

FEATURE**Reimagining the Office for the Hybrid Age**

Flexibility is the new normal for office-based employees who proved during the pandemic that they didn't need to be onsite to get their work done.

January 7, 2023 | [Theresa Agovino](#)

A florist arranges delicate cherry blossom branches in a large black vase in a building's lobby, while another positions red blooms in a white vessel. Workers hang greenery around hallway entrances, creating the illusion of arbors, as others unload bottles of Courvoisier cognac and Auchentoshan scotch onto a bar. Beam Suntory Inc. was bustling last October as the liquor company prepared to unveil its new Manhattan headquarters.

The producer of Maker's Mark and Jim Beam bourbons was planning its new home amid the COVID-19 crisis, giving company executives a window into how the pandemic was upending traditional work norms. The space reflects one of the biggest changes of the COVID-19 era: the widespread adoption of hybrid work schedules. Realizing people would spend less time in the office, Beam Suntory eliminated most private offices and limited assigned seating while ensuring there was an abundance of meeting rooms of various sizes and open spaces in which colleagues could gather.

"Before 2020, people worked and fit life into that. Now, people live—and work needs to fit into their life," says Paula Erickson, senior vice president and global CHRO for Beam Suntory, a subsidiary of Japan's Suntory Holdings. "We are a relationship business, and we were never going to be 100 percent remote. We are leaning into hybrid."

A New Normal

Beam Suntory is not alone. Nearly three-quarters of companies (73 percent) said that they plan to support hybrid work, while only 19 percent will require employees to go into the workplace full time, according to a survey conducted last year by Dallas-based real estate giant CBRE.

Workers want that flexibility. When offered, almost 90 percent of employees chose to work remotely at least part time, according to a recent study by consulting firm McKinsey & Co.

"The office was the place you worked. The office *was* work," says Janet Pogue McLaurin, global director of workplace research at Genesys, a San Francisco-based architecture and design firm. "Now, work is not where you are, but work is what you do."

'Before 2020, people worked and fit life into that. Now, people live, and work needs to fit into their life.'

Paula Erickson

That new reality has left many company executives questioning what role the office plays now and how to refashion it for the future. A small minority of companies think it has become extraneous and have opted to abandon their real estate to become fully remote. But most see value in bringing colleagues together and are revamping their spaces to create inviting, useful meeting areas while still offering quiet spots for solo activities.

Nearly 75 percent of employees say the top reason they go to the office is to interact with colleagues, according to a recent survey by Zeeland, Mich.-based MillerKnoll Inc., commonly known as Herman Miller, which makes office furniture.

"The new workplace amenity is being with other people," Pogue McLaurin says.

Remote and Hybrid Challenges

As companies realize that video conferencing will be a mainstay in hybrid workplaces, they are trying to improve the experience, especially for those not in the room. Many have invested in new technology. Beam Suntory equipped its conference rooms with big

Feedback

screens, and the larger rooms have half-moon-shaped tables that face the screens instead of the more traditional rectangular furniture. Erickson says that arrangement makes it easier for remote employees to see everyone in the room.

"On any given day, someone is going to be remote, and this way, the people who show up on the screen look like they're sitting in the meeting room," Erickson says.

Designing the physical space to incorporate hybrid work is another current challenge facing employers, though many say it's among the easier tasks they face. Most executives are still deciding how to schedule office time fairly between employees while ensuring work is being done. Employees have complained of going into the office only to realize no one else from their team was present or not having time to interact with colleagues in person because their day was consumed by Zoom meetings.

"Leadership mindset is slower than real-estate moves, and managerial mindsets, probably in some cases, lag, as well," says Ryan Anderson, vice president of Global Research and Insights at MillerKnoll Inc. "This is about empowering people to have more control over their work experience."

'The office was the place you worked. The office *was* work. Now work is not where you are, but work is what you do.'

Janet Pogue McLaurin

Hybrid work also benefits employers. Seventy percent of hybrid workers report feeling a strong sense of loyalty to their employer, compared to 64 percent of in-person workers and 59 percent of remote workers, according to a survey by Newark, N.J.-based Prudential Financial Inc. Hybrid workers are also more likely to say that they feel fairly compensated for the work they do and that the benefits their employer provides are tailored to their individual needs.

