Lessons Learned from Remote Working during COVID-19: Can the Government Save Money Through Maximizing Efficient Use of Leased Space?

July 29, 2020 10:00 AM

Kate Lister, President of Global Workplace Analytics was one of three witnesses invited to testify at this Senate hearing. This is her written submission. A link to the video is included in the document.
July 27, 2020

Dear Chairman Barrasso, Ranking Member Carper and Members of the Senate Committee on Environment & Public Works:

For nearly five decades, workplace flexibility has been promoted as a solution to some of our nation’s most vexing problems. Many leading employers embraced the concept prior to the pandemic, but the majority did not—at least not for a large portion of their workforce.

The COVID-19 crisis forced over 95% of U.S. office workers to become regular telecommuters practically overnight.1 Now, more than four months into a global telework experiment, it looks like the experience will fundamentally reshape the future of where, when, and how people work.

The results of a survey by consulting giant PWC, released in June of 2020, showed 89% of executives expect more than 30% of employees will continue to work remotely at least one day a week post-COVID-19; 55% expect more than 60% to do so.2

Unfortunately, the work-from-home experience has been less than ideal for many. In addition to the threat of illness, employees struggle with home-schooling, finding a quiet place to work, inadequate broadband, inferior technology, and more. Surprisingly however, the majority of managers and employees have quickly adapted to this new way of working.

With the help of industry associations including the International Facility Management Association’s ‘Workplace Evolutionaries’, Global Workplace Analytics and a partner firm, Iometrics, fielded a Global Work-from-Home Experience Survey in late March of this year, just weeks after the shelter-in-place order was given.3 The purpose of the survey was to learn who was working from home during the pandemic, understand what was working and what was not, and provide insight into the impact it was likely to have on the future of telework. Nearly three-quarters of the 2,800 respondents agreed with the statement “I feel very successful working from home.”4 Another 20% said they felt moderately successful. And an overwhelming majority of both managers and employees said they want to continue working from home at least part of the time. The pandemic did not start the telework trend, but it will dramatically accelerate it.
Companies including Dell, Cisco, Citrix, Accenture, American Express, ADP, and others had adopted aggressive telework programs long before COVID-19. Even in government, agencies including USDA, SSA, GSA, and USPTO institutionalized telework years ago and have documented the benefits including reduced real estate costs.

Years of occupancy studies around the globe show workspaces are vacant a large part of the workday and meeting rooms are substantially underutilized. The reality is, like Elvis, the workers have left the building (or at least their desk). Whether people are nine floors, nine miles, or nine time zones away, they are already working remotely. Leading employers have already transformed their workplaces to better support how and where people are actually working; recreating their offices to best support the kind of work people actually do in them, offer a choice of spaces, and including the option to work remotely.

For the record, I have no skin in the office game. Aside from fewer traffic jams which I can usually avoid by traveling during non-peak hours, having more people work remotely wouldn’t make any difference in my life. But I have been working with private and public sector employers and conducting primary and secondary research on telework and on-site workplace strategies for nearly fifteen years, and it’s that experience that brings me here today as an advocate for not just telework, but a new attitude toward where and when people work. The advantages for employers, employees, and the environment are just too important to ignore.

**Benefits of Telework**
Over the past five decades employers have primarily looked to telework as a way to reduce real estate and related costs. Since the last recession, many have prioritized it as a strategy for attracting and retaining talent. Other common drivers include increasing agility, enhancing productivity, reducing greenhouse gases, improving employee engagement, reducing employee stress, and improving disaster preparedness. In nearly all of the cases I’ve seen, saving money may have kick-started the program, but the people and productivity benefits have proven significant too.

Our research shows they people so expensive that an increase of just fifteen minutes of additional productivity per day would entirely offset their annual office costs.¹

Telework has proven to increase productivity in many ways.

- Telecommuters voluntarily give back about 50% of the time they would have otherwise spent commuting (in government, that amounts to about 30 minutes of additional productivity per day).⁵
- They save 35 minutes per day due to unwanted distractions (50 minutes/day in government).⁶
- They are more highly engaged—a factor that Gallup research shows can increase productivity by 17% (81 minutes/day).⁷

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¹ Average government salary of $90k plus 44% for benefits = $131k or $1.25 per minute over 217 workdays a year. Average office lease cost of $30/s.f. and assumed 125 s.f. per person = $3,750 per year.
Predictably, organizations that have prioritized cost reduction over people—cramming more people into smaller spaces—have been disappointed by the results.

