

RIGHT-SIZING GUIDE

A Guide to Right-Sizing Office Space in a Hybrid Work World

VERGE
SENSE

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Introduction

The role of the traditional office has changed.

Prior to and through the COVID-19 pandemic, organizations had to rethink their infrastructure and workplace policies to adapt to the new ways that people work. For many (nearly three-quarters of companies in 2021), this means adopting a hybrid work model, where staff is distributed across remote and office locations. This new model will have many impactful benefits for employees including increased flexibility, decrease in commute time, and improvements in work-life balance.

However, managing a real estate strategy that supports a hybrid workforce is quite complex and introduces new challenges for corporate real estate leaders. How?

-
- 01 There is undoubtedly high variability in office attendance across the day, week, and year.

 - 02 Workplace utilization benchmarks are no longer useful.

 - 03 One-to-one desk assignments often lead to high amounts of wasted space.

 - 04 The office holds a different purpose, primarily collaborative and creative work that's done best in person.
-

In fact, collaboration in the workplace has increased since the start of the pandemic, reinforcing that workplace leaders need to audit their existing inventory of space and redesign their offices to optimize for new working types.



82%

of companies are keeping existing real estate or investing in new property in 2021

Is this also a moment to reduce one's real estate portfolio entirely?

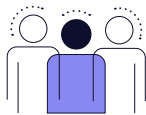
Not necessarily. In fact, according to [VergeSense's 2021 Workplace Impact report](#), 82% of companies are either maintaining their existing real estate or investing in new property. This leaves corporate real estate managers and executives with the great responsibility of right-sizing their investments, or finding and adapting spaces that work for their team's needs appropriately. An optimized, right-sized CRE portfolio is essential to the bottom line.

With the world still operating in a state of uncertainty, companies need to right-size their office spaces effectively, remaining aware of current and future needs. To do so, they'll need to implement a data-driven strategy that leverages [spatial intelligence](#) and considers both the company's goals and employee preferences.

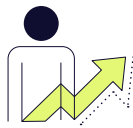
THE BENEFITS OF A SOUND RIGHT-SIZING STRATEGY ARE:



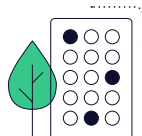
Higher cost savings



Improved employee retention



An increase in productivity



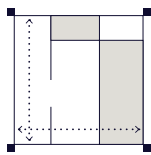
Reduced carbon footprint

Creating a Right-Sizing Strategy

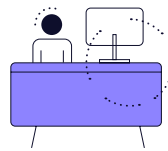
Reevaluating your portfolio regularly can save you significant amounts of money in the long-run.

Creating a workplace right-sizing strategy starts with reviewing your company's real estate portfolio. Now, with most companies adopting a hybrid work model leading to changing space needs, and rising overall occupancy costs, companies must give their portfolio a double take. This involves looking at investments through a data-driven lens, leveraging spatial intelligence to make decisions on how spaces should be redesigned. This will enable an improved employee experience, and make the workplace a necessary destination for workers.

TAKE INVENTORY OF CURRENT ASSETS AND EVALUATE:



Asset size



Asset type

Lease, sub-lease, coworking space, owned, flexible, etc.



Asset location



Usage information

Who is currently occupying each asset and for what purpose)

With this data in mind, you can implement changes to your workplace strategy and receive the necessary C-Suite buy-in for workplace investments.





Based on the commonly used 3-30-300 rule by JLL, or every unused square foot, businesses pay an average of:

\$33
PER YEAR

This adds up quickly.



A 250 square foot meeting room, which can seat approximately 8-10 people, costs:

\$8,350
PER YEAR

That's a major investment that could instead be used to improve a space, equip it with technologies, and support employees needs.

The first step in creating your right-sizing strategy is to formulate your strategic objectives.

Is there a particular occupancy rate you are looking to achieve? Is this a cost-savings exercise? Are you hoping to balance attendance across the day, or the week?

From there, you need to collect a starting usage benchmark. In your strategic plan, discuss how you will collect your new benchmarks, likely through the collection of occupancy data. This data includes trending data on real-time occupancy, space utilization, room and space preference, and more. The data points will help you identify how to achieve your strategic objectives listed above, and how exactly you should approach right-sizing.