Still, there are numerous companies—especially in financial services—that require employees to report to the office daily, including Goldman Sachs Group Inc., Morgan Stanley and JP Morgan Chase & Co. In 2021, Morgan Stanley CEO James Gorman notably said at an industry conference, "If you can go into a restaurant in New York City, you can come to the office."

Multiple studies found that significant numbers of people said they would quit their jobs if they were forced to return to the office full time. Those in the financial industry, however, are often tethered to their employers by generous salaries and bonuses, also known as golden handcuffs. Most other industries don't offer such lavish compensation.

The labor market continues to be tight even as the economy cools, and some executives say offering hybrid schedules keeps them competitive. "We weren't going to be silly about [offering hybrid work] given the war for talent in some areas," Erickson says.

OUT OF OFFICE

Among employed respondents given the option to work remotely, 87 percent took their employers up on that offer. Here's the breakdown of those workers:

DAYS WORKED REMOTELY PER WEEK

FIVE OR MORE **34%**

FOUR **10%**

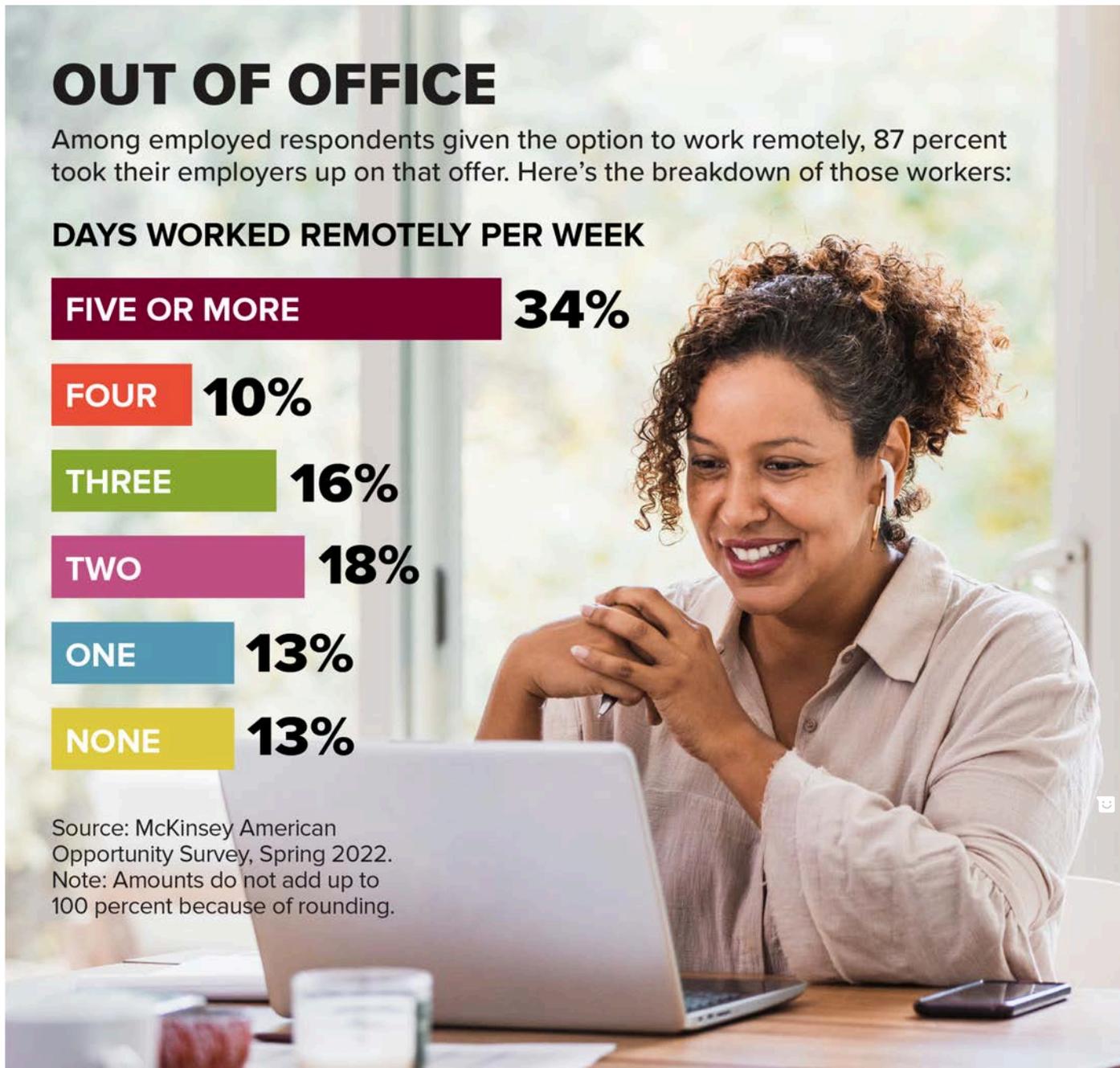
THREE **16%**

TWO **18%**

ONE **13%**

NONE **13%**

Source: McKinsey American Opportunity Survey, Spring 2022.
Note: Amounts do not add up to 100 percent because of rounding.



Balance of Power

Whether employers will use a spike in unemployment to force workers back to the office full time remains to be seen. Many managers prefer that employees work onsite and may use the prospect of job cuts as a cudgel. But that's a short-sighted strategy, according to Julia Lamm, workforce strategy partner at professional services firm PwC.

"We'll come out of any recession and employees will have the power again and suddenly companies are on their backsides trying to recover," Lamm says. "I think companies that are saying, 'Hybrid is here to stay, so let's figure out what works for us,' are going to be more successful in the long run, versus those that make employees feel like they're forced to come back without an understanding of the rationale for why."

Many companies have spent time, money and effort to turn their workplaces into hybrid environments. Power management company Eaton Corp. redesigned its Raleigh, N.C., office while employees were working from home during the pandemic.

"The reimagination was to design a space that facilitated two primary things: collaboration and flexibility," says Lori Tyler, human resources director at Eaton. "We designed a space that would meet the diverse needs of our diverse employee population."

For example, Tyler says the company understands that some employees may not have private areas at home to complete projects that require deep concentration, so such spaces are available in the office.

"We wanted it to be more intentional, more engaging, more fun and obviously flexible for employees so that they can balance the needs of their roles at work with their needs at home," Tyler says.

