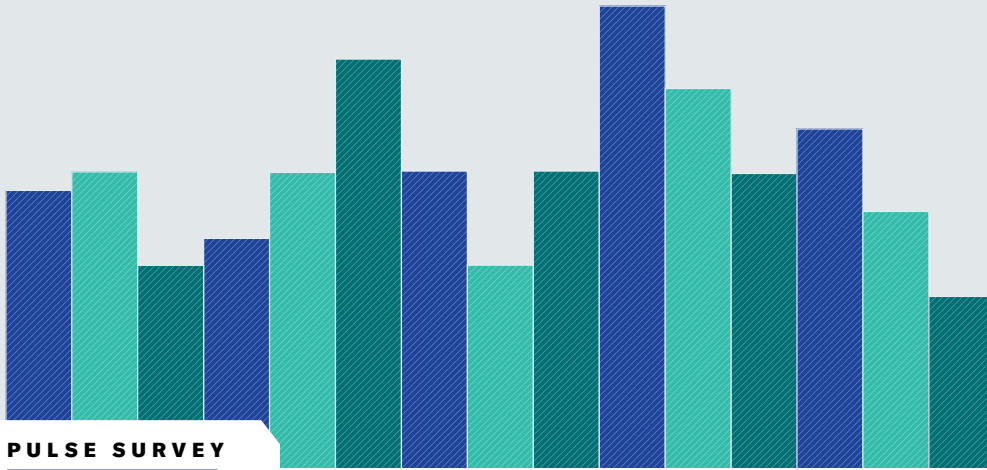




**Harvard  
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ANALYTIC SERVICES



# Redefining the Workspace to Strategically Support Corporate Culture, Innovation, and Growth



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## Redefining the Workspace to Strategically Support Corporate Culture, Innovation, and Growth

In the wake of a transformative era where companies are grappling with where work should be performed by their employees, leaders find themselves needing to make a decision about their workplace. Recommit to the status quo office or lab? Go full remote? Explore something in between?

This report prepared by Harvard Business Review Analytic Services that CIC has sponsored explores these issues. It shows that organizations are taking into account both what employees want as well as the role a physical workplace can play in forming company culture, with an eye toward business success. From startups to Fortune 500 organizations, companies are seeking the “right” answer, and are zeroing in on a middle ground: flexible workplaces.

Recent research has examined the usefulness of in-person work. In a November 2023 article in *Nature*, “Remote Collaboration Fuses Fewer Breakthrough Ideas,”<sup>1</sup> the authors found that “across all fields, periods and team sizes, researchers in these remote teams are consistently less likely to make breakthrough discoveries relative to their on-site counterparts... Despite striking improvements in digital technology in recent years, remote teams are less likely to integrate the knowledge of their members to produce new, disruptive ideas.”

So what should a CEO do? This report’s analysis shows that many companies are considering smaller, flexible office and lab workspaces to reduce cost, to support hybrid work as needed, and to provide the culture-building and in-person collaboration benefits of a physical place where employees concentrate.

The wisdom of this thinking is supported by my own experience at CIC. I founded CIC 25 years ago alongside friends from Massachusetts Institute of Technology to make it easier for us to build companies by sharing resources. As we grew, we discovered another benefit: we could tap each others’ energy and creativity. Today, CIC operates on three continents. In each city we operate in, our CIC “innovation campuses” combine flexible workspace and lots of engaging events, collectively forming an engaged community that serves as a physical center of gravity and a nexus for our member companies to form and deepen their cultures.

At the end of the day, if done right, the direct cost of office and lab space should be a small fraction of the value of the work the company’s employees produce. As such, the key for executives is to determine which workplace strategy produces the most actual company value. Modern flexible, shared workplaces may be the sweet spot.



**Tim Rowe**  
**Founder & CEO**  
**CIC**

<sup>1</sup> Yiling Lin, Carl Benedikt Frey, and Lingfei Wu, “Remote Collaboration Fuses Fewer Breakthrough Ideas,” *Nature*, November 29, 2023. <https://www.nature.com/articles/s41586-023-06767-1>.

