

The future of workplaces

The new era of the blended workspace





A research study on the WFH experiment

In the history of modern work and workplace, there is no doubt that 2020 will rank as one of the most significant years in terms of accelerating the pace of change.

2020 has been an unprecedented year in so many ways. Prior to the pandemic, the notion that workplaces around the world would close their doors en masse, directing employees to work from home was inconceivable.

Yet here we are today, emerging from one of the most significant changes to the modern workforce in the 21st century with WFH, iso and quarantines just a few new words added to the global dictionary.

The concept of working away from the office is not new but 2020 has demonstrated it can be done at scale. The response to COVID-19 has forced organisations to significantly ramp up their digital operations at a rate and timeframe previously unimaginable. While some organisations struggled to put in place the necessary infrastructure and protocols to enable WFH, others were well prepared with many having already implemented flexible work practices and mobility-enabling technology and protocols.

“ This mass experiment in home based working has not only fundamentally altered perceptions around multi-locational working but has also heightened the role that workplaces have in organisational performance and culture. ”

So what's next?

As we start a new year with an effective COVID-19 vaccine in sight, there are more positive signs of a return to more normal conditions later in 2021. However, it's clear that this mass experiment in home based working has not only fundamentally altered perceptions around multi-locational working but has also heightened the role that workplaces have in organisational performance.

And there are valuable lessons to be learned from the WFH experience both in terms of understanding, communicating and balancing personal, team and business needs.

The questions now being asked are what enduring impact will this collective experience have on workplace strategy and, once the pandemic has passed, what are the opportunities arising from it?

How will this experience change the way we work in the future? What will our workplaces look like in 2021 and beyond?

Our survey results show that facilitating working from anywhere will be important for success, as flexible working is here to stay. However, with the draw of the office stronger than ever as people miss face-to-face interactions, we predict the future is a blended workplace.

So, how will organisations adapt their workplace strategies to meet employees new expectations post pandemic, while balancing the needs of the business?

In this report, we delve into these topics with insights from a comprehensive research study with more than 7,600 office workers across Australia.

Evidence based insights

In the midst of lockdown, there was much speculation in the media and theoretical discussion around “the death of the office” and mass reductions in the demand for office space long-term and during the extraordinary WFH experiment in 2020.

What was needed was a solid body of evidence upon which such forecasts could be validly assessed.

In response, Six Ideas by Dexus (Six Ideas) undertook a comprehensive series of research studies from April to July 2020 to assess the nature of the WFH experience at both an employee and organisational level.

We surveyed more than 7,600 employees and over 150 executives in a number of industries across Australia and New Zealand, focusing on the impact WFH might have on the future of workplaces.

In addition, workshops were conducted to review the survey results with a number of the participant organisations. As a result, the quantum of data positions this study as one of the most comprehensive of its type in Australia to date.

This report summarises the survey outcomes and provides insights from the Six Ideas team on the future of work and workplace strategy. In particular, the challenges and opportunities arising from the pandemic for organisations and their people into 2021 and beyond.

7,647

respondents

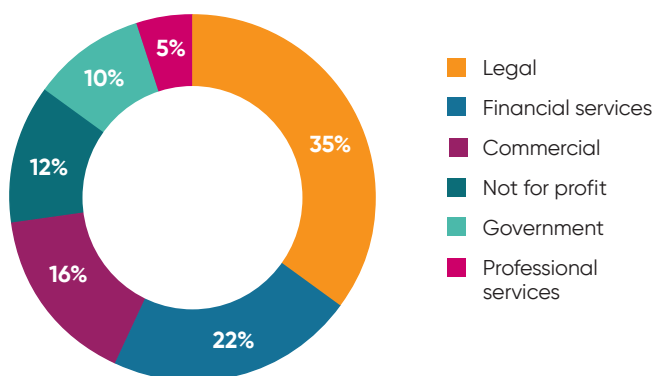
368

organisations

28

industries

Industry breakdown



Six Ideas Survey

Survey dates: May-July 2020

6,455

Respondents

15

Organisations

5

Industries

C-Suite Survey

Survey dates: 8 - 17 June 2020

153

Respondents

86

Organisations

20

Industries

Dexus Customer Survey

Survey dates: 20 April - 1 May 2020

1,039

Respondents

200+

Organisations

28

Industries

Aligned thinking

We assessed the views of workers and executives separately to determine whether there was any disparity between them. The results of the three surveys were broadly aligned on WFH outcomes with consistent feedback from all groups, albeit with some reservations expressed about the degree of change in workplace models in the longer term.





