Organizational Culture

Designing the Hybrid Office
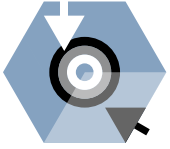
by Anne-Laure Fayard, John Weeks, and Mahwesh Khan

ORGANIZATIONAL
CULTURE

AUTHORS

Anne-Laure Fayard
*Associate professor,
New York University*

John Weeks
Professor, IMD

Mahwesh Khan
*Research associate,
IMD*

Designing the *Hybrid* Office

From workplace to "culture space"

Felrath Hines, *Trellis*, 1986, oil on linen. Gift of the artist's wife. ©Felrath Hines Estate. Courtesy of the Fort Wayne Museum of Art. Previous page: Felrath Hines, *No. 26*, 1988, oil on linen, 36" x 30"

in

June 2019 the International Olympic Committee (IOC) opened Olympic House, its new headquarters, in Lausanne, Switzerland. Constructed over six years, at a cost of $150 million, the new building was empty within just nine months. IOC staffers, like knowledge workers around the world, were working from home.

The natural experiment forced on the world by the coronavirus demonstrates that the academics and tech visionaries who have been talking since the 1980s about the possibilities of remote work were not exaggerating. Research from before the pandemic established that some workers in wealthy industrialized countries can work effectively from home, and that about 80% of them would like to do so, at least some of the time. After months of working remotely, employers, too, have learned that most tasks are accomplished and most meetings go just fine without the office.

Of course, companies won't suddenly abandon their offices, because going to the office has never been just about work. And technology won't make socializing less dependent on direct interpersonal contact anytime soon. But we do need to rethink the cube design that all too many offices exemplify.

Pre-pandemic, most businesses saw the office as a place where individuals could get work done. Post-pandemic, the office will only secondarily be a place to carry out tasks or engage in routine meetings, especially for knowledge workers. They will be able to do much of that from home, thanks to the growing functionality of information and communication technologies. As a result, employees will increasingly be working in what we call the hybrid office—moving between a home work space and a traditional office building. The latter will become primarily a *culture space,* providing workers with a social anchor, facilitating connections, enabling learning, and fostering unscripted, innovative collaboration.

In the following pages we explore the social functions of the office and describe how a number of forward-thinking companies are developing a new model—using intelligent, tech-enabled design to turn ergonomic workplaces into socially engaging culture spaces.

THE OFFICE AS SOCIAL ANCHOR

In the course of our researching the impact of remote working, one Paris-based senior marketing manager told us that before the March 2020 lockdown, he had a flexible schedule and enjoyed working from home two or three days a week. Thus he didn't mind much when his company announced that the office would stay closed at least until the end of

IDEA IN BRIEF

THE PROBLEM
Remote work is delivering some near-term productivity boosts and cost savings, but the longer-term impact may be very negative for company performance.

WHY THAT IS
Human beings require personal connection to build trust. Learning through observation requires physical proximity. And chance encounters between diverse individuals are a rich source of innovation.

THE SOLUTION
Tomorrow's offices will serve primarily as a place to renew social ties, build a learning culture, and offer opportunities for serendipity. They will be designed and managed to foster human connections with the help of technology.

December. Yet by early July, despite being in virtual meetings almost all day every day, he was lonely and pining to see his coworkers face-to-face. We have heard this theme again and again: At first, existing relationships seem to thrive when people work remotely. But over time problems emerge. Even self-identified introverts who relish a chance to work at home discover that it can be too much of a good thing.

Studies in cognitive psychology and neuroscience show that human cognition depends not only on how the brain processes signals, but also on the environment in which those signals are received. That's why the limited body language available in videoconferences can trigger misinterpretation and make bonding difficult. Being physically colocated helps people interpret others' moods and personalities, making it easier to build and cement relationships.

A short meetup at a colleague's desk can result in what the psychiatrist Edward Hallowell calls a *human moment:* a face-to-face encounter that allows for empathy, emotional connection, and nonverbal cues to complement what is actually said. When communication takes place remotely, the connection is severely weakened and nonverbal signals are harder to pick up on, even when people can see each other on a screen. In human moments people are often energized and more likely to empathize with each other, which supports organizational culture and collaboration. Neuroscientific research suggests that the brain chemistry of people in human moments is distinct from that in purely transactional encounters.