To maximize the people, planet, and profit benefit, employers must embrace telework and workplace flexibility as strategic imperatives. These programs need to be supported from the top and deployed as a collaboration between human resources, real estate, information technology, sustainability, risk management, communications, labor unions, employee groups, and other stakeholders. Absent this cross-functional approach, outcomes suffer.

Public and private sector telework success stories demonstrate the potential benefits of telework are real.

**Government Telework Examples**
The Telework Enhancement Act of 2010 required agencies to annually report their progress in establishing employee eligibility and program participation. It encouraged, but did not require, agencies to establish telework goals and measure program impacts. The 2017 telework data call (summarized in the 2018 Telework Report to Congress) was the first official request for agency data regarding outcomes.

Although the 2018 and 2019 reports to Congress indicated that many agencies were not able to comply with the new requirements, largely because they did not know how to measure results, the agencies that did report showed real financial savings. Among them:8

- Social Security Administration reported $900M in annual real estate savings
- Securities and Exchange Commission reported $870k in annual transit subsidy savings
- Agency for International Development reported $495k in annual real estate, technology, and transit subsidy savings
- U.S. Patent & Trademark Office reported $50M per year in annual real estate savings and a 93M reduction in vehicle miles traveled (VMT) by employees with associated energy and greenhouse gas savings
- U.S. General Services Administration reported a 40% reduction in space, $25M in annual real estate savings, $6M in administrative costs, and a 50% reduction in energy
- Department of Education reported $6M per year in annual real estate savings
- Department of Homeland Security reported $7M per year in annual real estate savings
- Department of Justice reported $3M in annual real estate savings

The Federal Work-Life Survey (FWLS) and Federal Employee Viewpoint Survey (FEVS) also document significant positive impacts on people.9 Compared to non-telecommuters, telecommuters are more engaged (+16%), more satisfied (+19%), and less likely to leave their agency (-11%).

Teleworking supervisors and non-supervisors say telework:

<table>
<thead>
<tr>
<th>Supervisors</th>
<th>Non-Supervisors</th>
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Improves performance 63% 76%
Increases desire to stay with agency 65% 76%
Improves morale 77% 83%
Improves health 58% 67%
Helps employees manage stress 67% 74%

Only 15% of managers disagreed with the statement that telework programs help people get their work done.

Further evidence of how important telework is to government employees was revealed in a Department of Education survey conducted nine months after the agency recalled their teleworkers in 2018—ostensibly to enhance collaboration and improve customer service. The vast majority of those polled felt the move decreased productivity, hurt morale, increased absenteeism, and potentially increased turnover.

- 87% of respondents said the telework rollback had hurt morale, only 2% felt it had a positive effect
- 75% did not feel being back in the office had improved collaboration
- 86% said they knew someone who had left or was considering leaving the agency because of the telework rollback
- Agency supervisors widely agreed they saw none of the intended benefit from the reversal.

**Private Sector Examples of Telework Impacts**
Pre-COVID-19 private sector adopters of telework have also demonstrated substantial triple-bottom-line benefits.

**BT (British Telecom)**
$150M/year reduction in annual real estate costs
Compared to non-teleworkers, teleworkers showed:
- 20% greater productivity
- 4% turnover vs. 17% for the industry
- 5% higher customer service ratings
- 63% reduction in absenteeism

**Cisco**
30% reduction in real estate in spite of 15% increase in workforce
Closed 241 buildings
Saved $196M annual OPEX savings
Produced $288M in income through the sale of owned real estate
Achieved a $806M increase in productivity through mobile devices and applications
Compared to non-teleworkers, teleworkers showed:
- 17% higher engagement
- 17% higher workplace satisfaction
- 15% higher work-life balance

**Mazda**
33% greater occupancy in same space
51% reduction in paper

**ADP**
Saving $6k per part-time remote worker per year
Cost to support each is $500/year

**University of Phoenix (Apollo Group)**
$3M in annual real estate savings
34% increase in productivity
Compared to non-teleworkers, teleworkers showed:
- 12% higher employee engagement
- 88% decrease in unapproved absences
- 56% reduction in turnover

**National Equity Fund**
Reduced real estate by 25% saving $2.5M over their 10-year lease

**U.K. Government**
Shed government of over 120 properties in central London. Reduced government owned buildings from 180 properties in central London to 63.

