

21%
Strategic Consulting

Workplace 2025

*It's an employee's world.
And it's closer than you think.*



EXECUTIVE SUMMARY

Workplace has traditionally been an adaptive resource for companies. It has adapted to the purpose of providing necessary work environments for the business and to an “affordability model” working to optimize costs while delivering efficiency and effective work environments. C-Suites around the world are disrupting this purpose – transforming the workplace strategy lever for their future success.

Cushman & Wakefield’s Strategic Consulting practice identifies three major shifts transforming the purpose of the workplace, unleashing previously unforeseen potential:

Major shifts:

1. From floor plans to personalized experiences: It’s not just about the space anymore. Organizations need to shift away from the physical environment to company-designed experiences these environments create, improving employee engagement.

“If you’re still talking about the pros and cons of the open plan, you’ll get left behind. It’s people first, then real estate.”

2. From the CFO to the entire C-Suite: Moving beyond costs, workplace will drive innovation, productivity and efficiency. When it comes to the workplace, there’s value for everyone.

“No longer just an expense, workplace is now a business lever to better enable talent and provide competitive advantage.”

3. From gut- to data-driven solutions: Perceptions and executive directives for workplace solutions are now being replaced by data-driven, predictive analytics for creating experiences that guide culture, monitored by the business and the C-Suite. Cushman & Wakefield conducted research on behalf of LinkedIn to leverage data to prove the workplace experience contributes to employee engagement.

“Data and analytics and not conjecture. This shift is an industry game-changer.”

This is no longer just a real estate matter but one that requires a transformational approach to providing the workplace of tomorrow. Change is business driven from the top and adapting requires an integrated approach across a company’s infrastructure. The CHRO, CRE and CIO must partner to drive meaningful results.

Delivering Workplace 2025 Starts Today

Visualizing the workplace in 2025 starts with the realization that it's closer than we think and planning for that reality starts today. Commercial real estate has evolved so much over the past 50 years. Gone are the days of cubicles, perimeter offices, fluorescent lighting and working 9-5, singularly focused on work alone.

Thanks to recent advancements in technology and the global economy, people today can work from anywhere, at any time; therefore, offices now must compete with a variety of other workplace options. When they do go into the office, they don't want just a work environment, they want a complement to their work-life experience - from easy commutes and being greeted in the morning to having the temperature adjusted to their preference to getting a cappuccino and collaborating in easy-to-use social settings. They want to be understood in a place where they feel valued, connected and supported.

It's an employee's world. Place drives experience.

To attract and retain the "best" of these employees in an increasingly competitive world, companies need to understand what drives the employee experience and focus on delivering it. Real estate alone can't deliver this experience. Instead, companies need to bring their People (HR), Place (CRE) and Technology (IT) functions along with the business together in a more integrated way. Better aligning these groups not only allows you to deliver an optimal experience to your employees through upgraded smart workplaces that are enabled by 24/7 virtual technology, but you will also be operating much more efficiently as a result.



PEOPLE



PLACE



TECHNOLOGY



People (HR) in 2025

By 2025, employee expectations will be more in line with today's consumer expectations — a highly personal experience and access to what they want, when they want it and usually that same day. Not only will the future workforce assume their employer knows their wants, needs, health concerns and other issues, they will expect their employer delivers those experiences.

As a result, the three major goals for HR, working with IT and CRE should be:

1. Create the ultimate workplace experience: To create the ultimate experience, 2025 companies will need to understand employees wants and needs. Bonding is an important part of this ultimate experience and community built within the workplace. Since employees no longer need to be at work, it's important that they want to come to work.

"Workers are happier in their jobs when they are friends with their co-workers creating a fun, enjoyable, worthwhile and satisfying job."

— Harvard Business Review article, *We All Need Friends at Work*

2. Customize to reduce stress: Making the workplace more "customized" to the individual can help employees work smarter, optimize their performance and be healthier – all while saving them time and energy and reducing stress.

