

## Beyond COVID 19: Using your workspace more effectively



Covid-19 and the recent lockdown have forced us to make many changes to the ways in which we work. The pandemic has brought about the most significant change event to our office working arrangements that we have experienced in decades. Businesses have had to adapt, almost overnight, to ensure that they have been able to function. Most have been successful and even surprised by the effectiveness of the new arrangements.

We have seen employees of all ages adapt in double-quick time, to previously unfamiliar online communication tools such as Microsoft Teams and Zoom. They are not only using these tools for meetings and interviews, they are also delivering online training, with break-out zones, and are even running conferences.

As a result, businesses are starting to question the need for all their office workspaces. Indeed, working from home may also be challenged as we increasingly move towards an era of “working from anywhere”. Working flexibly is confirmed as the way forward.

So, what does all this mean? How do we harness these changes to ensure that businesses, both large and small, can reap the benefits?

Economic uncertainty is forcing many to drive down costs and more flexible working patterns present a real opportunity to achieve this. However, businesses will face additional considerations including:

- The impact on effective team working with reduced time in the office
- How to engage with clients and build productive relationships
- How to integrate new joiners into a team that is essentially working remotely
- What is likely to be the impact on organisational culture? How do business leaders embed cultural aspirations across a team that rarely meets face to face?
- Evidence suggests that employees can be more productive working from home. However, what does this mean for work-life balance? With no natural break between work and home life, are businesses encroaching even more on family life? What are the expectations on working hours, both official and unofficial?

- How to ensure compliance with all employment regulations and HR considerations
- Will changing working patterns impact turnover in the workforce? What might be the implications?
- What is the impact on data protection (GDPR), communication security and the potential cost (initial and on-going) of equipping more employees to work away from the workplace?

There are several key questions regarding workplace costs that also need consideration:

- If some or all of the current workspace is not required, but we are locked into a long lease with years to run, what are our options?
- How to dispose of surplus space when many other businesses are trying to do the same?
- What are the costs of exiting or renegotiating our maintenance and facilities management contracts?
- How do we change our workspace to make it more flexible and fit for our new ways of working? What might it cost?
- How long will this change take and how do we manage the transition?

Looking forward, we are expecting significant cash flow pressures to affect firms in Q4 2020 and Q1 2021 which in turn is likely to encourage renewed merger and acquisition activity. The traditional approach to business and cultural fit in any acquisition now needs to be supplemented by a far more rigorous review of fixed and variable costs; most fundamentally firms' occupational leases or freehold properties need to be seen within the context of their contribution to the functionality of the firm. How has the firm operated since lockdown? What proportion of fee earners and support staff need to be accommodated in office space? How has the firm communicated with current clients? How does the firm intend to develop business with new clients? How have traditional printing / document storage and postal services operated under Lockdown? Why would they ever need to be the same again?

Such a fundamental paradigm shift demands that these, and many more questions are addressed in pre-acquisition due diligence. And counter intuitively your firms' approach to any form of contract procurement will become as much about how to exit on cost effective terms as it is to enter.

Consider the property holdings of an acquisition target – step back and think realistically what proportion of fee earners and support staff is it absolutely necessary to accommodate in that space? Look at the lease term remaining, given that commercial property values may fall by up to a third in provincial locations does this offer an opportunity to re-gear a lease? Or to mothball space and consolidate into a smaller demise? Given the prospective relaxation of High Street planning regulations in the Autumn there may be even by an uplift in value for certain freehold offices – or indeed the opportunity to surrender a lease to a landlord on more acceptable terms.

If you'd like to discuss this with us on a no commitment basis, please contact us.