

THE POOR CLERK, INCONVENIENT TRUTHS AND SOCIAL RELEVANCE

... the dingy little back office into which he walks every morning, hanging his hat on the same peg, and placing his legs beneath the same desk ... There he sits til five o'clock, working on, all day, as regularly as the dial over the mantel piece, whose loud ticking is as monotonous as his whole existence: only raising his head when someone enters the counting house, or when, in the midst of some difficult calculation, he looks up at the ceiling as if there were inspiration in the dusky skylight with a green knot in the centre of every pane of glass. About five, or half-past, he slowly dismounts from his accustomed stool, and ... proceeds to his usual dining place ...

Forgive the long quote, but I think it's worth the effort! The depiction of a clerk is from Charles Dickens' *Sketches by Boz*, written in 1836 (and illustrated by George Cruikshank in 1839).

The past 18 months have witnessed countless articles and papers speculating on the future of the office workplace in a post-Covid world. Reading across this vast output, one could be forgiven for concluding that, pre-Covid, Dickens' portrayal of the poor clerk was alive and well 175 years later.

By far the greatest amount of Covid commentary on the workplace has focused on perceived shortcomings of the office as a place of work.

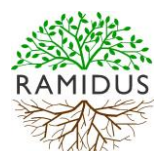


Thoughts about People, "The Poor Clerk"
George Cruikshank (1792-1878)

A nascent orthodoxy

The result is an emerging orthodoxy about the 'end of office' as we know it, based on a largely context-free list of wishes and desires, caricatures and parodies; where narrowly defined propositions support a narrative that is widely distributed, but rarely challenged. Hard evidence is rare. The notion that the office as we know it is dead rests on the following mantras.

- Pre-pandemic workstyles are the 'bad old ways'; hybrid is the future.
- We're all digital nomads now and so demand for office space will plummet.
- Most offices are inhuman, oppressive, insufferable, over-bearing, unhealthy, unattractive and unfit for purpose.
- All commuting is wasteful, tiring and stressful.
- Landlords are unthinking, stupid 'dinosaurs'.
- The CRE industry is incapable of innovation and will be decimated.



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The narrative is context-free because it treats 2020 as ‘Year Zero’, ignoring anything that happened before Covid. Consequently, events are ‘unparalleled’, ‘unprecedented’ and ‘revolutionary’; the new possibilities are ‘boundless’.

But the fact is that we did not enter a revolution in March 2020, we entered one in the 1980s when IBM launched its personal computer in the workplace; and we continue to live through its unfolding consequences today. The pandemic has accelerated a number of trends, and broadened their acceptance; it has not created them.

Since this time, the average office workplace has been transformed. Offices designed in the 1960s and 1970s were, by and large, grim, mean, grey and dull. Full of hierarchy and sub-division, and completely lacking in amenity and care, offices were oppressive in a manner not dissimilar to that experienced by the poor clerk.

Over the past couple of decades, we have seen an extraordinary change in the nature of the office workplace. The overall quality and specification has made a step change. Agile working was spreading rapidly before Covid, recognising the increasingly complex relationship between work and everything else; ‘workplace as experience’ was well understood with the rise of increasingly discerning workers; and health and wellbeing were high on every corporate and design agenda, alongside sustainability.

And herein lies the weakness of the ‘end of office’ narrative. While workplace consultants, change consultants, interior designers and digital disciples have gorged on a gold-plated opportunity to bring about a new ‘place’ agenda, the real issues actually lie elsewhere. The focus on ‘place’ has led to the neglect of the need for a deep discussion about ‘process’.

The perspective here is that if we focus on the form and design of the workplace, and continue to obsess about how many days people will spend in the office each week, we will fail to achieve the potential for real change afforded by Covid: to bring about a loosening of the iron grip of the supply chain.

Inconvenient truths

We have been discussing tech enabled agile/hybrid working now for over half a century. In 1970, James Martin and Adrian Norman suggested that we might see a return to cottage industry, with the computer terminal replacing the spinning wheel, perhaps leading to a future where “*some companies may have no offices*”.¹ A decade later, Alvin Toffler foresaw the evolution of the “*electronic cottage*” as part of “*a new emphasis on the home as the centre of society*”.²

In 1996, I authored an unpublished report, *Less a Castle, More a Condominium*, which argued that offices should be seen less as permanent and impregnable fortresses, and instead designed, delivered and managed more for temporary, short-term, used-on-demand.³ And in 2009, I wrote a paper for a client titled, *Space, But*

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Not As We Know It. Based on direct experience in helping occupier clients with workplace strategies, the paper began by suggesting that workplaces were:

evolving from static office environments ... into dynamic meeting places ... office occupiers are introducing flexible working styles to improve efficiency and effectiveness, allowing staff to become highly mobile and to make work-life choices.