To begin developing a data-driven right-sizing strategy:

- 01 Invest in spatial intelligence tools to begin capturing employee workplace trends in the form of granular data
- 02 Review and analyze the data generated by these platforms
- 03 Identify any usage trends and patterns, noting that these will continue to shift as employees return
- 04 Determine immediate and long-term action items to help you meet your strategic objectives with the help of key stakeholders
- 05 Implement and optimize your right-sizing strategy, perhaps through integrations such as room and desk booking apps
- 06 Reevaluate and adjust strategy as necessary

Each of these steps will be covered more in-depth throughout the following chapters, starting with step one: investing in the right tools.



Spatial Intelligence:

The #1 Required Capability for Guiding Your Right-Sizing Strategy

Employees' use of space will shift constantly. Traditional workplace behaviors have been upended by a new norm: expectation of personal choice.

Employees today can choose when, how and where they would like to work, whether it be in their living room in a different country, or in a satellite office down the street. All the while, employers see it in their best interest to maintain that autonomy as a tool to attract and retain employees.



DEFINING SPATIAL INTELLIGENCE

Spatial intelligence overcomes the uncertainty and unpredictability around work through the use of granular data collection and analysis to monitor, measure and synthesize employee work patterns and space usage in real-time.

As spatial intelligence technology continues to evolve, workplace leaders will have the most comprehensive understanding of space that previously seemed impossible.

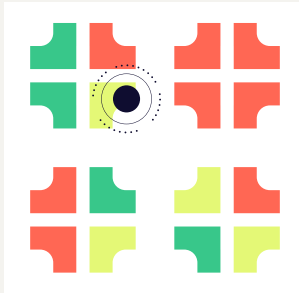
While you can collect some information manually or through qualitative surveys, spatial intelligence allows you to measure and analyze physical spaces, and the people who interact in these spaces, in real-time. Workplace analytics are a key component of spatial intelligence, and in this context provides a far more comprehensive and accurate way to collect employee office use data. Workplace analytics platforms automatically discover employee usage patterns, help identify places to improve workflows, aggregate employee preferences, and give leaders the tools to update workplace effectiveness across your teams.



MORE THAN

60%

of real estate service providers capture IoT data on their properties to improve workplace conditions



Explore how VergeSense's Signs of Life™ helps you optimize your space use

With access to spatial intelligence capabilities like VergeSense's Signs of Life™, companies can improve performance and use office space efficiently.

SET UP A DEMO

Dashboards that display workplace data collected from [AI-powered IoT sensors](#) can be used as part of a data-driven approach to generate insights on how your workplace is performing and whether it is meeting employee needs. These tools can catch all of the intricate workplace details that anecdotal evidence cannot.

Workplace Occupancy Data Examples:

- 01 Building, floor, and department occupancy by hour, day, week, and month
- 02 Use of collaborative spaces vs. individual spaces
- 03 Passive as well as active occupancy
- 04 Meeting data, like frequency, attendance, and collaborative tools used

Workplace analytics are only as powerful as the data feeding them, and enterprises who invest in real-time data with the highest accuracy see the best results. For example, [AI-powered sensors](#) use deep-learning software to analyze real-time occupancy data across office spaces. This enables companies to gain a further understanding of location-specific usage down to each floor, building, sitting area, meeting room, and individual workstation or desk. Workplace sensors tend to be discreet and a worthwhile investment for companies looking to create an intelligent and frictionless workplace experience.

Once hardware is installed and you're equipped with the right tools, you'll want to map out a timeline for your real estate audit program.

A week's worth of data, for example, is likely not enough to extract valuable insights. Instead, you'll want to evaluate your workspaces over longer periods of time, ensuring that seasonality is taken into account. The more data you have, the more likely you are to spot trends, identify outliers, and anticipate any changes in office space requirements.