"Companies are faced with out of control medical costs. More than 83% of the population has one or more chronic diseases. More than 75% of employees list their jobs as the number one factor one for high or extreme stress. Stress is the leading source of metabolic syndrome and a key link to chronic disease."

— Rex Miller, *The Healthy Workplace Nudge*

The cost of healthcare is expected to double by 2024 and there's an opportunity for companies to reduce stress by identifying and solving root causes to improve people's workplace experience.

IMAGINE WORKING IN 2025. An employee heads to their desk and the chair automatically adjusts to the appropriate height. The desk light adapts to their preference. In the lounge, a cappuccino awaits, and a neighboring conference room displays the presentation for the employee's 9:00 a.m. meeting. A workplace passport (key card) signals the smart building settings to respond to your employee's preferences. It will be the new norm — and will streamline an employee's day-to-day workflow.

Real-time monitoring of personal movement will also provide health-related data, such as how computers affect eyesight and headphones affect hearing. These measures will be necessary and mandatory to preserve individual health and reduce stress.



3. Become more strategic about outsourcing: From on-demand resources to just-in-time (JIT) workplaces, companies should focus on scaling talent and real estate to achieve more cost efficiencies. Whether that means leveraging the global JIT resource pool to hire a top coder for only two weeks, or renting out office space to your own contractors, becoming more strategic about

your outsourcing can be a real differentiator and mitigate the risks of hiring spikes of temporary demand. Integrating these external resources into your work community requires delivering outsourced labor the same experience designed for employees. It is the key to keeping your people strategy intact.

WORKPLACE 2025 – A STRATEGIC LEVER

CAN YOU TRANSFORM TO THE RISE AND SPEED OF WORKPLACE?

The 2025 workplace is more like theater — adaptable, flexible and quick to change. Spaces evolve for projects and the task-at-hand and are then repositioned in a different light for the next “show” to meet the ever changing demands of the business.





Place (CRE) in 2025

In 2025, the workplace is now a strategic asset to attract and retain top talent. Companies are building communities at the intersection of work/live/play to attract these employees. They are implementing fully integrated smart workplaces that anticipate employees' needs and deliver optimal employee experiences as a way of doing business. Your workplace now serves as a real differentiator and strategic tool for your company providing competitive advantage.

The three major focus areas that CRE should be working closely with HR and IT on include:

1. Driving Culture: While many CEOs respect working from home and co-working solutions, they would like to see their workplace as employee's #1 preferred place to work.

Why? CEOs now look to the workplace as a physical embodiment of their culture. They now lure more people into the office with more comfortable, homey environments with a variety of "living, dining and family" room type spaces so that employees have choices and can better interact. Driving culture by building a company community and place has moved beyond just the office with some companies offering housing and retail within their portfolios to provide an even broader community scope. More connected employees that feel part of a larger community and culture, have lower attrition and better retention — and create an employer-of-choice company. More tenured talent fosters improved production and innovation.

2. "Upskilling" your real estate: In 2025, the fully integrated smart workplace is required to remain competitive. Sensors and smart technology will predict and manage everything from maintenance to user needs for more efficiencies.

IMAGINE MANAGING SPACE IN 2025.

Instead of servicing equipment on a regular basis, your service time will be prompted by a sensor. There will no wires, screens, mouse or keyboards required. Instead, virtual reality, augmented reality and projectors will be the norm. You will get information about space utilization and energy optimization in real time, allowing you to be much more strategic with your portfolio planning. While measuring and monitoring experiences, you find meeting experiences are deteriorating while your smart building senses temperatures rise 10 degrees when conference rooms are in session. Customization happens automatically, leading to productivity preserved and problems resolved without waiting for a call or trouble ticket.

3. Offering flexibility: In 2025, many companies will view "real estate as a service," providing more on-call workplace offerings and operations that flex with the needs of both companies and employees. Why should you lock into a 10-year deal if you don't have to? The idea behind this is that real estate should evolve with a company's business needs in real time. Recent forays to leverage on-time demand, co-working for swing space is one example.

