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# Landlord's Guide to Remote Workplace Strategies

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## Executive Letter

Dear Reader,

While much of the real estate ecosystem was transformed by the COVID-19 pandemic, offices worldwide arguably underwent the most dramatic shift. Employees across many industries worked from home for months, and large downtown towers and office parks stood virtually empty — meanwhile employers looked into hybrid work models and flexible layouts that could potentially reduce costs and take advantage of the Zoom-enabled new normal.

So it's natural, after such unprecedented changes, that we at Blueprint are spending a significant amount of time and energy thinking about what the offices of the future will look like after the pandemic, how work will change long-term, and how real estate and technology will have to adjust. And in fact several different sessions at our live event in Las Vegas will be devoted to the topic.

We are particularly excited by the way the technology community has responded to the challenges, by helping to make offices safer and more accessible, helping to make home offices more efficient and productive, and to rethink workflows and financial models for how owners, occupiers, and the people in the spaces come together.

That's why we're so pleased to partner with Propmodo for this important report, which looks at some of the ways that concepts for the office are now shifting — and the ways in which remote work could continue to have a lasting impact.

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## Introduction

The real estate world is in a period of unprecedented disruption as old approaches fade away and new ones emerge in the wake of decades of technological advancement and the vast impacts of COVID-19. One of the areas at the heart of this disruption is the workplace. Occupiers are now capable of offering their employees a wider range of working styles and strategies than ever before, and in many cases, due to the impacts of the pandemic, these new approaches are required.

Within the world of workplace strategy, a growing number of companies are choosing to send their employees home for more days a week or, in many cases, even permanently. This new type of working is far from homogeneous, though. Remote work strategies are as varied as the companies using them.

This report is the second in a two-part series focusing on both in-person and remote-first work arrangements. In our last report, we discussed the strategies behind in-person-first work arrangements and explored the details and specifics of some of the companies going down this road. In this report, we will do the same for remote-centric work arrangements.

First, we will discuss the strategies underpinning remote work, from different ways of planning schedules to different types of spatial arrangements within the workplace. Then we will move forward to discuss several case study companies. Finally, we will conclude with our observations on the future of remote work.

## Executive summary

While different occupiers are taking a wide range of approaches to their remote-focused workplace plans, a number of consistent themes have emerged over the course of our research.

### Culture tech

Many occupiers are looking to tech to help them reinforce their company culture and bring remote employees into the fold. Options for this deployed at enterprise occupiers range from a frequent remote working podcast dedicated to company news and updates, to dedicated tenant experience platforms that connect in-person and remote workers, to daily or weekly off-topic Zoom calls aiming to help employees connect as people, not coworkers.

### Retain the office

Even with a dedicated push toward remote work, a majority of occupiers will likely retain a physical footprint. This may be smaller or less dense than

in previous years, but the nature of work for most companies will make a physical space very useful at least some of the time. Consequently, even companies that decide to heavily invest in remote working should be expected to maintain a limited office presence well into the future.

### Purposeful office use

For occupiers that do keep a physical office as part of an overall remote-focused strategy, use of the space will likely transition to a much more purposeful dynamic. Instead of simply allowing employees to come in ad hoc when they choose, remote-first companies with a physical office will likely institute some sort of space reservation system or any number of explicit attendance policies, such as providing assigned desk space only to those employees who commit to working in-person a minimum number of days per week. This will help businesses ensure their (perhaps more limited) physical footprint is able to fulfill the needs of all employees more efficiently.

## Remote-first work arrangements

In this section we will explore the scope of remote-first work arrangements available to modern occupiers.

### **The remote-first, in-person available office**

A remote-first strategy puts working remotely as the primary option for employees while keeping an office as an option. With this type of strategy, office sizes can be reduced since the space only has to accommodate a relatively small proportion of their workforce using it at any given time. This allows companies to cut down on real estate costs. Remote models can be synchronous or asynchronous. Asynchronous models allow employees to work whenever they want to regardless of the time of day. Synchronous models keep everyone working in the same window of hours each day.

Remote-first is different from organizations that offer a remote option while sticking with in-person for the majority of work days. Remote-first companies will still have a physical presence, available to those who prefer traditional office spaces and those workers that don't have a remote option readily available. By establishing remote working as the norm within the organization, most employees are given a tremendous degree of freedom in relocating and finding a work style that suits them most.