1. Notable benefits from WFH with some challenges

Prior to lockdowns, many people had rarely (23%) or never (41%) worked from home. Overall, WFH has been a positive experience with 89% of respondents reporting that they had been able to work from home effectively during the lockdown.

Many were pleasantly surprised about the ease of transition. People have also valued the time saved from commuting, greater flexibility in where and how they work and better work/life balance including the opportunity to spend more time with family.

Another revelation was the “levelling effect” of having everyone connect by video conferencing. Some reported a decrease in stress levels with resultant improved health and wellbeing.

Others had greater engagement with their work, citing WFH as a better environment to concentrate and focus. Many felt more empowered to structure and control their daily work activity, with new flexible hours enabling a better work/life balance.

However, this positivity was not felt by all, with 29% of all respondents indicating they were not enjoying the overall experience of WFH.

Many missed the social and collaborative contact with colleagues and had challenges with their WFH set-up due to space, poor internet and family distractions and the difficulty in separating work from home. While others noted the tedium of videoconferencing without breaks and the psychological impact of working in isolation.

➔ Six Ideas observation:

It's important when considering these experiences to note that they reference a time when, for many respondents especially those in strict lockdowns in Melbourne, there was no choice but to work from home, and the opportunity to move outside that environment was very limited.



2. Productivity was maintained

A clear majority view expressed was that personal productivity when WFH was equal to or exceeded that of in-office working. The data showed that 83% respondents, including C-suites, reported feeling as, or more, productive working from home compared to the office. This outcome is consistent with other global and local surveys*.

It's important to highlight that some age and role cohorts did much better WFH than others in terms of maintaining productivity remotely. The 55+ age demographic indicated over twice the overall average decrease in productivity, while the 46–55 age bracket reported the highest productivity scores.

Meanwhile, the under 25s experienced the least increase in productivity, with commentary suggesting mentorship and team learning suffered under virtual conditions. This suggests that for this cohort, physical connection plays an important role in their development.

➔ Six Ideas observation:

Productivity is a multi-faceted concept and when people are asked about it, they typically reference it in the context of task completion. This is individual productivity. Furthermore, some people equate “busyness” with “productivity”. Organisational productivity, which references fewer tangible outcomes like innovation, service delivery and learning and development, is an entirely different concept, not only in terms of how it is achieved but also in how and when it can be measured.

“WFH is wonderful. I've been more productive with my individual work, we've functioned more cohesively as a team than I've ever experienced in three years and I've been able to improve my communication and management skills through virtual systems. I've noticed my energy and creativity is much higher.”

Government respondent

In addition to age differences, gender plays a role with female respondents indicating higher productivity than their male counterparts. Commute time is also a contributor with unsurprisingly higher productivity experienced for those with journeys of more than 60 minutes one way.

Another factor is role differences. Our study showed that the experience of people working in Operations and Management versus IT, Financial and Legal was markedly different.

* The Colliers International Survey reported 72% being as, or more, productive at home while the Equiem Global Occupier survey reported 82%.



3. A shift to digital adoption

Personal video conferencing has been a game changer, enabling interaction and collaboration to be maintained throughout lockdowns.

Access to hard copy information was ranked consistently by most respondents as unimportant in regards to WFH effectiveness. This was even the case amongst respondents from the legal sector – typically heavy users of paper documents.

➔ **Six Ideas observation:**

This shift to digital communications and document management forced by mass remote working looks set to stay, with implications for any businesses that have yet to adopt full digital platforms.

However, it will be interesting to see if this trend is preserved as people return to the office and revert back to paper-based systems.