**Plantronics (UK)**
Reduced real estate needs by more than half
Reduced absenteeism and voluntary turnover by 75%

**Vodophone (UK)**
Saved over £40M over 5 years
Grew staff from 3.5k to 5k with no additional space needs

It’s important to note the impacts in all of these examples are the result of an integrated workplace change strategy, not simply the adoption of remote work.

**The Potential Bottom Line on Telework in Government**
My company has been cataloging academic research, case studies, and other data on the impact of workplace strategies on people, planet, and organizational outcomes for more than a decade. Our digital library of over 6,000 documents includes more than a thousand that pertain specifically to telework. That database informs our proprietary **Telework Savings Calculator™** which includes over 125 variables and performs over 600 calculations to quantify the employer, employee, and environmental impact of telework.

In 2016, the U.S. General Accountability office was charged by members of Congress with investigating methods and tools for quantifying the impact of telework in government. As part of that investigation, they evaluated our calculator and referred to it in their final report as “comprehensive and based on solid research.”

[Image: Telework Savings Calculator™]
Based on conservative assumptions, the calculator estimates the government-wide impact of half-time telework could total over $11B per year—nearly $13k per teleworker per year. Over $1.7B of that would come from reductions in real estate costs.

<table>
<thead>
<tr>
<th>Potential Financial Impact of Federal Telework*</th>
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<tr>
<td><strong>Impact on:</strong></td>
</tr>
<tr>
<td>Productivity</td>
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<tr>
<td>Real Estate</td>
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<tr>
<td>Absenteeism</td>
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<tr>
<td>Continuity of Operations</td>
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<tr>
<td>Voluntary Turnover</td>
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<tr>
<td><strong>Total</strong> $11,620M</td>
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* Assumes 906k eligible teleworkers (per the 2018 Telework Report to Congress)
* Assumes 25% reduction in space with half-time telework

**Other Benefits**
Telework also contributes to the federal government’s progress toward wide range of priorities and directives including:

- Reducing its real estate footprint (2010, Presidential Memorandum—Disposing of Unneeded Federal Real Estate)
- Enhancing resilience (Telework Enhancement Act of 2010)
- Creating a lean, accountable, efficient government (2017, OMB Memorandum M-17-22)
- Promoting efficient spending (2011, Executive Order 13589—Promoting Efficient Spending)

Additionally, telework programs can help solve a number of broader national problems such as:

- Expanding the talent pool
- Improving diversity and inclusion
- Slowing the brain drain due to retirements
- Providing employment opportunities for military spouses, residents of rural areas, the disabled, caregivers, and other unemployed and under-employed populations
- Taking pressure off our transportation infrastructure
- Reducing traffic congestion and accidents
- Saving employees money and time and improving their health
- Addressing the eldercare crisis
- Revitalizing communities where significant industry has been lost
- Reducing the outbound migration of talent in rural areas
- Reducing the high cost of living in urban areas
- Reduce business travel as employees get comfortable communicating virtually
Given the far-reaching benefits of telework, governments should be promoting it both through its own adoption and through broader legislation.

The Tipping Point for Telework

Based on the results of that survey, others like it, and other factors, we feel certain COVID-19 will be a tipping point for adoption of remote work for the following reasons.

- **Increased demand for work-from-home from employees**
  Employers have long ignored the fact that employees are desperate for flexibility in where and when they work. Gallup studies indicate a third of employees would take a pay cut in exchange for the option. Yet while 70% of employers said they offered work-from-home in 2019, only 7% offered it to all or most of their people. For the most part, telework has been offered as a privilege to more senior, higher salary employees.

  While the experience of working at home during the crisis has been far from ideal as whole families sheltered in place, it has given people a taste of what could be. The genie is out of the bottle and it's not likely to go back in. Only 3% of U.S. respondents to our Global Work-from-Home Experience Survey (5% in government) said they would not want to work from home at all after the crisis. Seventy-six percent said they wanted to do so at least once a week, (85% in government). The preferred frequency was 2.5 days a week.