# Redefining the Workspace to Strategically Support Corporate Culture, Innovation, and Growth

Organizations of all sizes have a lot to consider as they make decisions about the post-pandemic nature of work. Covid-19 made hybrid work a reality, with implications for “the office”—what it looks like, where it is, and what people do when they are there. Traditionally, the corporate real estate function was associated with facilities management; today, organizations are approaching the workspace as a strategic priority that affects their operating model, talent acquisition and retention, culture, and business outcomes.

The need for flexibility from an employee perspective has now become paramount; the World Economic Forum describes work flexibility as the new currency,<sup>1</sup> and Deloitte finds that 77% of Gen Zs and 75% of Millennials would look for another job if their employer asked them to work on-site full time.<sup>2</sup> For employers, this evolving reality is a catalyst to rethink what space they own or lease, how much of it they need, and whether to use it at all or find creative solutions to use it in the best way possible that meets employee needs and business goals.

Physical workspace, company culture, and business outcomes are intertwined. A Harvard Business Review Analytic Services global survey in October 2023 of 565 respondents involved in their organization’s workspace decisions found that workspace decisions are seen as critical to culture and culture as critical to business success. Virtually every respondent (97%) agrees that workspace decisions impact the company culture of an organization. And 98% agree that the quality of an organization’s company culture impacts its ability to succeed.

## HIGHLIGHTS



97% of survey respondents agree that **workspace decisions impact the company culture** of an organization.



88% agree that organizations should consider workspace decisions a **strategic priority**.



73% of respondents say their organization has **defined a strategy around workspace decisions**, and the majority of this group says they've **adjusted this strategy in the past three years**.

Due to rounding, some figures in this report may not add up to 100%.

“The workspace is a bit like a combustion engine,” says Eelco Voogd, CEO at Reworc, a software company based in Rotterdam, the Netherlands. “Only once the gas and air are compressed in the cylinder will the engine spark and the gasoline explode. The same is true for the office. If people are too spread out or the workspace is not right, it kills innovation and collaboration. With the right space, you get that spark.”

But there are many things to consider when making workspace decisions to get that spark without burning the company culture to the ground. Organizations need to balance costs, operational flexibility, and the choice of facilities and amenities that make an inviting and functional workspace. They also need to figure out how the space allows in-person connection and collaboration while keeping remote or hybrid workers in the loop.

While many of these issues have always been the purview of the corporate real estate function and its traditional association with facilities management and financial concerns, all matters involving the workspace require bridging business strategy, HR, and organizational culture. In other words, building team dynamics requires a more strategic approach to the physical presence of employees and their managers. “Real estate is morphing in terms of what companies own and what they don’t,” says Jon Kiel, chief operating officer and cofounder of Enzymetrics Bioscience, a biotechnology research company in Philadelphia. “And for us as an early-stage life sciences company, decisions about owning or leasing office and lab space define how we operate and what we can accomplish.”

This report will examine how and why organizations are adjusting workspace strategies—and what benefits they have achieved by doing so. It will explore the key considerations that impact workspace decisions and provide best practices when redefining how the office supports innovation, growth, and a strong company culture—even in remote or hybrid settings.

## Space Is a Strategic Choice

The workspace is no longer just an adjunct of operations, lumped in with heavy equipment and other long-term leases and capital expenditures. Now the decisions involving workspaces must be more fluid and attuned to the competitiveness of the business in terms of innovation, talent management, and operational agility. The majority (88%) of survey respondents agree that organizations should consider workspace decisions a strategic priority. Similarly, most (89%) respondents believe that organizations can benefit from aligning their workspace strategy with their broader business strategy. Organizations have taken action; 73% of respondents say their organization has defined a strategy for workspace decisions, and the majority of this group says they’ve adjusted this strategy in the past three years.