4. COVID-19 has accelerated an already growing trend towards multi-locational working

Remote working is nothing new. But when it was forced upon us, on such a vast scale with little warning, we learned to adapt quickly. Digital operations were ramped up, followed by extensive remote management, both within timeframes previously unimaginable. Companies with existing flexible work practices were able to scale more easily, while others had to quickly find ways to deploy new infrastructure and protocols.

Many companies are still operating remotely under this “new normal” with some yet to implement their return-to-office strategy.

With the vaccine roll-out in Australia expected to take most of 2021, businesses need to decide now how to organise their workplaces to respond to these continued uncertain conditions and adapt to the hybrid office which we predict is here to stay.



5. The office is important for collaboration, innovation and personal development

Despite the popularity of WFH, there was strong support for the important role offices play. In fact, working at the office was missed by 80% of respondents, with the predominant reason being social and professional interaction.

Key attributes of the office environment cited included team based creative work, problem solving and brainstorming; learning and mentoring; and the impromptu conversations and chance encounters that can be the foundation of innovation.

Also referenced was the importance of face-to-face interaction in building and sustaining an organisational culture, managing staff wellbeing and for new employees and junior staff to “see and be seen”. The visibility and accessibility of leaders is also seen as being an important benefit of the office environment.

77%
still intend to
work primarily
from the office

➔ Six Ideas observation:

Perhaps the most important take-out from our research is that the office is not “dead” with the large majority (77%) still planning to work from there primarily. This was mainly attributed to the important social and professional interaction and also the opportunities for personal development which are valued.

Offices enable greater innovation and organisational productivity which are key drivers for growth. In addition, financial performance and competitive advantage are significantly enhanced by both structured and spontaneous face-to-face collaboration and interaction.

So what do employees want from their workplace post pandemic?



1. There is both the desire and expectation for WFH to continue

Despite the enormous disruption COVID-19 brought to daily life, a clear majority (73%) expressed the view that in future they would like to be able to work at least 1 day per week from home, this is corroborated by other global surveys.

Although C-suite executives were not as enthusiastic about WFH as highlighted below, the majority still indicate that they expect this option will continue to be available to employees in the future.

73%

respondents would like to WFH at least 1 day a week

but

49%

executives thought response would be lower

and only

24%

respondents want to WFH more than 2 days a week



2. But only part-time

The interest expressed in working from home is observed to be more about the flexibility and ability to have WFH as an acceptable and viable work mode.

Few people were interested in working from home on a full time basis. Factors highlighted include an unsuitable home environment for work, the difficulty in separating work from home, as well as WFH leading to longer work hours.

➔ Six Ideas observation:

These findings came about when almost everyone was working from home. As more and more staff return to the office, WFH could become an "outlier" experience, i.e. it may not be as effective when some people return to the office and others don't.

“There can occasionally be times when it is hard to get going, or when endless video engagement is challenging, however this is more than offset by the productivity increase with no travel time, no “office dressing”, no hunting for meeting rooms all day and no noise.”

Legal respondent





3. A clear preference to experience the professional and social interaction of the office

Unequivocally, respondents stated they miss the office experience with the primary reason being the desire for social interaction.

The main motives for getting back to work



Engagement



Connectivity



Health



Productivity



Learning

➔ Six Ideas observation:

It's important to note that this social interaction is not just in the office but also the vicinity of the office. As such the role of the precinct where your workplace is located shouldn't be underestimated.



4. Workplace amenities remain a drawcard

To attract people back to the office, the core benefits of leading workplaces are more important than ever. With WFH now proven to be a viable option for many, the issue is that attendance at the office becomes as much (if not more) about wanting to be there as needing to be there.

To encourage a return to the workplace, organisations should prioritise easily accessible central locations with extensive onsite and adjacent amenities. We anticipate a continued flight to quality to premium workplaces that offer more valued amenities, services and collaborative COVID-safe spaces to thrive, especially for larger firms.



