WorkIn sync

ORGANIZATIONAL COST OPTIMIZATION

A Real Real-estate Story

Introduction

According to Gensler, **83% of corporate real estate executives** rank space utilization as the key metric for making workplace decisions [1].

But let's be honest, the traditional disconnected structure of office space assets has impacted employee productivity and led to inefficient space utilization.

Across any region, only 13% of organizations utilize their space more than 80% of the time. In 2018, **37% of workplaces** were empty during any given workday, which was approximately **$ 150** billion in unused space [2].

With the global work-from-home movement in the wake of the pandemic, the hybrid model of work has come to the forefront, where some people work from the office, while others work remotely.

Changing work patterns has thus motivated organizations to reimagine the role of office infrastructure in creating a productive environment and improving employee's quality of life.

This raises the big question

Do we need conventional office spaces anymore? And how can organizations optimize their real-estate to fit the ever-evolving landscape?

Work In sync

Real-Estate Cost : An Overview

A leading US brokerage firm with 5000+ employees spends $20 million every year as their occupancy cost. 70% of the occupancy cost is derived from rent of the various branches. The other 30% comprises numerous line items.

To expand businesses in other countries, organizations have to incur additional costs. An office rents for $18 per square foot in Dallas, $36 in New York, $63 in Paris and $155 in Tokyo for comparable locations and quality levels.

Source: HBR (3)

Finding Desks, Meeting Rooms and Colleagues :
The Never-Ending Game of Hide & Sneak

As per a workplace survey, more than **35% of respondents** said that it is time-consuming to search for available desks, conference rooms, or colleagues on office premises. When everyone sits anywhere, finding people can make you feel like Dora the Explorer. Take a look at this chart:

48% of employees find it time-consuming to search for an available conference room for impromptu meetings

37% of employees said that locating an employee from another department or area can be time-consuming
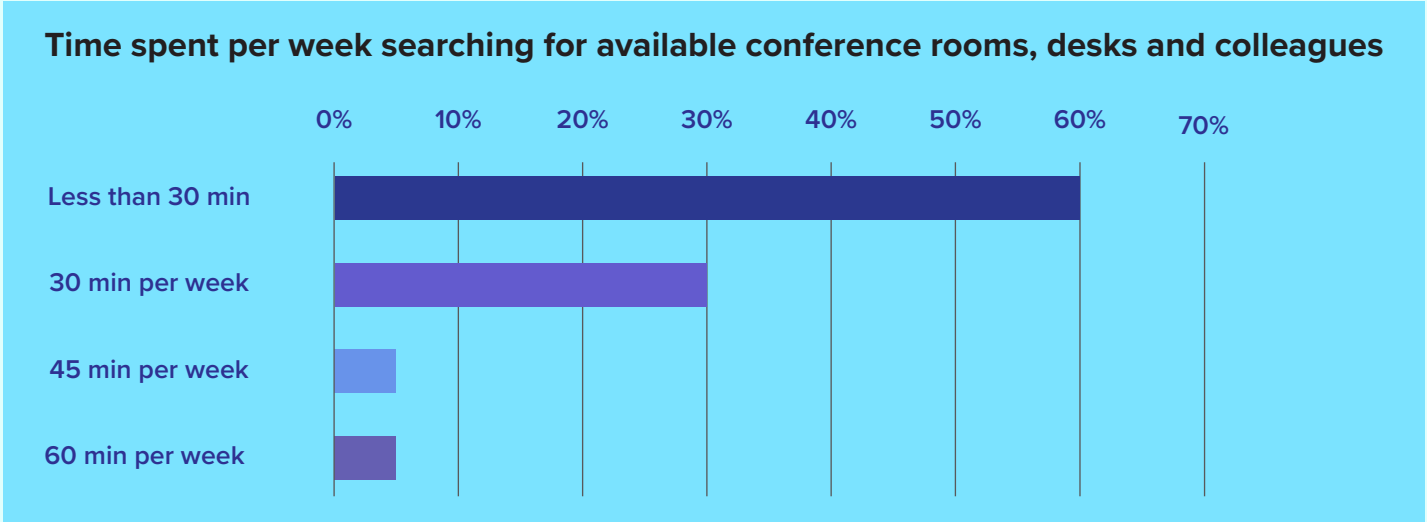
37% of office workers reported that up to 50% of the desks in their buildings are unoccupied on any given day

Source: Senion (4)

An employee working in an office with 5000+ employees was heard saying, "Every floor is a new adventure to find out where meetings are or where colleagues are located."