Before the redesign, the five floors in Eaton's building looked the same: a perimeter of offices surrounded by a maze of cubicles in the center. Not anymore. The office's first floor is largely open space with sofas, chairs and booths that allow groups to gather to work and socialize. There's also a large meeting space with stadium seating for large meetings. The fourth story is the "Zen space," earmarked for quiet work. The other three have a mix of open space, conference rooms and small rooms for heads-down work. Tyler says the company plans to add about 150 employees to the region in the next few years, and the new layout can accommodate that growth without requiring additional office space.

Change Management

Tyler says that the company involved employees in the planning by taking multiple surveys asking their opinions on everything from their visions for the space to their chair preferences. That helped with the transition, she says. However, Tyler says that she spent considerable time explaining to managers and employees why the company was adopting this approach. "Some people needed time to come around to the idea," she says.

Eaton's leaders decided to let managers and employees set their schedules. Experts typically say that isn't the best strategy, because some managers may embrace hybrid work more than others, and that could lead to charges of inequity in the workplace.

But Tyler says she doesn't know of any such complaints, which she attributes to the campaign to explain the reasoning behind the change. She adds that employees understand there are certain roles that will require people to be onsite more than others. The company only began returning to the newly designed space last year, and Tyler believes there may still be growing pains ahead.

"There was change management going into this, and there continues to be some need for change management," she says.

Adapting management styles and ideas is key to a successful policy. MillerKnoll's research shows that employees are not spending as much time in community spaces as anticipated, and its clients want to know why.

"Meetings," Anderson says. "People say that they came to the office to hang out with people, but they've been trapped in front of a laptop all day."

Anderson suggests that managers be intentional about limiting online meeting time and encourage employees to block time off for conferring with colleagues in person as well as doing quiet, contemplative work.

"You can't expect people to use the social space without giving them time to socialize," Anderson says.



Few companies have been as bold in transforming how they operate as Kickstarter, a Brooklyn-based fundraising platform.

In April 2022, the company adopted a four-day workweek after opting to go fully remote during the pandemic.

The COVID-19 crisis torched traditional work structures and "made experimenting with norms a lot easier," says Jon Leland, Kickstarter's chief strategy officer. "Work became a lot more fluid."