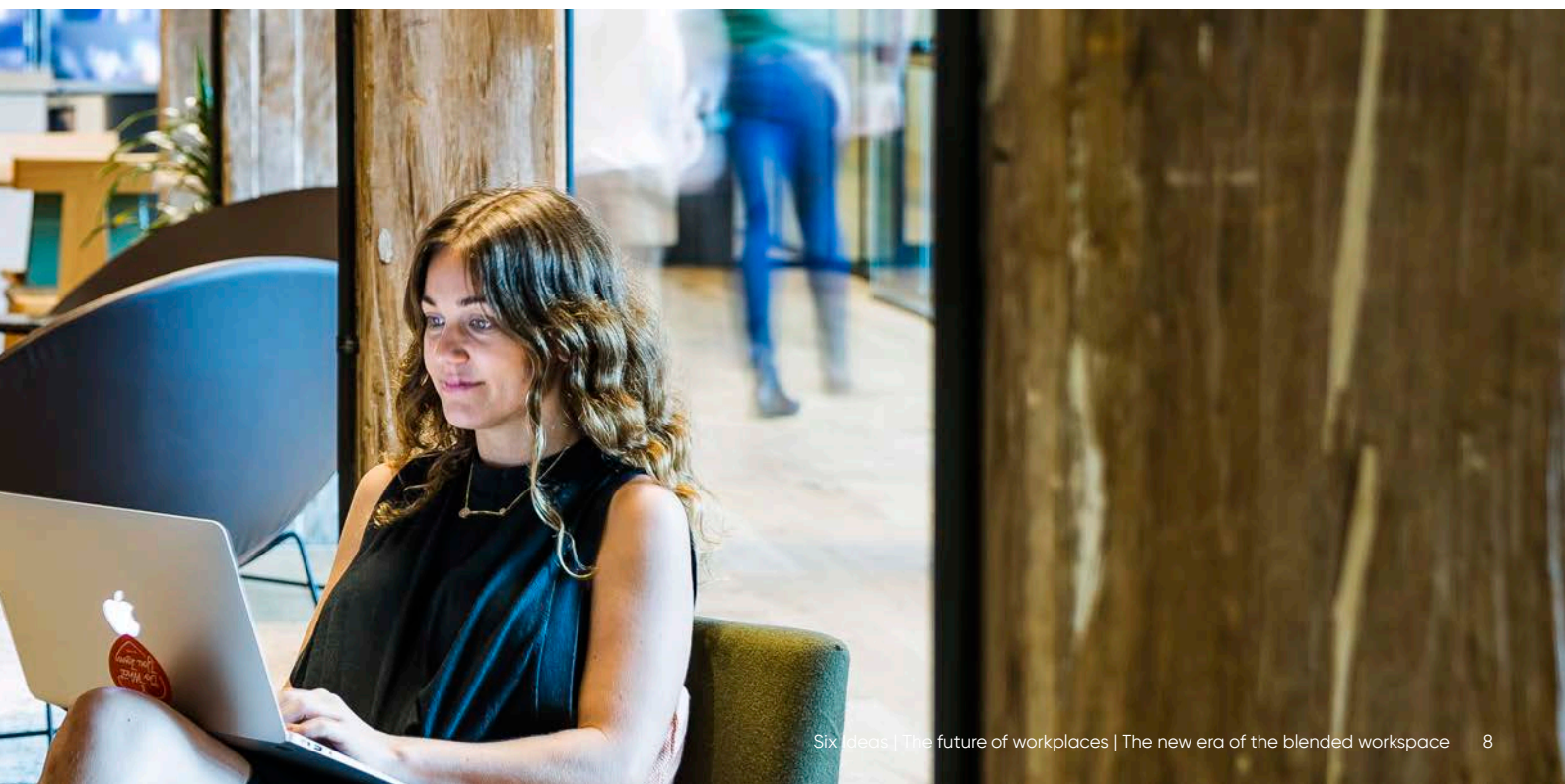
5. More choice

Fundamentally, people want choice and more flexibility in their workplace location. But it's not a binary choice, as while the ability to work from home remains desirable for many, it's clear that a hybrid model with more days in the office is the most popular option.

A fine balance will be needed to manage the desires of the individual for more choice with those of the team and the wider organisation.

The desire expressed for more choice supports the continuation of the current (and accelerating) evolution towards a physical and virtual workplace and what comes next – the blended workplace.