Many remote encounters are purely task-focused and largely free of emotional connection. Microsoft recently surveyed its employees about how they were dealing with the Covid-related remote-work environment. One of the effects most often cited was an increase in the number of (shorter) meetings needed to solve a problem, because, as a survey respondent put it, people could no longer "just pop by to someone else's office to ask a question." Another said, "I can't wander over to someone's desk or connect over coffee in the kitchen. As a result, I think I spend a lot more time in meetings."

Meetings are important, of course, but not more so than human moments, because it is relationships, not merely acts of collaboration, that create trust between coworkers. Studies have long shown that frequent in-person interactions lead to commitment, support, and cooperation among people on teams. That's why many tech companies that boast about being 100% online still have an office. Even those that have no physical space emphasize that teams should meet face-to-face on a regular basis: "We get the whole company together once a year for seven days so that Automatticians can create bonds that influence them all year long," says the website of Automattic, the company that owns WordPress and Tumblr.

Research into distributed open-source software development communities shows that members consider regular real-life meetings helpful for nurturing relationships. The WELL (Whole Earth 'Lectronic Link), which started in 1985, is one of the oldest virtual communities in existence. The WELL attributes its survival to fostering deep relationships through in-person contact: Its members have practically grown up together—they've attended one another's weddings and funerals and supported one another through child-rearing years and illnesses.

THE OFFICE AS SCHOOLHOUSE

When organizations move to remote working, they need to consider the impact on how knowledge is shared. Much of it can be codified, efficiently scaled, and distributed by knowledge-management systems to all employees, whether they're working on-site or remotely. But the really critical knowledge in most organizations cannot be made explicit. Ask new employees at almost any company and they will say that they learned as much from observing their colleagues and managers and interacting with various stakeholders as they did from going through new-employee orientation and specialized trainings—if not more. Classically, this on-the-job learning takes place through apprenticeship. New employees learn the correct and proper way to behave—"how things are done around here"—from directly observing those around them, especially their mentors.

Technology can certainly be used to facilitate this sort of learning, but without question an office makes the process a lot easier. In September 2020 Jamie Dimon, the CEO of JPMorgan Chase, said in a session with equity research analysts that after six months of working from home, junior employees were losing out on the informal, intangible benefits of sitting together in the office and no longer profited
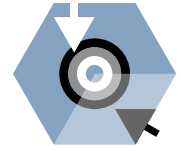
ORGANIZATIONAL
CULTURE

Felrath Hines, *Skylight*, 1991, oil on canvas, 48" x 36". From the David C. Driskell Permanent Collection at the University of Maryland, College Park. Gift of Charlotte Mason, 2008.10.001. Image courtesy of the David C. Driskell Center at the University of Maryland, College Park. ©Dorothy C. Fisher, 2016. Photography by Greg Staley, 2018

from the spontaneous learning and creativity that comes from human-to-human contact. Although JPMorgan Chase, like other banks and law firms, relies on virtual training to teach core skills, those trainings don't provide real-life, desk-side insight into how, for instance, a portfolio manager might choose between two technically similar stocks.

The need to sometimes be in an office was strongly expressed by a young IT professional we met in London during the course of our research. He described his mid-2020 virtual onboarding experience in a global financial-services company as "surreal." Because its offices were closed, he had not been able to visit them or meet a single member of his new team in person. The onboarding was done over Zoom, and the team had regular virtual check-ins and meetings.

He was impressed by the effort his new company made to create the best possible experience, but, he told us, "The truth is, I still do not know the system, the environment, and there is nothing my company can do. Things that would have

required me to simply turn around in my chair and ask my colleague at the neighboring desk in 10 seconds now take me several emails back and forth to understand." And questions sent by email have more weight than questions asked of someone face-to-face, so he hesitated to send messages to colleagues he had never met. "I am always wondering whether or not to ask the 'silly' question," he said. He worried that it would take him more time to learn the ropes needed to do his job efficiently in the long term. He also wondered what the norms were for interactions and ways of working. He tried to pick them up through emails, calls, and Zoom meetings, but he found it harder to understand the company culture than he had in his previous job.