Leveraging Real-Time Data to Guide Workplace Strategy

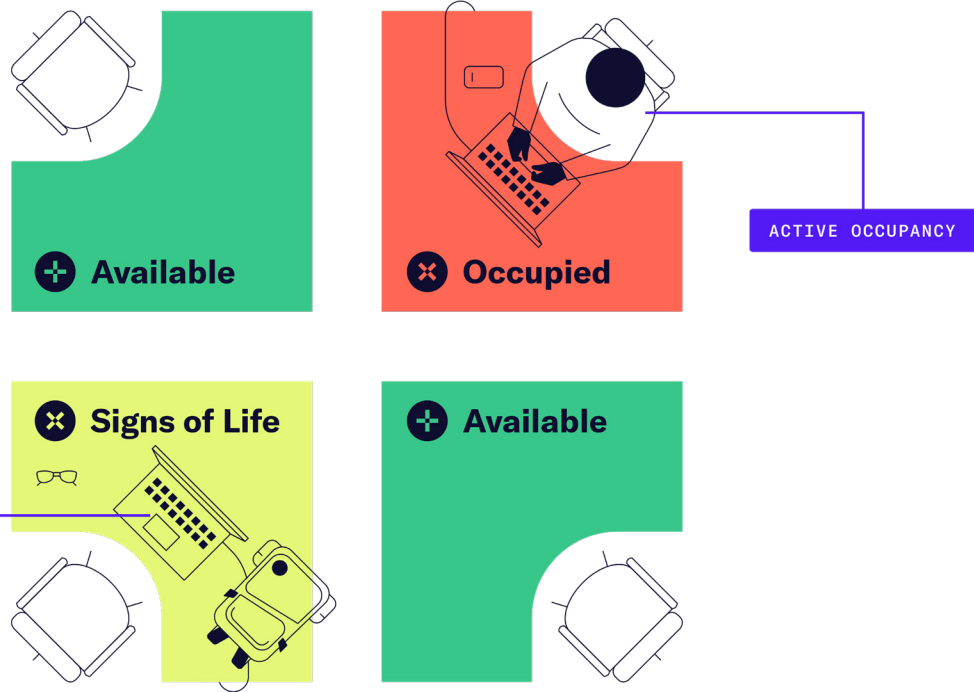
The key to an effective right-sizing strategy is to have a thorough understanding of which spaces your employees use, when, how, and why.



As you review the data you collected in step one, look for patterns and trends in the workplace that may point to answers to these questions:

- ✓ How many people can I serve in this space based on their attendance patterns?
- ✓ Are there any obviously underutilized assets or spaces?
- ✓ Are spaces being utilized as intended?
- ✓ Are there any assets or spaces that are already at capacity?
- ✓ How does your average utilization compare to peak utilization?
- ✓ Any team neighborhoods more active than others?
- ✓ How common are peaks?
- ✓ What spaces are frequented most? Any trends across those space types?
- ✓ How and where can you invest in new spaces that employees value most?
- ✓ Are there any instances of several assets (such as multiple buildings or even specific floors across multiple buildings) in one geo-location that can be combined?
- ✓ Bringing building capacity into the conversation, how does the capacity compare to the utilization of your assets? (Too big of a delta here can be a good sign that it is time to consolidate.)





Take this information and look at the trends across assets and spaces. Have any patterns emerged? What is the data telling you about employee activities? And about office spaces?

By examining the ways these areas are utilized or not utilized, you can begin identifying the opportunities that are presenting themselves as points of consolidation, expansion, or repurposing.

- ✓ Where are there opportunities to expand real estate/spaces?
- ✓ To reduce real estate/spaces?
- ✓ To reinvest real estate into different space types?
- ✓ How can you improve the way your employees feel at work and increase comfort and engagement?

This will likely be the hardest part of your real estate audit, as it requires you to consider details regarding the neighborhoods, cities, and regions where you have offices. Once you've created a short list of possible ways to right-size your portfolio, you can finalize your list, and begin focusing on right-sizing the actual space within the buildings.

Right-sizing your interiors involves redesigning and re-equipping rooms and floor plans. If a space is being used frequently, but for a different reason than intended, this signals that you may need to redesign the space, instead of eliminating the space altogether. As you draw out insights like this, be sure to incorporate feedback from management teams and employees.



Incorporating Employee Feedback into Workplace Design Strategy

It is crucial to survey employees to learn more about how they feel about existing office spaces, layout, design, and allocation of spaces, keeping who is using the space and why they are using it top of mind.

Use these guiding questions to explore ways to qualitatively assess office spaces:

- ✓ How many people can I serve in this space based on their attendance patterns?
- ✓ Are there any obviously underutilized assets or spaces?
- ✓ Are spaces being utilized as intended?
- ✓ Are there any assets or spaces that are already at capacity?