At an operational level, it is critical that everyone working away from the office has access to, and is fully trained in, the use of sophisticated technology to connect and collaborate effectively.



The blended workplace

It is evident from this research and other studies that WFH is here to stay. We predict the future workplace will be a multi-locational blend of physical and virtual working.

The blended workplace is not a new concept, but the level to which it is forecast to be adopted is a notable shift. It's part of an evolution in workplace trends from open plan offices to activity-based work and more recently co-sharing. Technology has been both a catalyst and driver for change, with the pandemic being the final push to test the concept and drive conversion and widespread adoption.

Survey insights:

Some work activities may be best accommodated in the office, with preferences expressed for face-to-face for the following:

78%

for meeting clients

74%

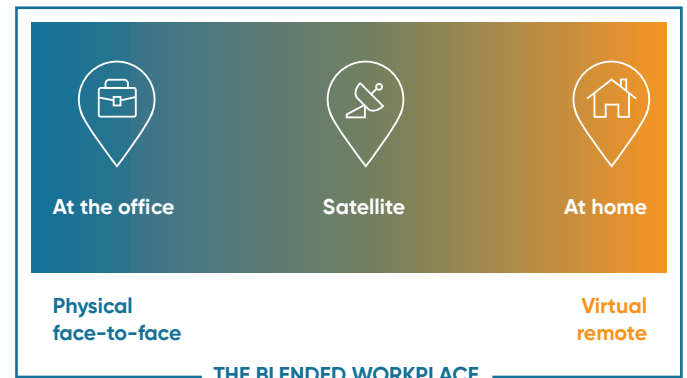
for managing employee wellbeing

73%

for managing performance

72%

for building company culture



While other tasks can be undertaken and supported from anywhere. For example, a common theme among respondents was that the WFH environment is better for concentration and focus work.

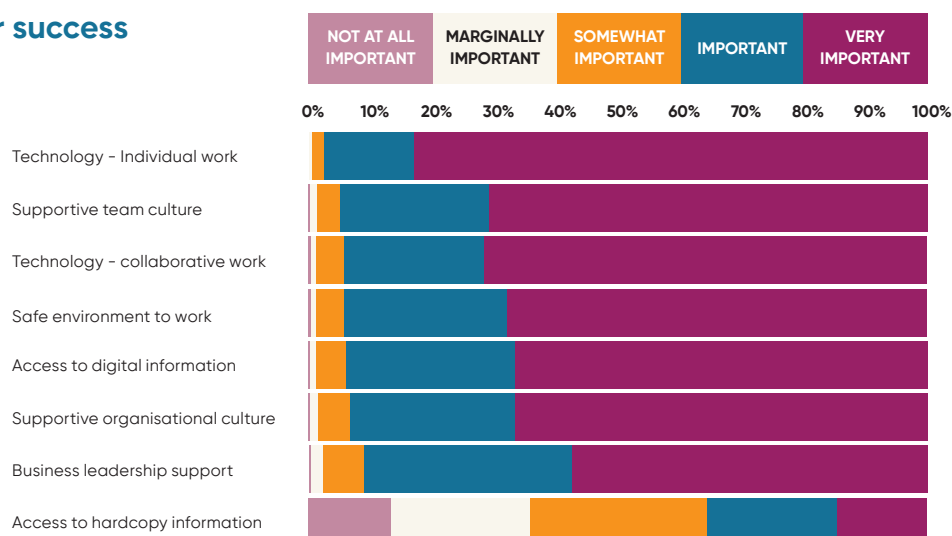
Many tasks are considered to be most effectively delivered with a blend of online and face to face such as fostering innovation (55%), employee access to help and advice (48%), building brand connections (45%) and process change and improvements (44%).

Understanding the mix of static and dynamic activities performed by individuals and those in groups will help determine the most appropriate work environments and settings to support them.

