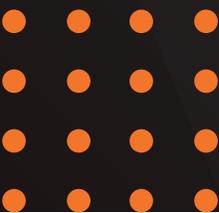

Calling all thermostats

During a week of bone chilling weather here in Texas that seemed to never want to go away, an old adage

played out. While thermometers give us a read on the temperature, it is the thermostat that sets the temperature. In a similarly extreme and fluid situation in the office sector, one of the lingering questions is: will an industry that historically has many thermometers be willing and able to let thermostat leadership help thoughtfully and boldly set the pace and tone for this next chapter? Several things will have to align within organizations for this to take hold.

In a commercial real estate sector full of risk, allow for the freedom to fail:

One of my favorite stories is that of the construction of the Golden Gate Bridge. It was built during the great depression, where construction typically came with a troubling amount of risk to the workers. This bay area project faced delays and budget pressure until bridge engineer Joseph Strauss invested in a \$130K safety net. Once in place, work sped up dramatically while fatalities decreased. Previously slowed by the constant fear of falling to their death, workers had the confidence to work efficiently and more freely.¹ That relatively small spend had a significant return on investment. Commercial office will have to similarly identify safety nets that protect and enhance real estate investments by empowering its workforce with the means to get better absent the fear of failure. When we get too fixated on everything that can go wrong, we miss the opportunity to get many other things right.





Buy the right ingredients and get the recipe right: We have all watched those cooking shows where the contestants run around the store and grab ingredients they think are required to make a certain dish. There are seemingly impossible constraints like time, budget and inevitable twists, and part of what makes the show entertaining is seeing how savvy and resourceful these contestants can be. Inevitably, many do not manage this environment well and find out too late that they purchased the wrong things, mismanaged their time, or forgot a key ingredient altogether. I feel like we are watching a high stakes version of this game play out in Commercial Office. Groups are running around grabbing technology, flexible office operators, and other “ingredients” in a mad scramble to catch up with shifting consumer preferences. However, the thermostat leaders who can set the pace and lead through this intense moment, and not only grab the right pieces but assemble them correctly via teams on the ground, will end up the winners.



The Customer is not always right, but they are always the Customer: Let's be completely honest, it can be a heck of a lot easier to handle one individual customer at a time and really zero in on their preferences. You can then aggregate many customer preferences and customize future offerings and products. It is not easy, with the wide range of demographics, to think about the necessary dedicated workspace that will appease customers that are made up of hundreds and thousands of varying individuals. But that is the customer as we know it and will know it for the foreseeable future. Thermostat leaders will have to accept and embrace this challenge of curating durable and flexible environments that can adapt and flex more readily without crushing the underlying asset economics.



The sentiment I hear more and more recently is “I’m over it”. It has been a long year for all of us and we are all craving some predictability, stability and ultimately normalcy, even if it is different than it was before last March. When I am a thermometer, I get to ride the unsettling waves of ups and downs. However, when I am willing to step in as a thermostat and let outside conditions simply inform how I regulate and set the temperature, I am better positioned to handle a wider range of risks and challenges.



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1. Golden Gate Bridge Highway and Transportation District, “History and Research” accessed March 1, 2021, <https://www.goldengate.org/bridge/history-research/bridge-construction/construction>