**“If people are too spread out or the workspace is not right, it kills innovation and collaboration,” says Eelco Voogd, CEO at Reworc.**

For Enzymetrics Bioscience, workspace decisions are top of mind and discussed every few months. The company has what Kiel describes as a modular approach to space and equipment. It rents an office and a lab within a facility that also offers communal lab space, and the company rents servers for the computational component of its work. “We have a pretty distributed network of resources that we can use, and our advisors and computational people are spread across the world. There are people here doing physical lab work most days of the week, and the office space is mostly hybrid, with workspaces for people who want to come in,” he explains.

Cost savings, says Kiel, are the main driver of such workspace decisions. “Lab-based life sciences companies have phenomenal capital burn rates,” he explains. “The amount of money it takes to run a company like this is one order of magnitude more than [that of] a similar company in another industry. Equipment and materials are incredibly expensive.” Access to a shared lab makes the money go further. “We own one centrifuge,” he continues. “We would love to have five, but they are expensive—space-wise and money-wise. With the communal lab, we can book five centrifuges for next week, and then we may not need them for another couple of months. That way, we don’t spend our capital. This approach gives us operational flexibility and extends our runway.”

Kiel notices how the workspace affects the people working in it. “Everyone in the company has an academic or research background; we’re all accustomed to well-resourced, busy university labs. By contrast, in a startup, we’re very much on an island with the same handful of people sitting in the same room every day. It can be professionally lonely,” he says.

To counteract the isolation, as well as keep an eye on costs, the company chose to work in a shared facility that attracts life sciences companies, particularly biotechnology startups. “We decided to come to a building with multiple companies in a much more open place. There are always people around, usually like-minded scientists, and it is a supportive environment,” says Kiel.

Voogd describes how Reworc approached a decision to lease an office in a shared facility as part of its wider operational

strategy. “Our business is made up of knowledge workers,” he says. “Our strategy is to let these people focus on doing activities that create business value, nothing else. The workspace has facility managers, cleaners, event coordinators, catering staff, and so on, and they do those jobs well. We can focus on what we do well.” Another consideration, Voogd notes, is that the space affords the company the flexibility to reduce or increase the amount of space it uses as needs change.

Another organization that made intentional choices about its workspace is Venterra, a London-based group of companies around the world that engineer, build, and support offshore wind energy operations. Drew Carey, vice president, Americas, explains that he chose the location of one of the U.S. offices because of its community of offshore wind companies. “The shared space where I chose to rent an office is known as a hub for offshore wind expertise,” he notes. “Through curation of the tenants here and the types of meetings and events held here, there has been a knock-on effect of drawing more and more companies in the sector.”

Carey feels that the cost of the space is balanced by the networking opportunities that come with being part of the community. “I’ve turned my office into a place where I hold regular industry roundtables. I invite people here, facilitate discussions. I’ve positioned it as a collaborative space where that kind of thing can happen,” he says.

More importantly, Carey feels that the shared facility and others like it act as economic development engines. “Shared spaces are an easy landing spot,” he asserts. “Companies may come here when they can only afford one desk or a temporary space, and then they get involved, network, and grow. And the industry is better for it, too.”

### Change Is Underway

In a tech-enabled world where it’s possible to have no office at all, human interaction and connection seem to be key motivations for making workspace decisions. Much of the rationale behind making adjustments to workspaces is to boost engagement and encourage interaction.

Survey respondents were shown two lists of updates an organization might make to its physical workspace. One list showed changes to the types of workspaces used, such as adding more offices in different locations or joining coworking spaces. The second list included facility enhancements such as adding informal lounge areas, outdoor spaces, or digital conferencing equipment. The majority of respondents (92%) said that their organization made at least one of these updates from one of the lists in the past three years or is currently doing so.