In addition to occupancy usage data and feedback, you should also consider [how office work has changed since the pandemic](#). For example, despite the hybrid model, which allows many employees to work from home, teams are embracing more collaborative practices. Did you know that since Q1 2021, the utilization of collaborative spaces has increased by 50%? To discover data driven insights from over 40M square feet of real estate from across the globe, download VergeSense's [State of the Hybrid Workplace Report](#).



SINCE Q1 2021
50%
increase in the utilization
of collaborative spaces

Document your key findings and concerns from your research, then describe how you're going to address each of them in your plan. Collaborate with stakeholders, and feel free to review your data more than once before committing to your list of action items.



Executing Your Right-Sizing Plan

As you review your company's own workplace analytics data, it's also helpful to understand how other CRE leaders are approaching workplace design.

Here are our top predictions for 2022:

- 01 Employees' use of space will shift constantly
- 02 Spatial intelligence will be a C-Suite priority
- 03 Digital twin technology will be at the forefront of workplace investments
- 04 Virtual reality will create a more inclusive hybrid office
- 05 Sustainability will be at the nexus of real estate planning
- 06 Predictive technology will completely change operations and building management
- 07 The office will be more dynamic than ever before

Learn more about our [predictions for 2022](#). With these insights in mind, you can make informed decisions based on your unique office utilization trends to place your offices at a competitive advantage and support your employees.

Another rising trend in 2021 is the use of offices for collaboration.

Research shows that since Q1 2021, the average number of collaborative spaces per floor has:

INCREASED
35%

This may indicate an area for companies to explore within their own organization, perhaps through coworking spaces and engagement hubs.



Determining Ideal Employee-to-Seat and Square-Foot-Per-Employee Ratios

As you begin collecting utilization data, you'll likely notice that previous headcount-to-square foot benchmarks are no longer applicable.

You can support more employees with fewer square feet. As such, it's important to calculate the actual amount of space and seats your employees need given new office attendance patterns, keeping in mind the differences between neighborhoods, departments, buildings, and regions across your company.

CALCULATING EMPLOYEE-TO-SEAT RATIO:

- 01 First calculate each space's maximum occupancy using real-time occupancy data. As the office becomes more agile, employees will occupy space more passively. Without tools in place to measure passive occupancy, we are left with unmeasured and consequently unoptimized space.
- 02 Next, calculate each department's workspace needs for individuals based on their average attendance and thus how often they will be using the space.

By combining occupancy data with employee workspace needs, you can calculate the employee-to-seat ratio and determine how many dedicated desks you'll need at any given time and ensure that they match the ongoing right-sizing work.



50%
REDUCTION

in square footage per employee by implementing sensor technology

Deloitte.

For example, if you have 100 employees and they all work on-site every day, you will need to provide them with 100 workspaces and your ideal employee-to-seat ratio would be 1:1. For a company with remote, hybrid, or flexible employees their ratio will look a little different. For example, if you have 100 employees and 50% average attendance, you will only need to provide them with 50 workspaces and your ideal employee-to-seat ratio may be closer to 1:2.

[Here is a step-by-step guide to calculating your ideal employee-to-seat ratio.](#)

SQUARE-FOOT-PER-EMPLOYEE PROJECTIONS:

To determine square footage projections and allocations per employee, calculate based on occupancy data to find out how much square footage per individual allows for employee wellbeing at work. Understanding spaces that are being used is key in evaluating how much space employees need and doesn't always correlate with a higher amount of space per worker.



Strategies to Optimize Your CRE Portfolio



Update your CRE portfolio to meet existing and projected employee space needs.

After you calculate your ideal employee-to-seat ratio, you should update your CRE portfolio accordingly. Here, however, you'll also want to consider your company's short and long-term objectives, and how they'll impact your need for space.

When making real estate projections for how much space will be needed, use employee space demands to guide strategy on a departmental, floor, or building level. This may vary by team or function, for example, your Sales team may need more space due to noise levels, but customer support does well with less square footage per team member. Consult your Human Resources, Leadership, and Facilities teams to better understand current office layouts as well as projected growth.



Use and invest in satellite offices.