THE OFFICE AS A HUB FOR UNSTRUCTURED COLLABORATION

When people from different functions and departments collaborate, they can solve complex problems and generate innovative new ideas. Such collaboration is usually triggered by chance encounters—in conversations around a coffee machine or a copier—in which people identify others they can get help from or work with. ("Have you talked to Sofia? She worked with a similar client last year. She might be able to share what it did or point you to a reference.") Research confirms this: The Human Dynamics group in the MIT Media Lab collected data from employees' electronic badges and found that frequent face-to-face interactions outside formal meetings were the best predictor of productivity.

Although you can't plan for impromptu conversations, you can make them more likely to happen. One manager we interviewed described setting up a big board to post all the insights her team collected for one project. She positioned the board in a central area that people often passed through and held team meetings around it; passersby would listen and sometimes join in. Her desk was nearby, so when people stopped at the board, she would go over and chat with them about it, explaining the project and getting their feedback. The insights she gleaned from these chance encounters were added to the board.

That kind of unstructured collaboration requires close in-person contact, which isn't possible when everyone is working from home. It can be difficult to achieve even when

People need be only 50 meters apart for regular communication (whether face-to-face or in any media) to decrease.

people are in the same building, because communication of all kinds suffers if colleagues are located far from one another in the same office. Tom Allen, an MIT organizational psychologist, demonstrated in the 1970s that people need be only 50 meters apart for regular communication (whether face-to-face or in any media) to decrease.

Organizations that reduced workplace density in the interests of social distancing have learned the truth of that. One European home-appliance group divided employees at headquarters into two cohorts. One came in on Mondays and Tuesdays and the other on Thursdays and Fridays, with no rotation. After four months a number of projects had slipped off schedule because many of the people collaborating on them came in on different days and never met in person.

Precisely because they recognized the importance of providing regular touchpoints, some early adopters of remote work, such as IBM and Yahoo, decided a few years ago to partially reverse their very liberal telecommuting policies. And when Microsoft changed its policy in 2020 to let more employees work from home, it also provided in-office touchdown spaces for them—a practice sometimes referred to as *hoteling*.

CREATING THE OFFICE OF TOMORROW

Widely available technology is not only facilitating remote work but also progressively automating much of the routine work that traditionally defined people's jobs. Together these two developments are fundamentally redefining the meaning of work and the role of an employee in the organization. Increasingly, what companies need from people is their creativity—and as we've seen, people are more creative when they're together and can share human moments. That's why we need the office. But tomorrow's offices will have to be very different from what we're used to, and three features will define them. They will be:

Designed for human moments. Low-cost open-plan designs and cramped seating—which researchers have consistently found to be detrimental to morale, collaboration, and productivity—are ubiquitous, but some companies have moved beyond that model. Their new approach strikes a balance between openness and privacy, incorporating design elements that enable social interactions of many types—from

a quick chat at the corner of an open stairway to low-voiced gossip by the kitchen counter or the coffee machine. Among these elements might be an alcove where a few people can polish a presentation or a high table where two people can stand for an impromptu meeting and be joined by a junior employee who passes by, overhears them, and stops to ask a question.

The IOC's Olympic House, built for the purpose of humanizing work, has many such features. In the century following its founding, the IOC had grown to occupy four locations across Lausanne. By 2012 its leaders had noticed that this fragmentation was damaging relationships among its 400-plus employees. Although the nature of the work meant that people traveled extensively and often worked remotely, IOC's leadership believed that a single home base was essential to creating a sense of community that would foster the well-being of employees and stakeholders and, above all, provide human moments for building trust and stimulating creativity.

