account for what you've learned about yourself during the COVID-19 pandemic, and what you're hearing from your employees, customers and other stakeholders.

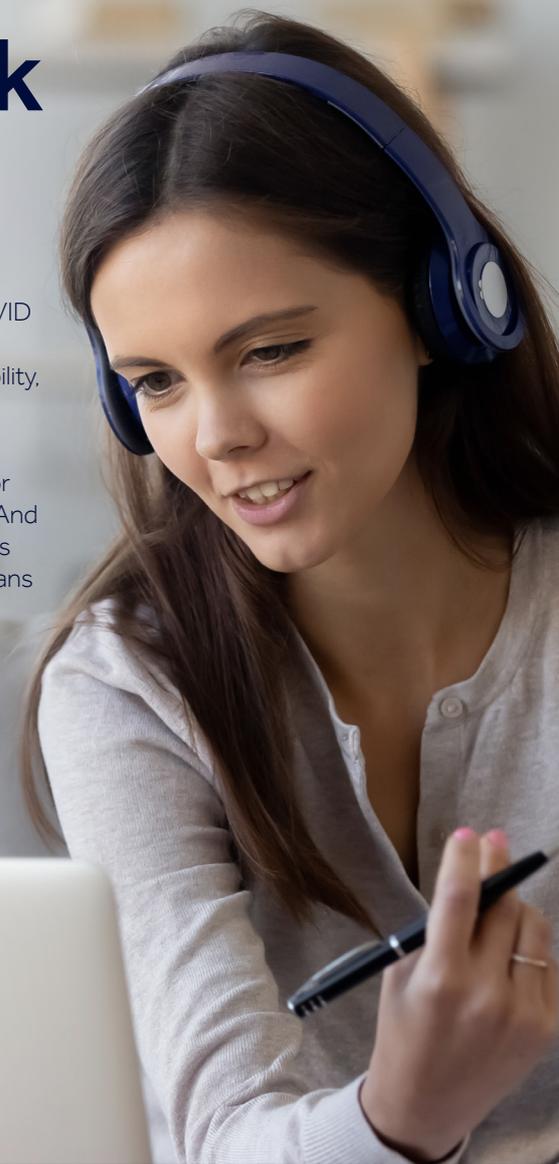
Then, working backwards from the high-likelihood column, businesses should be considering these scenarios now and asking: "Are we prepared for this? How can we benefit from it? What are the potential risks? What does it mean for our relationship with employees?" And so on.

Low-likelihood	Medium-likelihood	High-likelihood
<ul style="list-style-type: none"> › Employees require the social interaction of the office and return to it in full force. › Businesses require vaccines to enter the office and anti- vax employees resign and sue. › Employees struggle to be productive from home. › Shareholders demand a reduction in real estate cost. › New work expectations are politicized, creating a rift in your workforce. › Your business is criticized for a non-local workforce after adopting more remote work. 	<ul style="list-style-type: none"> › Governments encourage remote work as an environmental and health benefit. › Without firm borders between work and life, employee burnout grows. › COVID-19 infected employees come into the office and infect more in your workforce. › New employees struggle to integrate into the culture and values due to largely remote work. › Collaboration declines and teams isolate when working remotely. › Employees are vulnerable to cyberthreats when working remotely on unsecured networks. › Employees demand compensation for establishing a home office. 	<ul style="list-style-type: none"> › Employees expect very flexible work arrangements. › Employees expect strong sanitation standards in the workplace. › Offices shift to fewer employees present with more distance between them. › Businesses install passive fever scanners in the office. › Physical offices allow more fresh airflow. › CFOs renegotiate leases at dramatically lower rates. › The real estate industry faces significant financial pressure as office use reduces. › Businesses introduce enhanced online surveillance of remote employees.

How Brunswick can help

Brunswick is currently helping clients prepare for a post-COVID world... or a world that learns to live with COVID-19 as a daily reality. We have a combination of insight and foresight capability, deep business expertise and understanding of employee engagement, culture and workforce issues.

We can help you identify the workplace tensions that exist for your business – and how you can make the right trade-offs. And we can help you identify and plan for specific future scenarios that will influence your office of the future and what that means for your business operations and employee relations.



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Appendix: What we reviewed

Future of Work Reports



The Future of Work



European Commission

The Future of work?
Work of the future!,
Future of Work, Future of
Society



COVID-19: Is this what
the office of the future
will look like?



Future of Work



Office work will
never be the
same



COVID-19 INDUSTRY
GUIDANCE: Office
Workspaces



Five Global
Workplace Trends
to Discover



2019 Workplace
Trend Predictions



Returning to work in
the future of work

Future Workforce
Insights



Never Go Back to
the Office



Employer
Information for
Office Buildings



How offices will
change after
coronavirus



Future of Work



How COVID-19
is Changing the
Workplace, Navigating
COVID-19



6 Feet Office



Coworking's
unstoppable
market growth



COVID-19
Workforce
considerations,
Global CFO Pulse



From surviving to
thriving

Global Public Opinion



Cloud Microeconomics in the COVID-19 Pandemic



Benchmarks on CFO Actions in Response to COVID-19: Week of 20 April 2020



European CFO Survey A perspective on COVID-19



Work From Home COVID-19 Survey – Tech, Security and Productivity



Global Work-from-Home Experience Survey



One Global "Work from Home" Study



How COVID-19 Is Changing the Workplace



COVID-19 Employer Return-to-Work Survey



The Global Workforce: Forever Changed



COVID-19 CFO Pulse Survey



How COVID-19 Is Changing the Workplace



The Impact of Coronavirus on the Workforce



Return to the office survey



The State of Remote Work During COVID-19



Remote work in the age of COVID-19

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Brunswick is a strategic advisory firm focused on critical issues.

We advise on critical issues at the center of business, politics and society, and help our clients – the leaders of large, complex organizations – understand and navigate these interconnected worlds.

Brunswick is one firm globally, operating as a single profit center. This allows us to respond seamlessly and effectively to clients' needs wherever they are in the world.

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