The 2025 workplace is more like theater — adaptable, flexible and quick to change. Spaces evolve for projects and the task-at-hand and are then repositioned in a different light for the next "show" to meet the ever-changing demands of the business. Facility services now include "stage hands" with a hospitality touch, driven by a business-informed real estate strategy. Companies will no longer count ticket sales but review the actual experience. The 2025 multi-purpose, flexible space not only leads to increased efficiencies in the use of assets, but works to drive increased business innovation and productivity while allowing real-time flexibility to move with the speed of business change.



Technology (IT) in 2025

Technology will be key to workplace transformation in three major focus areas:

1. Thrive in a virtual economy: Technology will be seamless in 2025 with virtual reality and cloud access to data. As companies move to a more virtual way of working, it's vital to keep their brand and culture alive. This is where HR, CRE and IT fully integrate to meet the new challenges

IMAGINE TECHNOLOGY THAT CONNECTS EMPLOYEES IN 2025. Workers (remote or in office) collaborate through a company app. The app monitors tone of conversation, employee's bio-rhythms, room temperature, discussion topics, etc., to anticipate needs. Artificial Intelligence works to pull up data and reports based upon the conversation or it can recommend to a meeting leader when to take a break, re-engage the audience or even evaluate if the quality and tone of the meeting is in alignment with the desired culture of the company.

2. Leveraging a smart city: Data in 2025 will be everywhere -- sensors, cameras, electrical devices, GPS. These inputs will help cities and buildings become a lot smarter about commuter patterns, when to cool buildings, security systems and more. This big data allows companies to anticipate and manage real estate 24/7.

3. Innovating through technology: From autonomous cars and their impact on parking garages and a city's infrastructure to how machine learning is making predictive technologies much more

IMAGINE BIG DATA IN 2025. Cities now know where people work, live and play in real time. An outdoor suburban mall has retail, housing and office space, technology will deliver a seamless experience. Big data will drive location decisions down to neighborhoods. Sensor technology through tools like Humanyze offer people analytics platforms where 'smart badges' with combined microphones, accelerometers and other sensors collect massive amounts of behavioral data from employees. Companies can monitor how employees mobilize and interact. Wellness measures will help businesses analyze and improve the productivity and health of its workforce. As a result, companies must be prepared to adapt their workplace and culture using this data.

reliable and credible, it will be more important than ever that companies stay on top of the latest innovative trends in 2025. As important as the employee experience within the workplace, virtual tools are creating seamless online experiences. Technology is improving the ambient experience regarding temperature, communication, to improve workplace productivity; improving culture by creating more organic social collisions; and reshaping jobs, freeing up employees to serve higher functions.

The Future Is Now

New technologies are disrupting existing ones at an alarming rate - creating a chasm between workplaces that should be sustainable for years and assets that want to last for 40. Strategic real estate planning is paramount to enabling future experiences.

In the face of several economic, political and environmental challenges the world is facing today, it's clear that many businesses won't make it. According to innovation consulting firm Innosight, nearly half of the current S&P 500 will be replaced over the next 10 years. Companies need to innovate if they want to survive.

The Workplace 2025 vision is a transformed and elevated positioning of the workplace as a strategic asset, enabling companies to accelerate productivity, improve bottom line results through a more leveraged and engaged workforce.

But don't wait - the future is now and your future workplace and company depends on it.



Cushman & Wakefield's Experience per SF™ helps clients measure and diagnose the workplace experience; develop an experience improvement action plan; and pinpoint priorities to be executed.

Cushman & Wakefield helps clients create integrated CRE, IT and HR initiatives that not only lead to better overall experiences, but also **help clients move from cost management to value enhancement**. Experiences are no longer designed through guesswork and executive protocol, but are choreographed through data and rigorous statistical analysis on both a company and personal level. Tools like Experience per SF™ don't just measure work related experiences of focus and team collaboration, but delve into life experiences of learning, renewing and bonding with colleagues.

FOR MORE INFORMATION



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About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.