
Don't Blame the Refs

At our house, we are wrapping up another basketball season with our two daughters. The value proposition for the life

lessons gleaned through the ebbs and flows of a given season remains very compelling. As this season wore on, it became clear that wins were going to be less frequent, but the lesson possibilities have been plentiful. One of those surfaced on an initially quiet ride home after another tough loss. As our youngest daughter began to unpack her emotions, she assigned most of the blame for the loss on the refereeing. It led to a great discussion, with the takeaway hopefully conveyed, "Hey, I would agree the refs could have been better, but the reality is that your team did not play well enough to win that game tonight. Let's talk about things that you can do to help your team win the next game and not put yourself at the mercy of the referees." Office, the game has changed forever, and while we debate and hypothesize over idealistic future end states and blame the refs, the game continues, and we are losing by a little more each day.

Extreme Ownership: That is the title of the best-selling book written by former Navy SEAL's Jocko Willink and Leif Babin. These two freedom fighters have encountered situations and predicaments filled with more intensity and chaos than most of us will see in our entire life. However, in this book, they describe a mindset and approach of just what the title implies, accountability on steroids. They were meticulous students of a constantly changing environment and they were tireless team builders, and that combination afforded them the chance to minimize losses and maximize effectiveness. Very few of us will get the adrenaline rush of being a Navy SEAL with life and death on the line, but in the office world, we live in a very fluid environment that requires leaders and teams of avid students of, not just what office has been, but what it is rapidly



becoming. Value will no longer be solely derived from steady cash flow of long-term leases with predetermined bumps and expense control, but rather through steady, but more dynamic, cash flow derived from offering and delivering multiple interconnected services that actually deliver value to companies of all sizes and stages.



Chess or Checkers?: The formula has been so simple. We underwrite assets based on our projected ability to create value by securing the biggest and longest-term deals for the highest rents possible. That process is expected from lenders and the capital markets and is anchored around asset management and leasing teams highly compensated to facilitate those transactions (paid 100% upfront... that isn't problematic right now, is it?). Those deals drive aesthetically appealing but static capital improvements to visible areas but are more conducive to brochures than actual day to day activity. We fight unexpected downturns with maniacal expense control measures and often assign any value degradation to management teams. The work world has moved to chess in the blink of a Covid. Occupiers must have a more flexible set of options, inclusive of, but not exclusive to, long term deals. Yesterday's 50K SF deal could easily be half of that going forward along with the need to include monthly and year-to-year space availability to align with business needs. That scenario (also known as reality) demands a level and depth of management prowess like we have never seen. Transactions will not be one and done (let's be honest, many long-term leases today never reach the end of the term anyway) but instead will be continual, with this new style management team facilitating most of them.



More Sugoi Please: I love the story of SUGOi Sweets. It is the pure artistry of taking a commonplace sweet indulgence and elevating it to an entirely new and exquisite level. The word Sugoi, I learned from their website, in Japanese, is a "term used to express the sense of being awestruck or overwhelmed from the excitement of an experience or moment." When was the last time anyone thought about their work environment in those terms? It will not be easy, but



to pull workers out of their covid-induced caves back into compelling places where human interaction can thrive and resulting productivity soar will require that bold and courageous level of thinking from the owners and operators of Office. And even then, we will have to embrace and accept the flexible nature of how workers will work going forward.

After my attempt at a meaningful father-daughter moment, I still caught myself at later games letting out an occasional, “Come on ref!” That’s the unavoidable nature of being part of competitive games where we want to experience success. However, the truth of that lesson, like many as a parent, is that it shined an oh-so-bright light back on me as I realized how much application was available to me and my daily activities. In life, I’m guessing “control” is something we all feel like we don’t have much of, but we can all choose our responses to what comes at us. In the face of tough situations, we can get “bitter” or “better”. Don’t blame the ref Office – get better!



Mike Fransen
Founder / CEO, Workng