Respondents whose organizations have made, are currently making, or are considering making at least one of the listed workspace updates were asked what primary factors motivated

their organization to reassess its workspace. The top three reasons were to improve company culture/engagement (42%), to adjust to an increased remote/hybrid workforce (39%), and to encourage employees to meet/work in person (34%). **FIGURE 1**

FIGURE 1

### Motivation for Change

Improving company culture is a key motivation for workspace change

When your organization made or considered these adjustments to the types of spaces/facilities it has, what were the primary factors motivating your organization to reassess its workspace? *Select up to three.*



*Base: 540 respondents whose organizations made any of the listed changes to the types of workspaces used or any of the listed facility enhancements in the past three years, are currently doing so, or are considering doing so. Not shown: 4% Other, 1% None, 1% Don't know.*

Source: Harvard Business Review Analytic Services survey, October 2023



“I’ve turned my office into a place where I hold regular industry roundtables. I invite people here, facilitate discussions. I’ve positioned it as a collaborative space where that kind of thing can happen,” says Drew Carey, vice president, Americas, at Venterra.

These motivating factors for change, centered on the ways in which people interact, set the theme for workspace shifts that are most commonly being made. Changes span adjustments to the types of workspaces being used, where they are located, and what facilities and amenities the spaces provide.

### Path to Increased Flexibility

Some organizations are making changes to the types of workspaces they use, perhaps altering the mix of what property is owned or leased, and factoring in whether the commitment to a workspace is long term or short term. Many of these changes offer a degree of operational flexibility. The most common changes that organizations have made in the past three years or are currently making include adding more satellite locations outside headquarters (22%), leasing an entire office/floor in an externally managed flexible workspace or coworking space (18%), and shifting from a long-term situation (either owned space or leased space) to shorter-term options (16%). **FIGURE 2**

For those organizations that choose externally managed flexible workspace options, location is critical. Respondents whose organizations currently use, or are considering, such spaces said that location (66%), cost (63%), facilities/amenities (39%), and the flexibility of the contract (38%) are the most important factors when evaluating externally managed workspace providers. It is interesting that location just edges out cost for the top spot, indicating just how important a factor it is.

### Connection Is Key

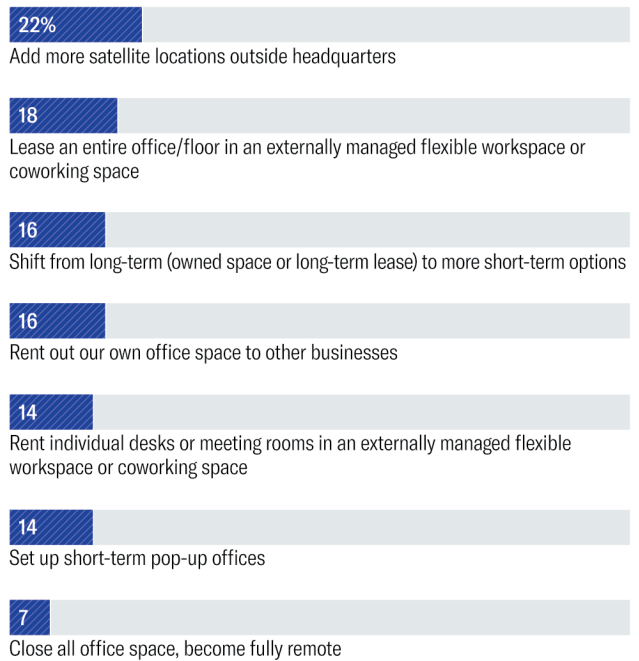
Organizations are also reconsidering the facilities either that they own or that are in managed spaces. A greater proportion of respondents say their organizations have added facility enhancements in the past three years or are currently doing so than have changed the types of workspaces they use. The most-cited changes were those that foster connection, such as providing the technology to connect people and collaborative spaces for face-to-face interaction. The most common change was adding enhanced digital conferencing facilities to connect remote and in-office workers (76%),

FIGURE 2

#### Workspace Types Offer Flexibility

Changes involve leasing flexible spaces or going short term for some

Which of the following changes has your organization made in the past three years, is making now, or is considering regarding the types of workspaces it uses? [Percentages reflect those who selected either “made this change in the past three years” or “currently making this change.”]