Most companies that hired over the pandemic allowed for remote candidates. Without the restrictions of singular office locations, companies are able to expand their talent search to a wider recruitment radius. Satellite offices offer organizations more flexibility in terms of hiring and more location options for employees who prefer in-person or hybrid work. Satellite offices are a smart investment for growing and scaling businesses seeking out a diverse hiring pool.

DEFINING SATELLITE OFFICES

Satellite offices are smaller outposts that are geographically separate from the main company headquarters and are often implemented in response to a new geographical need for employees living outside of a city. Depending on company size, they can be small or large and part of a shared space or an independent facility.



Implement data-informed leasing.

Leased spaces provide more opportunities for cohesive design than coworking or flexible spaces, without the pressure of owning the space outright. Before you commit to a leased space, you'll want to review data from your workplace analytics platform, as well as compare properties in surrounding areas.

For companies looking to sublease their own office spaces due to changing space needs, take a look at [this guide to renting or subleasing office space](#).



Review ongoing real estate usage and update your portfolio accordingly.

Use workplace analytics data to check in on your strategy, seeing what's working or not. This is especially important for planning optimization efforts because the real estate climate and employee preferences are constantly evolving.



Creating a Frictionless Hybrid Workplace

Outside of cost savings, the goal of a right-sizing plan is to build a workplace that aligns with and supports employee needs by measuring what is happening in real time.

The ideal right-sized office not only provides the correct amount of space based on employee attendance, it also uses occupancy data to provide a net improvement to the employee experience by creating a frictionless employee experience.

For example, if your right-sizing strategy requires cutting half of the desks for the engineering team, you need to also provide a system to access and use those desks well. This is called an agile seating strategy. Introduce a frictionless desk-booking application that gives employees autonomy over where they'd like to sit. These changes should also be communicated effectively and clearly, so benefits are made transparent to all employees.

You also may choose to invest in way-finding applications and signage in order to assist in finding rooms and other amenities in real-time.

If you don't add tools to improve ease of use of working spaces, the real estate efficiency changes you've made may actually lead to a reduction of use, or worse, a reluctance to return to the office altogether.

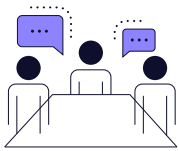
“Balancing reduction strategy with employee experience is key to success.”



How to Optimize Your Office Space

The best way to [maximize your hybrid workplace](#) is by examining historical data and current workplace trends. This should include data from your workplace analytics platform, as well as any emerging workplace research. Determine what [pre- and mid-pandemic office utilization](#) looks like at your company, so you can benchmark your progress.

WHILE BENCHMARKS AND SPECIFIC TACTICS WILL VARY COMPANY TO COMPANY, THE FOLLOWING ARE OPTIONS FOR MAXIMIZING YOUR OFFICE SPACE:



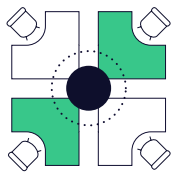
Build more collaborative spaces

Workplace collaboration is on the rise. Since Q1 2021, [utilization of collaborative spaces has increased by 50%](#) while the number of [individual spaces per floor has stayed the same](#) — a statistic that strongly hints at the modern worker's preference to interact with teammates and to opt for dynamic seating over assigned desks. Create more collaborative spaces by installing hybrid-friendly meeting technologies to meeting rooms, like video, audio, and presentation equipment. Also consider adding more shared tables and rooms to your office, instead of individual desks and cubicles.



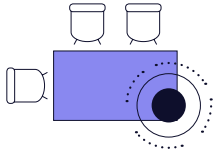
Design more efficient cleaning procedures using smart tech

While adding collaborative features to your office, be sure to be mindful of health and safety preferences, leaving some social-distancing options available. With a workplace analytics platform, like VergeSense, you can even send notifications to your cleaning team every time a workstation is vacated, so that your workplaces stay clean and accessible to all.



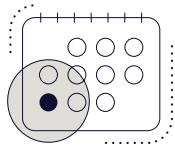
Create activity-based working setups

Activity-based working setups are areas that are designated for specific activities, especially group activities. They generally come equipped with everything needed to perform the specific activity. These stations are often utilized more heavily than an undefined space because they solve for a specific problem.