Within just a few months Olympic House became, as one IOC manager put it, a "happy place to come to every day, where we feed off each other's energy." Its design fosters formal and informal encounters, profoundly changing how teams interact. For example, its great central staircase—shaped like the five rings of the Olympic symbol—forces people from different departments to encounter one another on the way to and from their desks and encourages them to stop and talk. "Those spaces around the staircase" one IOC manager explained, "are full of sofas and coffee corners where you would like to spend five or 10 minutes speaking with your colleagues about open points that you need to tackle, rather than sending a lot of emails. And this human element is at the heart of what we do."

The designers also paid particular attention to acoustics. In the areas with desks—allocated according to a hoteling scheme—sounds are muted by carpets and sound-absorbent material on the ceiling and in the furniture. Near the central staircase and in other areas intended for socializing, the architects deliberately used less sound-absorbent material to create a "coffee shop buzz" and draw people in to chat and socialize.

Details like these matter. A global tech company we know decided to cut costs by eliminating the coffee machine in one of its R&D centers. Initially productivity went up: Managers measured an increase in the number of lines of code

Felrath Hines, *Opening II*, 1987, oil on linen, 36" x 28"
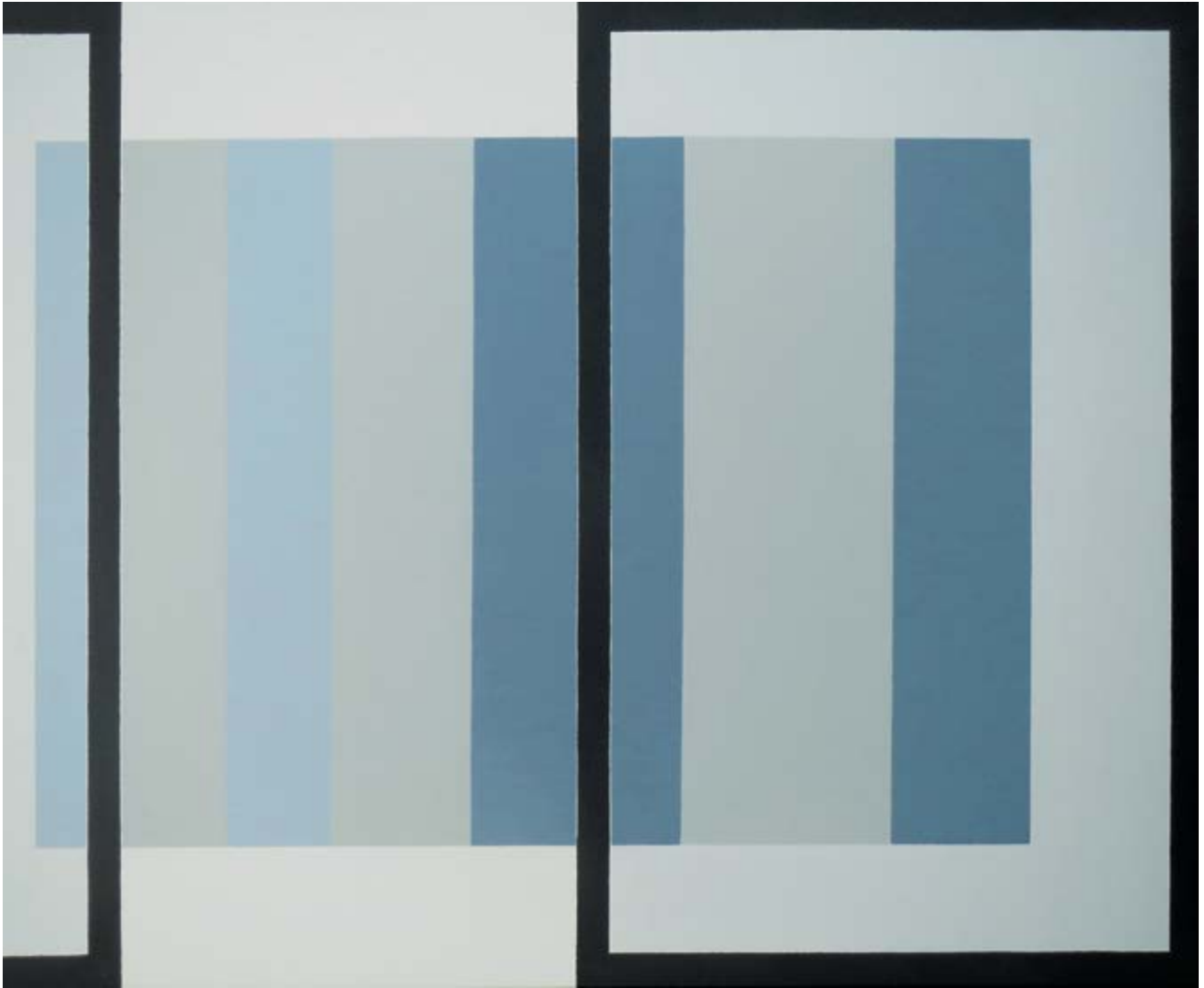
produced and a decrease in the number of bugs. People were spending less time talking over coffee and more time coding. But later the total number of product releases went down, owing to an increase in integration bugs. That coffee talk turned out to have produced valuable collaboration.