Base: 508 to 551, varies by row, excludes Don't know.

Source: Harvard Business Review Analytic Services survey, October 2023

followed by adding more unassigned desks or offices (i.e., “hot desking”) (62%), and adding more meeting spaces/collaborative workspaces (59%). **FIGURE 3**

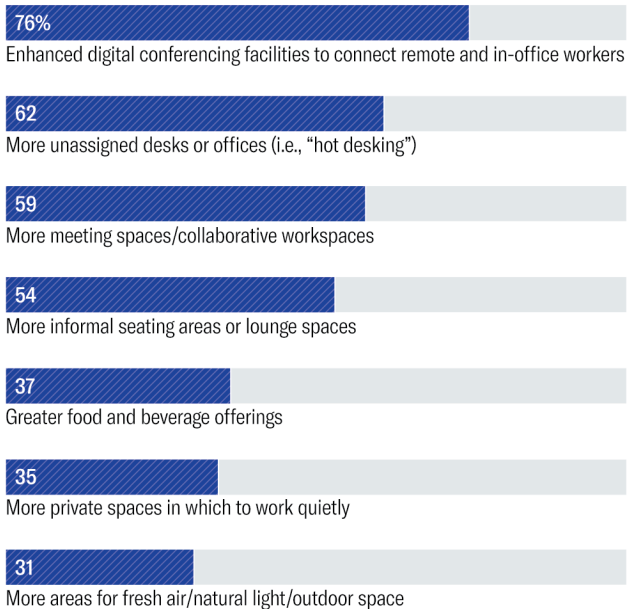
Workspace changes are transcending just physical adjustments. Some organizations are also adding more in-person events and activities, perhaps in support of

FIGURE 3

## Connection Counts

The most common facility enhancement is about connecting remote and in-office workers

Which of the following facility enhancements has your organization added in the past three years, is adding now, or is considering adding to its workspace? [Percentages reflect those who selected either “added this in the past three years” or “currently adding this.”]



Base: 531 to 550, varies by row, excludes Don't know.

Source: Harvard Business Review Analytic Services survey, October 2023

connection and cohesion. Around half (53%) of survey respondents said their organization has added, or is currently adding, more mentoring and professional growth opportunities. Similarly, 52% said they've added, or are currently adding, more team bonding outings. Overall, there appears to be some interest in having employees attend in-person events to connect with a wider business community; 77% of respondents agree this is something their organization is interested in.

Voogd notes a trend of using in-person events as a mechanism for boosting company culture. “In workplace and workforce assessments for our clients, we’ve noticed that organizations are ‘eventualizing’ their culture. Instead of getting everyone to work at HQ for a set number of days a week, they are embracing hybrid, diminishing their real estate spend, and creating work-oriented or professional events to keep the company culture alive,” he explains.



“In a facility like this, a hub of industry knowledge, there is a huge lowering of barriers to collaboration because there’s literally a company down the corridor [full of people] that I can go and talk to,” says Venterra’s Carey.

Particularly in a hybrid or remote world, structured events play an important role in keeping people connected, and Voogd believes such opportunities for face-to-face engagement should be consistent throughout the year. “The thing is, culture and connection erode before you know it. If colleagues and teams don’t see each other frequently, these relationships deteriorate—and the company will suffer,” he says.

Such engagement also fosters collaboration. “In a facility like this, a hub of industry knowledge, there is a huge lowering of barriers to collaboration because there’s literally a company down the corridor [full of people] that I can go and talk to,” says Venterra’s Carey. “If they were across the city, any conversation would depend on introductions and emails and phone calls. Here, conversations are a part of being in a community.”