The blended office of the future

- Reduced dominance of individual desks
- Increased collaboration spaces
- Sophisticated video conferencing facilities and remote working technologies will be essential
- Real-time asset booking systems for meeting rooms, desks and third spaces
- Measures to address noise spread and confidentiality issues from increased virtual interaction such as zoning of quiet and interactive areas, improved acoustics and more sensitive sound technology
- Increased digitisation of documents and operations
- Smart wayfinding and location services to effortlessly and intuitively locate and connect with people

Key enablers for success



Opportunities and challenges

The opportunity organisations have now is to successfully merge the physical with the virtual, in a seamless and mutually complementary way to create a resilient and flexible workplace. One that meets the needs of both the organisation and the individual. And one that provides a new and improved employee value proposition which enables access to global talent and a safe, "best fit" environment to support productivity.

The right balance needs to be customised to each organisation. However, in general terms, we anticipate the new blended workplace will go through two distinct phases:

- The COVID-19 workplace
- The post COVID-19 workplace

The COVID-19 workplace will still have a significant cohort of people working from home. Workplace strategies for the office will continue to focus on reducing occupation density, eliminating desk sharing and controlling office circulation to minimise physical proximity.

However, many things which make the office attractive, such as the interaction and energy, will be missing. And so, the post COVID-19 workplace will potentially be a very different proposition.



THE COVID WORKPLACE
Focus on hygiene and safety
>50% WFH



THE POST COVID WORKPLACE
Exploration of the "new, better normal"
20% WFH

This is because those attractors of interaction and energy will become more important than ever in encouraging staff to attend when they potentially no longer need to. In such circumstances, the focus on physical separation will need to be replaced by spaces that actively encourage interaction and buzz.

Brand and culture will be more important than ever in the physical workplace, along with workplace monitoring, comfort, sustainability, health and wellbeing, and hygiene. More sophisticated technology may be required to enable effortless location and connection with fellow colleagues, or for viewing and booking virtual or physical workspaces.

The importance of place

As we move more towards a blended workplace model, our place of work will mean much more than just "the office". It will be a multi-locational blend of physical and virtual working. Workplaces will be the hubs for interaction, where people come together physically for social and cultural connection, collaboration and learning. Location will become an even more important factor in overall user experience with regard to access to amenities like public transport, parking, retail, food and beverage, leisure and fitness.

To attract office attendance, organisations will need to reshape their workplace strategy to facilitate physically interactive work activities critical to:

- Shaping culture and brand
- Creative ideation through collaboration
- Building social capital for co-operation, networking and trust
- Professional learning