Customized by technology. Technology has helped us take home the work we can do more efficiently on our own. It can also help us better understand how we operate socially, and that understanding can lead to more-effective design and use of social spaces.

Silverstein Properties, a real estate development and management firm in New York City, provides a case in point. The company has created an AI-based platform called Dojo, which tracks the movement of people to feed a data-driven scoring system that generates office layouts and seating

charts to maximize the likelihood of serendipitous informal interactions.

Dojo enables users to create collaboration profiles for individuals, teams, and the organization as a whole. (Some industries and functions require a greater proportion of independent work than others do.) This allows companies to cluster employees by work style, using metrics such as the percentage of time spent in meetings, the average amount of free time between meetings, and the distribution of meetings during the day. The result is a kind of nonhierarchical org chart that can help managers find ways to use the company's physical spaces and technology to create more opportunities for employees to connect.

One of Silverstein's tenants, a tech company with more than 400 employees, used insights from Dojo in redesigning

its office. The platform showed that if the tenant redistributed its people according to cross-departmental "neighborhoods," it could improve collaboration and reduce its real estate footprint. The tech company also found that no one was using the small rooms, meant to provide privacy, that were situated far from where most people sat. Instead employees made their private calls in the elevator lobby. So it did away with the small rooms and installed phone booths in the lobby. After making those changes, it had 20% more space than it needed, which it was able to sublet.

Technology can also support relationships between people working remotely and people in the office. In the mid-1980s researchers at Xerox PARC created a media space combining video, audio, and computing technologies to support social interactions between their labs in Palo Alto and Portland, Oregon. This allowed people in the labs' lounge areas and in some individual offices to connect virtually. Similar experiments at Xerox's EuroPARC in the UK, at Bellcore, and at the University of Toronto show that even a peripheral awareness of one another can help people working remotely feel closer to those on-site and vice versa.

Of course, technology should go only so far. As long as employees can see who is present physically and who is available virtually—which technology like Dojo can facilitate—they should be free to create their own encounters and moments of collaborative thinking.

Managed to encourage connections. For their part, managers need to ensure that when people come to the office, they feel they have permission to socialize and connect with their colleagues. In addition to explicitly stating this, leaders should reinforce it by spending time themselves in the common areas and participating in social events.

The global design consultancy frog provides a good example of what this involves. Frog has offices, or "studios," around the world, which the company uses to cement social ties and teach newcomers about the company culture. Rituals that foster informal learning abound, from Monday Morning Meetings (where recurring themes across projects and industries are discussed or new content is shared in a presentation) to Wellness Wednesdays (during which, for example, a yoga class might be taught) to coffee time every afternoon and happy hours for team members and occasionally for clients.

These rituals all offer opportunities for junior and more-senior employees to mingle, share stories about projects and life, and informally ask for advice. Work happens as much in the lounge and the kitchen as in the rooms where project teams brainstorm with whiteboards and Post-it notes. Seeing or overhearing these work sessions, formal and informal, is critical to learning the subtleties of good design and managing client relationships.