He believes culture can be strengthened by such shared purpose. “I’m thinking about the way our company culture adheres to the broader industry culture; collaboration is key,” he explains. “Between our nine companies [within Venterra], we have to learn how to collaborate, and outside of that, there are hundreds of companies involved in trying to figure out how to best manage offshore wind globally. And time is of the essence. While there’s certainly competition, if we don’t all find a way to collaborate, we’re just going to make it much, much harder to achieve industry goals.”

## The In-Person/Remote Pendulum

Hybrid work is now commonplace, but the option to have in-person interaction in a physical workspace is still valued. The majority of survey respondents (87%) said that the predominant work model at their organization includes at least “some” remote work. While this proportion of remote work is significant, 86% of respondents agree with the statement “Having the option to come into a physical office is beneficial for employees,” and, more specifically, 90% agree that this option is beneficial for employees working on collaborative tasks.



“We’ve come a long way with videoconferencing and online training, but I don’t think that these methods can replace the personal touch of one-on-one time. It would probably be cheaper if we went fully remote, but I’m sure the quality of our training would decline. And it would take far longer to get somebody up and running,” says Craig Sohn, a manager at Falcon Complete.

This sentiment about working on collaborative tasks in the office may counterbalance the nature of work that can be done at home. The survey found that 68% of respondents agree with the statement “Individual work that can be done remotely should be done remotely.”

Voogd does not necessarily agree. He feels that workspaces should accommodate all types of work. “Post-pandemic, fears about physical workspace not being needed anymore came to the fore. So, the idea of the office as a purely collaborative space took hold,” he says. “But I think it is essential that there are private spaces [in which] to do individual work in the office.” This sentiment is particularly relevant for complex activities that need concentration. “Of course, people can concentrate at home, so why not work remotely? The problem is, if these types of tasks make up 80% of your work and the office has turned into a noisy, social, engaging space, then you will never come to the office at all.”

Carey feels that full-time remote work may, in fact, harm people’s career prospects. “If someone works from home all the time, then they are never going to get involved in people dynamics or learn any social skills,” he asserts. “They will probably continue to be good at their job, but that’s all they’re ever going to do. They will likely never progress to leading others—if that’s considered career progression—because they won’t have the people skills to do so.” For this reason, Carey believes that organizations need flexibility and guidelines for remote work.

Craig Sohn, a manager at Falcon Complete, a division of the Austin, Texas-based cybersecurity company CrowdStrike Inc., feels that in-office work is highly valuable and that the business would miss out if they were fully remote. Falcon Complete takes a hybrid approach. “My VP and I agree that when you’re running daily operations, there’s a certain buzz that happens from being in the same room. People can spontaneously ask each other questions and discuss problems. Essentially, in-person work is better for cohesion and incidental learning,” he explains.

Also, in-person/remote decisions have implications for training, onboarding, and ultimately the quality of work. “We’ve come a long way with videoconferencing and online

training, but I don’t think that these methods can replace the personal touch of one-on-one time,” says Sohn. “It would probably be cheaper if we went fully remote, but I’m sure the quality of our training would decline. And it would take far longer to get somebody up and running. What’s more, people may lack the oversight or scrutiny of their work that happens in the office, so they could make mistakes that cost us money—and cost us our relationship with our customers.”

Sohn acknowledges that the choice to work remotely is highly personal and a preference that tends to be common in the IT industry. “We’re mostly cyber nerds, for lack of a better term, and generally the industry culture is suited to remote work,” he says. “There is a chance that we have lost candidates because they wanted a full-time remote position—remote can be a deciding factor when choosing an employer. But I think flexibility for employees and employers is key, and for this reason, hybrid is a good solution for us.”

Enzymetrics Bioscience’s Kiel simply states that the more in-person time the company has, the better. “We came up with a new solution during an in-person meeting that I’m certain would not have happened via video call,” he notes. “The brainstorming, the flow of ideas, and the creativity in the room [are] difficult to foster remotely.”

Indeed, more tangible outcomes and innovation are likely with increased brainstorming, which generally occurs frequently in office environments—most often referred to as “watercooler talk.”

