
Shark-like

Everything I have learned about sharks has come through the genius of the Discovery Channel's gift to us of an entire week

of programming in the heat of the summer about all things shark. Recently, I heard someone make the comment, "I'm a shark, baby!" And by that, they claimed to possess two characteristics of a shark: 1) the need to constantly be moving for survival, 2) the ability to only move in one direction: forward. As I look out on the exciting, albeit challenging, moment in front of us on workspace, the industry needs to assume shark-like qualities quickly.

The art of repairing the plane while it's flying: I'm not sure if using an analogy to further define another analogy is allowed but I will make an attempt. There's a delicate balance that must be achieved in this daunting task. Do nothing and a crash is inevitable, but at the same time, doing too much too soon and/or all at once will result in the same outcome. The ingredients of a successful fix include a sense of urgency, focus, situational awareness, prioritization, and nerves of steel. The reason we all have so much respect for groups like the Navy SEALs is their ability to perform at the highest level under the most extreme of circumstances. To weave through the maze of turns for workspace, there will need to be a handful of groups and CRE SEAL equivalents capable of bringing to the table for owners and assets deep experience, an eye and appetite to constantly be both moving and moving forward, and a calmness and steady hand to do so absent perfect information.

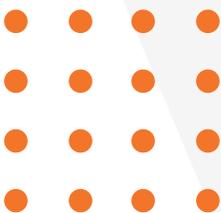




Don't stop moving: There is a temptation as an owner to sit still in this moment, or worse, keep doing the same things while expecting new outcomes (an illogical thought pattern that we call “insanity”). After all, the value of the office investment historically has been deemed to be realized in the spread between the beginning (purchase) and end (sale), with the middle simply viewed as a necessary pathway of time to get from one to the other. Those most adventurous investors made moves we called “value-add”, meaning the level of work and effort in the middle section required to achieve the best sale outcome was considerable. I would argue that going forward, owners must treat office investment like “value-add”, or more realistically especially for current owners, “value-preserve” or “value-save”. Stand still, revert to industry norm operational strategies and tactics, and the penalties for that inertia will be costly.



Practically speaking: Let's break down how movement forward can look. It means starting with defining flexible offerings and building the necessary physical asset changes, thoughtful amenities, and management around that new core element of workspace going forward. It means telling a story through marketing and other more engaging and ongoing messaging that speaks to an environment that can seamlessly accommodate the kind of dynamic needs companies of all sizes have and cannot be handled with just WFH. It means rebuilding the revenue models from these changes to create more durable income statements and ultimately build better long-term value. It does not mean rushing first to build out more lobbies, buy more furniture, and sell one dimensional 10-year lease opportunities on a teaser or brochure. Companies are in trouble on the employee retention and engagement front as we see the “they need the benefits” argument seemingly not strong enough in today's world. Owners and operators thus must truly come along side companies, listen, and in some cases help lead them through the operations of their assets to make dedicated workspace part of the draw for employees to stay with a company.



How will people work in 2030? I am not exactly sure, and I am secure saying that because neither is anyone else. It is safe to say that it will look vastly different than it does today, and it is also safe to say that a series of incremental, but continual, moves forward over those nine years will be required to get there. Countless gyms and fitness equipment providers have sold us on the necessary but exhausting and intense process required for self-improvement... it is time to, not just feel the burn coming for Commercial Office, but embrace it as the necessary movement forward to get us where we need to go quickly.



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