Another benefit of the remote-first approach is that it is easier for these companies to reach talent located in more remote areas. Nonetheless, remote-first involves some additional management challenges due to the presence of employees both remote and

in-office. Companies should identify stable, easily deployable tools for collaboration and ensure that security, privacy, and connectivity are addressed from day one. For some organizations, that may mean deploying IT professionals to set up a properly connected, secure workplace for remote workers. Others may not need to go that far.

### **Fully remote**

On the other end of the spectrum there are fully remote organizations, which don't own physical office spaces and keep all employees working remotely. Employees might still meet and interact in-person at socials or meetups but these may be ad hoc, at resorts or other venues. Fully remote companies can keep their employees synchronous or asynchronous just like partially remote ones.

Most companies are operating a fully remote strategy for the past year due to COVID-19 restrictions. Throughout the process of navigating this new way of working, some companies have experienced higher productivity, employee satisfaction and cost savings. So these combined can lead to companies making the decision to become fully remote in the long run. Companies that go down this road can save on real estate costs and demonstrate a smaller carbon footprint than their peers, benefiting corporate ESG goals.

Of course, fully remote office strategies have their drawbacks. Communication issues and dependency on technology are among the top ones. In-person working or interactions can foster better communication and teamwork. Depending on the location of employees, fully remote companies might not be able to even host gatherings of employees easily. For management, it is also challenging to track and evaluate employees when in-person interactions are limited.

For the employees themselves, remote work is often considered a good thing but can lead to a range of drawbacks such as higher stress and lower productivity. Generalizing here is dangerous, since there is so much variation in how exactly people work from home. According to workplace consulting firm Leesman, a COVID-era survey of over 220,000 employees found that 25 percent who work from home do so from non-work-specific settings, forsaking the "home office" for the dining room table or the couch. This underscores how variable the remote worker experience can be, even if the employer firm offers guidance and advice on home ergonomics and connectivity.

### **Remote-first in practice**

With the strategies behind remote-first explained, we can now begin to review some of the most interesting

case studies in remote-first work arrangements.

### **Dropbox**

Dropbox announced that they were adopting a “virtual first” work strategy in late 2020, but even before the pandemic, the company was open to remote working. In the company’s blog post announcing their decision, they highlighted that internal surveys showed nearly 90 percent of their employees were able to be just as productive at home and don’t want to return to a traditional workplace. In a study sponsored by Dropbox and executed by The Economist, they found that employee engagement levels stay the same for remote workers as in-person ones.

Dropbox’s research also illuminated some of the risks of offering a remote and an in-person option and allowing workers carte blanche to choose whatever they want, whenever they want. Dropbox’s director of international human resources Laura Ryan explained that this type of ad hoc arrangement comes with drawbacks such as “issues arising with inclusion, promotion, career growth and cliques.” Instead, the company moved to what it calls “Virtual First.” This arrangement allows workers to perform all their solo work at home or from a co-working facility which it will cover the cost of. When workers need to perform collaborative work, they can come into what the company calls a Dropbox Studio.

Moving to this arrangement won’t require a reduction in total office footprint. Dropbox Studios will occupy the same amount of space as before. Although fewer people will be in the physical office at one time, the layout will likely be more spread out, with large meeting rooms, lounging and common areas. The company plans to actively prohibit solo work from being done in these spaces. This purposeful mixing of remote and in-person work is meant to make space decisions more deliberate and minimize exposure to the types of risks that Ryan explained.

### **Salesforce**

Salesforce issued new working guidelines in February 2021, which they call “Work From Anywhere”. Their aim is to create a workplace that is suitable for everyone. After collecting internal feedback, they found that more than half of their employees wish to come into work only a few times a month, but at the same time 80 percent want to maintain connection to a physical space. In order to satisfy these needs, Salesforce’s employees can choose between three ways of working.

The first option is Flex, what the majority of employees will use. Employees will be in the office 1-3 days per week for in-person tasks such as collaboration, customer meetings and presentations. The second option is Fully Remote, where employees can work remotely full-time. The third one

is Office-based, which entails coming to work 4-5 days per week and is only for a small portion of the workforce. Their work options cover a wide scope of hybrid working styles. In an interview with CNBC, CEO Marc Benioff said that 50 to 60 percent of staff will likely work from home.