Talent benefits

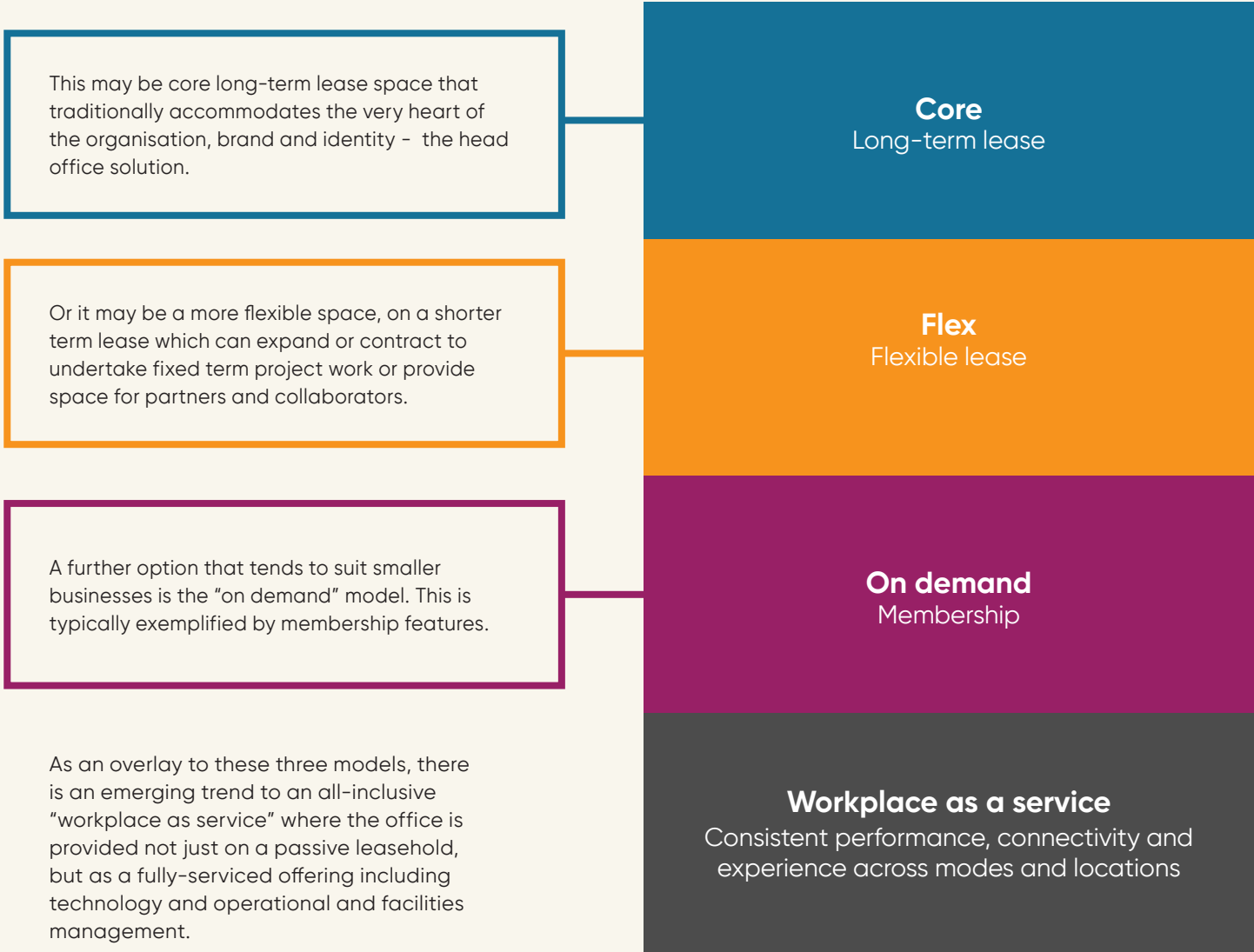
A blended workplace enables improved talent attraction and retention potential by offering:

- The ability to attract, retain and support talent regardless of geographic location
- Increased flexibility and choice in where and how work is performed
- Reduced commuting time for employees
- Wellbeing benefits, balancing work and life (including family) commitments



Accelerating trends towards more flexible real estate offerings

Further interest in a more diverse range of real estate models is predicted to accelerate as organisations seek greater flexibility in their office tenure.



Planning for success

To be successful, the blended workplace should be considered as a business investment, supported by dedicated leadership and resources.

Adopting this blended workplace will require careful planning and a distinct organisational approach and should take into account the broader trends and specific insights into how the organisation works.

This should then be enacted sequentially through leadership, management, technology, people and place strategies and initiatives.

- **Leadership:** Committing to the model and establishing the framework for success
- **Management:** Design and application of how it will operate
- **Technology:** Creating the technical infrastructure and capability
- **People:** Building a consistent and inclusive experience
- **Place:** Crafting an environment that fosters culture and identity

Blended workplace framework

| 1. Leadership | 2. Management | 3. Technology | 4. People | 5. Place |
|---|--|---|--|---|
| <ul style="list-style-type: none"> • Organisation design • Objectives and intended benefits • Operating model • Mandate • Sponsorship • Financial and people resources • Measures of success | <ul style="list-style-type: none"> • Application of the model <ul style="list-style-type: none"> - Universal/discretionary - Formal/informal • Policies and procedures • Leadership behaviours <ul style="list-style-type: none"> - Autonomy and trust - Performance monitoring • Culture and connectivity • Onboarding/mentoring | <ul style="list-style-type: none"> • Connectivity and communication tools • Collaboration tools • Systems and processes • Digital environment • Wayfinding, access and presence • Building/environmental intelligence • Training and support | <ul style="list-style-type: none"> • Communication and change management • Protocols • Engagement and performance monitoring • Health and wellbeing monitoring and counselling • Events and socialisation • Training and support | <ul style="list-style-type: none"> • Office design: balance of collaborative/individual • Office operating model – assigned/unassigned • Home work environment • Space utilisation monitoring and management • Hygiene, health and wellbeing |

Each element will be unique to each organisation, depending on where it currently sits and where it wants to be in the future.