When the world went into lockdown, frog discovered some positive aspects to working from home. Collaboration across the global studio network improved, for example. Without the constraints of face-to-face work, frog could increase cross-pollination among its studios worldwide and better utilize people's talents. It was also able to keep some of the rituals alive, with a few tweaks. At a virtual daily coffee time, for example, someone might post a question such as "What's the craziest way you've been injured?" to get people out of work mode. Given these benefits and the cost savings from shutting down a studio in an expensive market

Once back in the office, people may feel obligated to be in meetings or on their computers all the time. If so, the positive lessons from the pandemic will have been lost.

like New York, frog's leaders wondered if the company could continue with working from home, since the transition had been smooth. But they realized that the studio plays a central role in the company culture for informal learning and socialization—and although New York rents are high, the space cost is a relatively small part of frog's overall expenses. Even if working at the studio needs reinventing, it will remain a core part of being an employee.

As we all go back to the office, it will be essential to avoid conflating face time and actual output when assessing performance—so that people don't feel they need to show up to convince the boss that they're working hard. And when in the office, they shouldn't feel obligated to be in meetings or on their computers all the time. If coming back in means only individual work and task-focused meetings, the positive lessons from the pandemic will have been lost, and the organization's performance and culture may be jeopardized.

To avoid that, Adam D'Angelo, the chief executive of the question-and-answer website Quora, announced that the company would not adopt a selective remote approach—whereby leaders or certain groups go to the office while regular employees work from home. Instead everyone—from the CEO down—would work from home, but everyone would be required to spend time in the office as well. The intention, as he explained on the company blog, was to "prevent the office from becoming the 'real' headquarters." It sent a clear signal to Quora employees that going to the office was not a way to impress your boss; in the eyes of management, working from home was and would continue to be just as legitimate.

When in the office, leaders need to model the kind of social behaviors that people ought to engage in. They should not spend all their time in meetings; rather, they should follow the lead of Paul Bennett, IDEO's chief creative officer, who says he sits "permanently and resolutely with our IT team at its help desk, which is the most visible and central spot in our San Francisco office." He adds, "I think of the help desk as an overlap between a coffee bar and a hacked-together technological lifeguard station. The people there are full of energy and fun. Sitting high up on a stool with them has encouraged people to approach me spontaneously. This lets conversations and interactions happen naturally over the course of the workday."

Opportunities for non-work-related rituals (such as meditation, yoga, and the plank challenge) are also a great way to nurture relationships and signal that the office is about connecting. Of course, in-person meetings should not be banned, but they need to be limited so that a day in the office does not become a day in meetings—and they should involve activities that might be difficult to do remotely (such as brainstorming while standing up or moving around a table).

By the same token, companies must ensure that their employees aren't "always on" if they are to engender engagement and creativity. Taking breaks is not always easy, especially if employees are being monitored with surveillance software or managed by bosses who focus on screen time rather than productive output. Make it clear that it's fine to take a lunch break or to reschedule an 8:00 AM meeting to accommodate someone's regular morning run or swim or yoga practice. Here again, role-modeling matters. It can be as simple as setting your status on Slack or another tool to say "I'm out for lunch" or "I'm online all week except Thursdays." Recognize that sometimes people need a long weekend or a holiday. The software services provider Basecamp gives each employee a 30-day sabbatical every three years.

AS MANY ORGANIZATIONS allow people to work remotely at least some of the time, it's worth remembering that distributed collaboration has a long history. What that history and our contemporary experience show is that supportive infrastructure, technologies, and organizational processes are necessary but not sufficient for productive collaboration. People still need in-person touchpoints that provide opportunities to clarify and align expectations, to refresh rules and work practices, and to build or revive trust. In a world that enables and leverages work from home at scale, it is all the more important to bring people back together in offices to deliver on those human needs. ⊚ **HBR Reprint** R2102J

ANNE-LAURE FAYARD *is an associate professor at New York University.* JOHN WEEKS *is a professor at IMD in Lausanne, Switzerland.* MAHWESH KHAN*, a former corporate governance officer at the International Finance Corporation, is a research associate at IMD.*