The paper concluded

*Expanses of largely sterile (and largely under-occupied), production line-style office space are yielding to more dynamic work environments in which team work, collaboration and meeting space occupy far greater proportions of space.*⁴

And just before the Covid crisis I wrote a paper for the RICS – *The Age of Unreal Estate*, which argued that fundamental changes to business, the economy and society meant that the relationship between real estate and occupiers was shifting – quickly and radically:

*Suddenly, for occupiers real estate is not so real And if real estate is less real, then what is it? A product? A commodity? A service? A profession? ... we also have to ask how real estate, and the industry that designs, delivers and manages it, will remain a relevant and socially positive force.*⁵

I use these quotes simply to demonstrate that the workplace conversation over the past eighteen months does in fact have context: many of the trends discussed now as novel have been underway for some considerable time.

There are also three key changes that have occurred in the two decades leading up to Covid which are often ignored in the wider discussion but which, in fact, have profound implications.

First, average desk densities in UK offices rose from around 19 to 10 sq m; and in the later part of this period, agile working and desk sharing pushed up utilisation rates. All in all, adding up to an approximate halving in notional demand as occupiers shrunk their physical footprints. A far greater impact than the Covid crisis is likely to have.

Secondly, average lease lengths fell from 20+ years, to around seven years. Coincident with this, the rise of flexible space was a recognition of the changing nature of the economy and the rise of the 'gig worker' and SMEs. More importantly still, it spelt the beginning of property as commodity.

Thirdly, real wages (at constant prices) have nearly doubled, while real rents (at constant prices) have almost halved. Today, real estate represents c15% of corporate costs, with 55% on salaries and 30% on other business costs.⁶ Property is not expensive, people are.

These three factors have redefined the role of corporate real estate: from leaden weight to business resource.

So, before Covid, the workplace had been transformed as a product, and it had become a business resource – manipulated to suit changing business needs. While the notion of an ‘ideal’ workplace is a chimera, significant progress had been made towards a workplace appropriate to changing circumstances.

The greatest drag on change was, and remains, the process, not the product.

The supply process: from castles to condominiums

The guru of workplace, Frank Duffy, once wrote:

We need to reverse the malign aspects of the office supply chain that we have inherited from Taylorism. To achieve a sustainable environment for the knowledge economy we need to invent a new supply chain on new user friendly principles.⁷

So, what are the fundamental changes that are needed in the supply process?

People-centric real estate The workplace must be designed, managed and occupied taking full account of how it influences and affects the people who work there. The greatest value of real estate lies in its ability to enable and enhance the activities and experiences of those who use it. Today’s real estate must be much more than compliant, functional and economic; it must go much further. It must stimulate and enhance productivity; provide appropriate settings, have the right systems and connectivity, provide the right environmental conditions and contribute to health and wellbeing. This means designing for customers, not investors.

Customer at the centre of the process The customer of the real estate industry has been the financial community. However, the economy is evolving rapidly: the rise of the knowledge economy has exposed the real estate industry to the fact that it is providing space for occupier customers, not faceless investors. And firms’ expectations of their workplaces today are a world away from those of even 20 years ago. Real estate practitioners can no longer hide behind the investor comfort blanket: they must come out and serve the customer. This means ditching the adversarial behaviour and language inherent in ‘Landlord & Tenant’. We need fewer chartered surveyors and more hoteliers.

Process integration For many decades, real estate markets have been riven by fragmentation in supply structures: the three generic tribes of design, delivery and management are themselves composed of labyrinthine silos of activity, each with their own practices and arcane lexicon. The continuing separation of property management and facilities management speaks volumes about the cultural as much as functional separation within the supply industry. Yet the rise of the flexible market shows what the customer wants: integrated supply, flexibility and service.

Data-centric real estate We live in an age when data is all-important and is used in all aspects of our lives to predict, manage, anticipate, precipitate, assist and validate. This should be no less the case in the real estate industry. Building management systems have made advances, but now is a pivotal opportunity for the industry to enhance its role through the use of data to lead to better valuation, better buildings, better climate, better people, better outcomes.

The changes running through the economy are ubiquitous and profound. Yesterday's truths, assumptions and norms are becoming tomorrow's archaic practices. Real estate cannot remain aloof; it has to be an active agent of change. And this means that old attitudes and perceptions must change. Where once a building was seen as a castle, it must now be seen as a condominium.

Relevant real estate

In short, the supply chain needs to demonstrate its relevance, in way that it has not had to do previously. Today, occupiers operate within short-term planning horizons, reacting to an ever-changing economic landscape, and seeking to maximise their flexibility to adapt. The power of networks, involving collaborative production and multi-disciplinary skills, is coming to be realised.

The economy and society are changing rapidly; new forms of business are being created; our engagement with work is changing and the physical structures – real estate of the past – in which those activities take place must change also. The twentieth century model relationship between real estate and occupier is being overhauled.

This maelstrom of change is suggesting that we need new, innovative approaches to the design, delivery, occupation and management of real estate. And this applies to all buildings, whether for working, living, shopping, enriching, relaxing, learning or healing. As such, the built environment profession itself must evolve; clinging to the '*way we have always done things*' is not tenable. Perhaps we should begin to reverse our thinking from 'supply chain' to demand chain'? ⁸

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