Moving towards a blended workplace model: implications for your organisation

A new distinct organisational approach will be necessary to formalise an appropriate blended workplace strategy tailored to operational needs. It will require careful thought and stewardship.

While initial cost savings in real estate and reduced travel budgets overall may be at the forefront for some, it's important to factor in the set-up and ongoing costs of an effective hybrid model to ensure sustained business performance and continuity.

A planned approach to technology, systems training and management of people will be necessary. Important decisions will need to be made, to determine the right mix for your business.

Key decisions

- ✓ What constitutes a "critical mass" of office attendance and how will this be achieved?
- ✓ How will consistency be implemented fairly for remote working arrangements across the organisation?
- ✓ To what extent can the individual's attendance, performance and health be monitored and self-managed?
- ✓ How will culture pervade a large number of remote workers?
- ✓ How can new starters continue to be onboarded, settled and supported effectively?
- ✓ What new roles will need to be created?
- ✓ And how will traditional office roles – such as the Office Manager or Facilities Manager – need to change to adapt to a blended workplace environment?

Transitioning to the new blended workplace

Getting your office ready

Now that the office may no longer be the default place of work for all, the development of workplace strategy is much more complicated. This is because workplaces and organisations need to respond to individuals wanting more choice in where they do their work.

At the same time, this has to be balanced with the needs of the team and the overall business, as well as aligning with the overall ethos and culture.

Adopting a blended workplace – key success factors

Organisations must understand the different and competing drivers that impact the success of this blended model. Key success factors affecting WFH effectiveness are leadership, technology adoption and culture.


But there is no one-size-fits-all solution. Just as the WFH experience differed notably by role, gender, age and commute times, a tailored multi-faceted approach is required to harness the benefits for all – while minimising risks.

We recommend organisations explore a three-pronged framework, considering the following levers when developing an adaptable and blended workplace environment. The needs of these three cohorts will not necessarily be aligned and consultation will likely be required to reconcile them when developing a new workplace strategy.



The future workplace will involve much more of a physical and virtual working blend. For many, this will represent a “new, better normal” and could encompass the following benefits:

- More flexible and responsive real estate solutions that include a mix of core and flexible space to respond to changing market conditions and demands
- A multi-locational workplace provides significantly enhanced organisational resilience in the face of disasters or shocks, natural or market related
- Access to a larger national and global talent pool, with the ability to offer roles regardless of location
- ➔ However, leading and motivating a geographically dispersed workforce comes with its own challenges and involves new thinking around leadership, management, learning and development
- An evolved employee value proposition reflecting greater choice, empowerment, autonomy and trust in how and where people work
- Increased productivity by offering the right environment for the organisation and workers specific needs, circumstances and culture
- Enhanced employee engagement and satisfaction, as a result of more choice and flexibility in where and how they work
- Enhanced diversity outcomes – a more adaptable workplace and workforce would enable more substantive opportunities for people with disabilities for example



In conclusion, the blended workplace has the potential to provide organisations with a sustainable competitive advantage.

We are in the midst of this evolution in workplaces and commercial benefits will come to those organisations that recognise this shift and embrace it. Perhaps most importantly is the very significant shift in mindsets and behaviours that will be required to make the blended workplace effective and efficient. Also important will be recognition on the part of workers that with greater trust comes the need for greater self-discipline and responsibility to the organisation and at an individual level ensuring personal health and wellbeing is maintained

Carefully constructed, it can offer a “best fit” environment, with each workplace tailored to uniquely match the current and future needs of the organisation. The blended workplace offers many benefits but determining how it will work most effectively isn’t quite as clear cut. There isn’t a silver bullet. An effective workplace strategy post-COVID requires numerous levers to be working well together for success. This is where outside consultation and advice can aid in building the optimal workplace for the future and reconcile the conflicting drivers.

Which is where Six Ideas by Dexu can help, with a tailored workplace strategy built around your business and your people.

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