Other tangible outcomes come from in-person attendance, especially when workspaces and facilities are adjusted in the aforementioned ways. Respondents who indicated that their organization had made or is currently making one or more of the listed changes to its workspaces or facilities were asked what positive business outcomes, if any, their organization had realized from doing so. The most common outcome was greater operational flexibility (39%). Interestingly, this finding corresponds with the results indicating belief that workspace strategy and operational flexibility are linked; 93% of respondents agree with the statement “Organizations can gain operational flexibility by adjusting their workspace strategy.” The other most common positive business outcomes



were improved collaboration (37%) and stronger company culture/engagement (34%). **FIGURE 4**

At Reworc, the operational flexibility that comes from a short-term lease in a shared facility is of the utmost importance. “Flexibility gives you room to focus on the things that really matter,” says Voogd.

He adds that flexibility is worth pursuing even if the upfront costs to secure it seem high. “I think that a lot of large organizations are tempted by a good deal on long-term leasing contracts,” Voogd says. “A good rate for 10 years can be more attractive than a pricey month-to-month arrangement. But the cost savings over the lease period may not outperform the costs of paying for a space that may no longer suit your needs. Flexibility gives you a buffer against volatility and uncertainty.”

### Conclusion

The characteristics of an organization’s physical workspace have the power to influence almost every aspect of business, from talent to culture, innovation, performance, and profitability. It is also clear that many executives regard workspace decisions as critical to culture and culture as critical to business results.

Several common practices have emerged that help organizations make workspace choices that fit how their employees work. Forward-thinking organizations are making the workspace a priority and aligning their workspace strategy with their overall business strategy to achieve maximum operational flexibility. Importantly, workspace strategy is no longer a static concept but instead is an issue that is regularly discussed and reevaluated as needs change. For example, workspace decisions are an integral part of decisions about the organization’s operating model, influencing the physical space and equipment it owns or leases and how it manages those costs.

Meanwhile, organizations are paying attention to how their workspace affects those working in it. The choice of workspace plays a role in how an organization can build a professional community. The right kind of space for the organization’s needs can reinforce the internal dynamics and processes that lead to innovation and greater productivity. Physical workspace decisions also have implications for onboarding, training, and incidental learning that may shape individual careers.

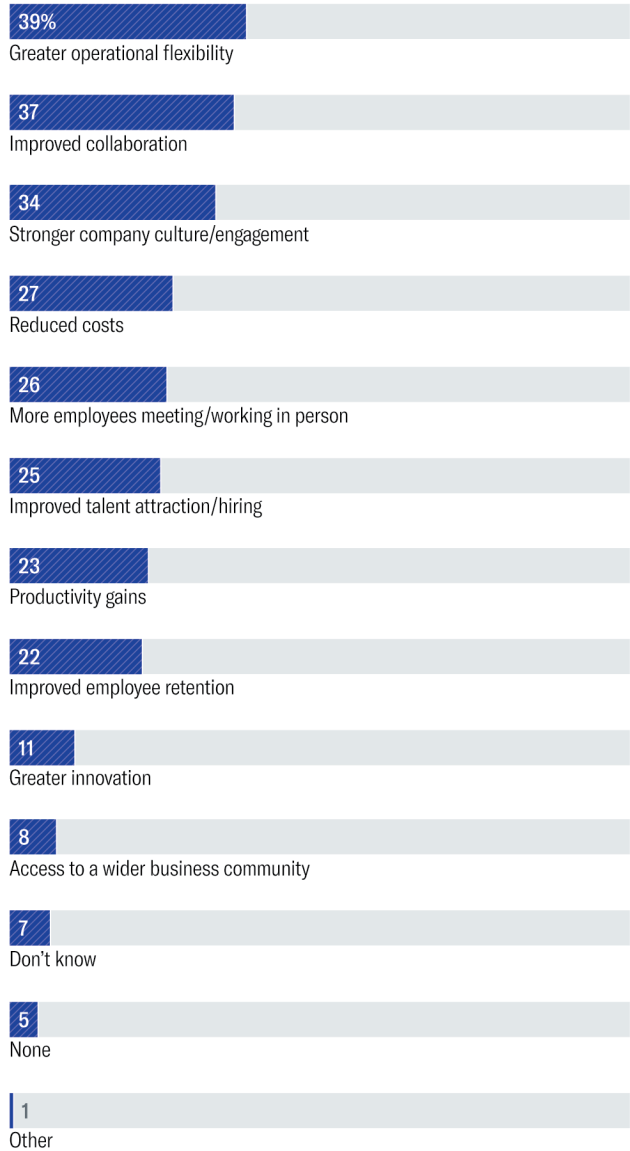
Given that workspace choices can help build professional communities, organizations are also making such decisions to shape their corporate cultures in a hybrid world. Typically, they are adjusting physical workspaces to accommodate hybrid work and to provide the facilities and amenities that can foster meaningful in-person interactions that strengthen culture.