Leland says that becoming a remote company made financial sense. Kickstarter was paying \$7,000 a day to keep its headquarters open, and that was hard to justify when workers wouldn't be spending as much time in the office once the pandemic waned. About 25 percent of the staff of roughly 100 people was already remote.

"It was always just a struggle to get those [remote] people really integrated into meetings and conversations in the right way," Leland says. He envisioned that many people would prefer remote or hybrid work even after the pandemic, which would only worsen the situation.

"Meetings are so much better now," he says, adding that the remote structure has allowed the company to expand its job candidate pool.

Kickstarter owns its building outright, so its operating costs didn't even include a rent or mortgage payment. Leland says the company may sell the building but hasn't yet decided.

The idea to move to a four-day workweek came after some Kickstarter executives read about the good experiences relayed by businesses that had adopted it. Leland says the company's productivity has improved and employee retention is now at 95 percent, up from around 80 percent before the change.

Managers must up their game for the four-day workweek to be successful, Leland says. They must be clearer in the directions and expectations they give employees, so time isn't wasted on unnecessary tasks. Limiting meetings is also key.

Kickstarter is a B Corp., or public benefit corporation, which means that its purpose extends beyond just turning a profit to improving society.

"If we can give back time to people, that is transformative," Leland says. He adds that employees can use the time to volunteer or pursue other passions or spend more time with their families. "It's great for them, and it's better for communities." —T.A.

Shifting Schedules

Finding the right balance may not happen right away. The online consignment store and thrift shop thredUP already has adapted its hybrid work schedule. Initially, the Oakland, Calif.-based company was having everyone go in to the office for one week a month. But after about 10 months, thredUP, which also adopted a four-day workweek, decided to have everyone go in every Wednesday instead.

Natalie Breece, the company's chief people and diversity officer, says the change was made so employees would be connected throughout the month instead of cramming it into one week. Plus, it distributed commuting time through the month and gave employees more flexibility. Still, some employees loved going in for a week at a time.

"We decided to try this new approach and who knows, we may go back," Breece says. "It's all about really understanding what are the opportunities that are in front of us to build connection and culture and camaraderie among the team. Our thinking is pretty fluid and always evolving."

Theresa Agovino is the workplace editor for SHRM.

Explore Further

SHRM provides resources and information to help business leaders better create and manage flexible work arrangements in their organizations.

[HR Q&A: What Must Employers Consider When Offering a Work-from-Anywhere Policy?](#)

Here are some of the major compliance concerns and workforce considerations to be aware of when employees are allowed to work from anywhere.

[Remote-Work Conduct Policy](#)

Companies that continue to operate with some or all employees working at locations other than their offices should clarify expectations to avoid issues that may cause disruption to virtual meetings or other aspects of the workday.

[Is Remote Work to Blame for Lower Productivity?](#)

To put it bluntly, worker productivity in the U.S. is anemic. Experts offer seven suggestions to boost workers' output, whether they work in the office or remotely.

[Toolkit: Managing Flexible Work Arrangements](#)

Even in the absence of a pandemic, flexible work arrangements can improve recruitment and retention, augment organizational diversity initiatives, encourage ethical behavior and help organizations' efforts to be socially responsible. Employers can experience cost savings, improved attendance and productivity, and an increase in employee engagement.

[Creating and Sustaining High-Performing Teams in a Remote Work Environment](#)

In recent research from Gallup titled "Work Locations for U.S. Employees with Remote-Capable Jobs," the numbers of fully onsite and exclusively remote organizations have fallen significantly since mid-2020, while hybrid jobs remain up across the board. HR has had almost three years to get used to fully remote or hybrid work, but challenges remain and there continues to be a broad disconnect.

[Leaders Share Perspectives on Managing Remote Workers](#)

Many leaders have had to adjust to managing remote workers, regardless of personal preferences. In many cases, it was a trial by fire, and the phenomenon isn't likely to go away soon.

[Be Aware of Legal Challenges with Hybrid Work](#)

As more employers roll out hybrid work policies, there are many complex legal considerations to take into account. Hybrid work impacts tax compliance, reimbursement for work expenses and prohibitions against discrimination, among other areas.



- (<https://lp.shrm.org/preferences.html>)