Time spent per week searching for available conference rooms, desks and colleagues

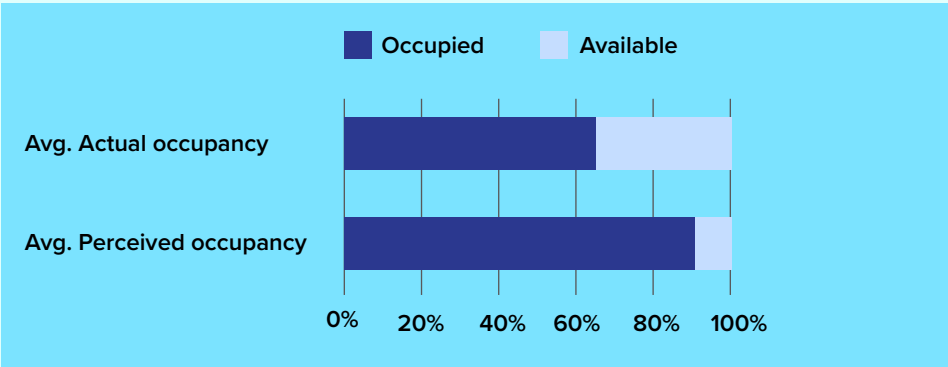| Category	Percentage
Less than 30 min	~60%
30 min per week	~30%
45 min per week	~5%
60 min per week	~7%

The magnitude of these issues is massive. Not only do these affect productivity but it also leads to significant wastage of resources. A CBRE report from 2018 stated that 40% of office space is always empty. ALWAYS! [5]

The utilization rate varies across different industries as well.

Utilization rates by Industry

Industry	Rate
FINANCIAL SERVICES	30-90%
HEALTHCARE	60-90%
INDUSTRIAL	50-79%
INSURANCE	80-89%
PHARMACEUTICALS	50-59%
TECHNOLOGY	30-90%

Most executives perceive that their workspace utilization space is 83%. However, most corporate offices operate on a utilization rate of around 60%.

Occupied   Available

	Occupied	Available
Avg. Actual occupancy	~65%	~100%
Avg. Perceived occupancy	~90%	~100%

This further highlights the problems with the current organizational real-estate.

Digitization of Workplaces: The Way Forward

Taking a transformational approach to reinventing offices is necessary. Instead of adjusting the existing footprint incrementally, companies should take a fresh look at how much and where space is required. With factors such as social distancing and an increase in the number of remote workers, the aim should be on finding ways that foster desired outcomes for collaboration, productivity, culture, and the work experience.

Now, before the crisis, flexible workplaces existed. They were growing at a rate of 25% per year during the last five years [6]. So there is no doubt that a flexible workplace works.

But to implement a flexible workplace requires significant planning and coordination. And how to facilitate that?

A digitized hybrid workplace. No arguments here.

It not only leads to savings in real-estate costs but also fosters a more productive work environment. It is estimated that a **30% reduction** in real-estate costs could be realized over time if the workspace is digitized. Along with that, it also increases organizational flexibility, further making it resilient to future disruptions.

With concepts such as hoteling and hot-desking coming under the spotlight, digitization becomes easier.

Hoteling - Pre-booking office space for a certain period of time

Hot-desking - Assigning desks on-demand, based on availability
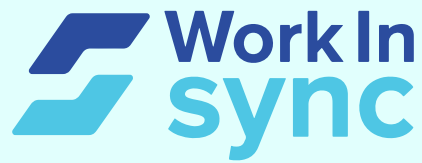
Work In sync

By using an app like WorkInSync, employees can:

Book their own seats if and when coming to the office

View the entire floor plan

Find colleagues

Maintain social distancing protocols

Get a bird's eye view of the actual floor occupancy

Digitizing the workplace provides a solution to the major challenges faced by organizations, especially when it comes to managing real-estate costs.

To accurately reflect the current scenario, most organizations are adopting a hybrid work model, which perfectly balances work from the office and remote work. This automatically rules out the need to have the big, old office space.

Space optimization is the first step to cut down costs. By integrating technology with the current infrastructure, companies can break down communication barriers, and foster efficiency, innovation, and growth.

Work In sync

Need help reinventing your organizational infrastructure?

We have something that will make the journey easier and efficient.

Visit our website **www.workinsync.io**

or

write to us at **hello@workinsync.io.**

Sources :

1. https://www.gensler.com/research-insight/gensler-research-institute/innovation-to-support-cres-challenge

2. https://www.density.io/blog/space-utilization-benchmarks-150-billion-office-waste

3. https://hbr.org/1993/05/uncovering-your-hidden-occupancy-costs

4. https://senion.com/senion-office-survey-pdf/?submissionGuid=de0dbbb3-73d4-4c29-95be-b18c101c1372

5. https://www.cbre.com/research-and-reports/apac-space-utilisation-the-next-frontier

6. https://www.mckinsey.com/business-functions/organisation/our-insights/reimagining-the-office-and-work-life-after-covid-19

7. https://www.cushmanwakefield.com/en/insights/covid-19/the-future-of-the-office-space

Work In sync