FIGURE 4

### Positivity Born of Workspace Adjustments

The most common outcomes include better operational flexibility and collaboration

What positive business outcomes, if any, has your organization realized from making these adjustments to its workspaces/facilities? *Select all that apply.*



Base: 521 respondents whose organizations made any of the listed changes to the types of workspaces used or any of the listed facility enhancements in the past three years or are currently doing so.

Source: Harvard Business Review Analytic Services survey, October 2023



The need for human interaction, collaboration, and connection will continue to shape demand for physical workspaces and influence what facilities and amenities these spaces provide.

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The technology-driven ability to work from anywhere may prompt organizations to question whether they need physical workspaces at all. But the need for human interaction, collaboration, and connection will continue to shape demand for physical workspaces and influence what facilities and amenities these spaces provide.

Voogd believes that the need for in-person connection that fuels business innovation will likely provide a counterbalance

to remote work and draw people together in a physical space. “Of course, remote work is efficient, environmentally friendly, and a solution that takes culture and individual needs into account,” he says. “As the future unfolds, however, I believe we will find a way to balance these considerations with the power of face-to-face connection.”

#### Endnotes

- 1 World Economic Forum, “Why flexibility for non-office workers is key to an equitable workplace,” April 21, 2023, <https://www.weforum.org/agenda/2023/04/why-flexibility-non-office-workers-key-to-equitable-workplace/>.
- 2 Deloitte, “2023 Gen Z and Millennial Survey,” 2023, <https://www.deloitte.com/global/en/issues/work/content/genzmillennialsurvey.html>.

## METHODOLOGY AND PARTICIPANT PROFILE

Harvard Business Review Analytic Services surveyed 565 members of the Harvard Business Review audience via an online survey fielded in October 2023. Respondents qualified to complete the survey if they were involved in their organization's workspace decisions.

### Size of Organization

**22%**  
10,000 or more  
employees

**29%**  
1,000–9,999  
employees

**12%**  
500–999  
employees

**28%**  
100–499  
employees

**10%**  
50–99  
employees

### Seniority

**24%**  
Executive  
management/  
board members

**43%**  
Senior  
management

**22%**  
Middle  
management

**11%**  
Other grades

### Industry Sectors

**15%**  
Government/  
not-for-profit

**12%**  
Manufacturing

**10%**  
Financial services

**10%**  
Technology

**10%**  
Business/  
professional  
services

All other sectors  
less than 9% each.

### Job Functions

**21%**  
General/executive  
management

**15%**  
HR/training

All other functions  
less than 8% each.

### Regions

**60%**  
North America

**16%**  
Europe

**13%**  
Asia Pacific

**6%**  
Latin America

**4%**  
Middle East/Africa

**1%**  
Other

Figures may not add up to 100% due to rounding.



# Harvard Business Review

ANALYTIC SERVICES

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