Workspaces under this plan will be redesigned into “community hubs”. Salesforce completed their \$1.1 billion skyscraper Salesforce Tower in San Francisco in 2018, which will still be used for all the collaborative and meeting-type work Salesforce employees need to do even while other properties and office expansion goals are pared down. The company wishes to use these in-office times to foster communication and interaction rather than having workers come in to sit at their own desk doing individual work. Spaces will also be utilized as “cultural engagement centers” which are used for events and training.

### **Sprinklr**

The marketing software company Sprinklr has developed a number of proactive responses to the challenges of balancing a workforce that is both remote and in person. According to Global Head of Workplace Tony Vargas, communication is key. “I will assign you a desk if you commit to being in the office for 4-5 days a week. Otherwise, we use hot desks.” And for shared spaces, Sprinklr uses a reservation

system to prevent double booking.

A big part of Sprinklr's response was human-centric planning and programming to keep its sense of culture and connectivity alive through the lockdowns and eventual return to work. Early on in the pandemic, Sprinklr instituted a 15-minute heartbeat call focused on non-work topics. Sprinklr's teams at first held this call daily, and then moved to weekly as the pandemic wore on.

Meanwhile, Tony himself began co-hosting a daily podcast styled like a talk show, aiming to highlight the people and perspectives of Sprinklr's employees. For a company with thousands of employees, these kind of "extracurricular" activities can add a lot of value and help frame the workday whether people work from the office or from home. Sprinklr also uses a peer recognition system, meant to help bring teams together and encourage feedback and camaraderie.

In a larger, strategic sense beyond podcasts and perks, Sprinklr's vision for the future of work is more efficient but not smaller. Tony explained that "I am not convinced that it is going to be less space that we need in the future. Rather, it is a different configuration and use of the space. Sometimes a hybrid office may need to be a little bigger, if people are going to come in for big meetings and events." This is an important consideration for occupiers looking

forward to saving rent money by moving to a hybrid arrangement. Is remote work a chance to save on overhead costs, likely a drop in the bucket compared to staff costs, or is it a chance to get more productive as an organization?

### What can landlords do?

Landlords may greet the growing emphasis on remote work amongst their occupiers with concern, but Tony's explanation that leased space should be different, not necessarily smaller, should be reassuring. Additionally, there are several options that landlords have to keep their occupiers engaged and more likely to renew their leases at the end of term.

First of all, providing a tenant experience application can be a good way to unify the occupier experience.

Because well-performing tenant experience apps offer interaction with building systems like access control and space reservations, these platforms can be particularly useful for occupiers that have employees who rotate between in person and remote work styles.

As the graphic illustrates, tenant experience apps are only one of a number of service and amenity options that contribute to overall tenant satisfaction alongside other factors like location and presence of friction or hassles. Of course, landlords should seek to eliminate as many of these as possible for the sake of their tenants, and tenant retention.



Besides tenant experience apps, landlords can offer other perks to keep their remote-first tenants in the fold. Ensuring that there is a good mix of dining

options should be a high priority, to the extent it can be impacted, since many individual employees are more likely to make the trip to the office if there is a high-quality lunch spot nearby. Landlords can take this a step further and bring food into the building by contracting with a coffee shop or tenant retail spaces with engaging restaurant choices instead of staid chain options.

## **Conclusion**

Trends are leaning towards a more virtual oriented workplace. In a Harvard Business Review survey of 854 U.S. employers, 42 percent reported that the majority of their workforce could work remotely. At the same time, key occupiers have indicated that most employees also wish to have access to an office.

In this report, we explored the scope of remote work arrangements in the market today. We started by reviewing some of the methods which remote-first companies use to meet their employee and corporate needs. Then we moved on to discuss a number of remote-first case studies of planning and implementation. While the remote-first approach is a great choice for many companies, it is important to be deliberate and purposeful in space planning and policy setting. Keep things a free-for-all can make planning difficult and management even harder.

Remote work is far from always the right answer for companies looking to get more productive but it does come with a number of benefits. Chief among them are the reputational and hiring bonuses associated with remote work. Employees may not like to be forced to work remotely, but having the option is certainly a very valuable perk indeed.

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