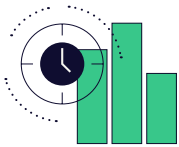
Implement agile seating

As mentioned earlier, agile seating replaces traditional assigned seating. Agile seating can look like shared desks that are shared by several employees who alternate by day, or like bookable individual spaces, meeting rooms, and huddle spaces. Implementing hybrid changes to your workspaces means one space can serve a larger volume of people. And, with your new cleaning procedures implemented, this is an effective, safe, and cost-saving measure.



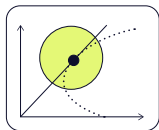
Launch a desk and room-booking program

If adding agile seating, you'll also want to use a desk and room-booking program to make it a frictionless experience. This will also ensure that there is always the correct amount of space available for employees who wish to be in the office, avoiding conflicts, and increasing employee satisfaction.



Power workplace applications with real-time data

Using data provided by Workplace Analytics Platforms like VergeSense make for easier, and more accurate data collection. That data can also integrate with your other workplace tools, including your room and desk booking software, to make sure the room or desks someone wants to book is truly free.



Reevaluate occupancy usage periodically

As more employees re-enter the physical workplace, new behaviors and patterns will emerge over time. Continuously validating the effectiveness of the space design will improve the employee experience within the office, ultimately increasing productivity.

The Benefits of Right-Sizing Your CRE Portfolio

Right-sizing your CRE portfolio isn't just a downsizing move made necessary by the pandemic. It's a strategic business decision, allowing you to review your investments, and better meet the needs of your employees.



BENEFITS OF RIGHT-SIZING, FOR BOTH COMPANIES AND EMPLOYEES, INCLUDE:



Higher cost savings

By maximizing all of your spaces, you will no longer bear the burden of underutilized square footage, which can impact/increase your taxes, utility bills, carbon footprint, and more.



Increase in employee retention/decrease in employee turnover

The more satisfied employees are with their flexible workplace options, the more likely they are to stay at the company. This will help you avoid turnover and onboarding costs.



Increase in productivity

Right-sizing your office, and creating a fluid layout, can eliminate workplace confusion and exhaustion, and improve job satisfaction. With the right resources, employees can focus on the tasks that really matter.



Increase in overall preparedness

With right-sizing tools and strategies in place, you can spot workplace trends in real-time, allotting you ample time to make the changes necessary to improve your portfolio. This benefit is arguably the most important, as the next generation of workers will expect offices to be well-designed, well-equipped, and more flexible than offices of the past.





Conclusion

Since there is no one-size-fits all strategy for optimizing your CRE portfolio, real estate leaders need to rely on [smart office technology](#) and [spatial intelligence](#) to inform their strategies, and reap the benefits above.

In [deciding what workplace analytics platform to use](#), companies should prioritize those that offer real-time occupancy data, integrations, security, and highest accuracy. All of these features will provide you with deeper insights, and allow you to elevate your right-sizing strategy.

If you'd like to learn more about how a workplace analytics platform can help you right-size your office for the hybrid work world, request a consultation with VergeSense.

[REQUEST A CONSULTATION](#)



Learn how companies are balancing space efficiency and improving employee experience.

Using smart office IoT technology, companies have maximized the use of the workplace.

RAPID7

Rapid7 created spaces specifically to improve employee experience in the workplace and increased use of office areas.

FRESENIUS

Organizations with large real estate portfolios like Fresenius saved \$6M per year by right-sizing their office spaces.

Use VergeSense products to create an agile workplace design, optimize CRE portfolios, implement smart cleaning, and more.

See how companies are using workplace analytics and sensors to improve office spaces.



The logo for VergeSense, featuring the words "VERGE" and "SENSE" stacked vertically in a bold, white, sans-serif font, enclosed within a white rectangular border.

**VERGE
SENSE**

VergeSense is a Workplace Analytics Platform trusted by enterprises across the globe.

Businesses use VergeSense to transform their static office into a dynamic workplace that matches today's employee needs and expectations. Its AI-driven platform includes intelligent sensors that collect real-time data, dashboards and insights that drive workplace strategy, and integrations with the leading workplace technologies.

Today VergeSense analyzes over 40 million square feet and supports customers across 34 countries, including 29 of the Fortune 500. VergeSense has integration partnerships with some of the leading workplace technology providers to help customers have the best end-to-end experience, so employees feel safe, productive, and at their best.

[VERGESENSE.COM](https://vergesense.com)