- **Reduced fear about work-from-home among managers and executives**
  Historically, one of the biggest holdbacks of remote work has been trust—managers simply did not trust their people to work untethered. This has been particularly true in government. Managers are used to managing by counting heads and hours, rather than by results. But research shows managers who have worked from home themselves are more likely to endorse it. As they and their people get used to using virtual tools, their worries about not being able to collaborate are proven wrong. They see for themselves how much more productive, happier, and engaged they are without the stress of commuting, with improved work-life balance, fewer workplace interruptions, etc.

- **Increased pressure for work-from-home as disaster preparedness (continuity of operations) strategy**
  COVID-19 publicly exposed just how unprepared organizations were for an event like the pandemic. The bottom-line impact to the economy will total in the billions of dollars. Were it not for telework, a federal shutdown would be costing taxpayers over a billion dollars a day.

  It's not a question of if another natural or man-made event will force people to work from home, it's a matter of when. Organizations that were not ready this time will be compelled to be better prepared in the future.

- **Increased awareness of cost-saving opportunities in work-from-home**
  The COVID-19 experience is already reshaping how employers think about the “where” and “how” of work. In the economic downturn that will inevitably follow the crisis, the potential for work-from-home to reduce real estate costs, increase productivity, and enhance scalability will increase adoption.

- **Increased attention to the potential impact of work-from-home on sustainability**
  During COVID-19 cities saw a dramatic increase in air quality. Having seen the potential for work-from-home as a sustainability strategy, it will be hard to ignore in the future.
The Telework Savings Calculator™ estimates the annual environmental impact from just a reduction in commuter travel from half-time telework among U.S. employees who both want to work remotely and have a compatible job, would be the greenhouse gas equivalent of taking the 100,000 cars off the road. Further environmental benefits would come from reduced travel and a smaller real estate footprint.

The Counter Arguments
While thousands of organizations have successfully deployed telework programs, critics are quick to point to the high-profile reversals at Yahoo, Best Buy, and IBM. What isn’t said is that all three were in deep financial trouble at the time of the rollback. There’s a common tendency of wanting the ‘circle the wagons’ when things get tough. But other factors were likely at play as well. Eager to reverse their misfortune, they saw the recall as an easy way to shed salaries by getting people to quit.

In the case of IBM, where the recall actually only involved only 6% of employees, the company’s motives were highly suspect. The targeted teleworkers, many of whom had been working remotely for years, were told they needed to move to one of twelve cities and report to an office. The thinking, presumably, was that younger, lower cost employees would likely make the move and the older, higher salaried workers would quit.

These reversals also demonstrate the need for organizations to be intentional about their telework programs. Rather than just letting remote work happen, as most have, organizations need to make it happen. That means, among other things:

- Formalizing remote work policies and practices
- Teaching managers how to manage by results
- Providing the training people need to be successful
- Ensuring cultural and technological readiness

Other common arguments against telework include worries that collaboration, innovation, on-boarding, and esprit de corps will suffer. Research shows otherwise with respect to the first two. The last two have proven to be more difficult, though not unsurmountable as many companies have been successful with a fully remote strategy.

For the most part, telework is not an all or nothing proposition. Both employers and employees want a mix of in-office and remote time.

Overcoming Barriers and Avoiding Unintended Consequences
There are numerous barriers to telework in government and the private sector. Government should address the following to encourage both widespread adoption and equal access to telework.

To advance federal telework, government should:
- Incentivize agencies to reduce real estate costs; let them share in real estate related savings
• Require agencies to demonstrate telework efforts as a prerequisite to lease renewals or new space allocations
• Require agencies to track and report financial, human capital, and sustainability outcomes of telework
• Make all federal employees eligible for telework and put the onus on managers to prove them ineligible
• Require agencies to provide justification for recalling teleworkers
• Make telework goals part of agency performance goals
• Train managers to manage by results
• Make it easier for agencies to fire underperformers
• Ensure government employees have access to leading-edge remote technology
• Require training for teleworkers and telework managers

To advance telework in government and the broader population, government should:
• Prioritize ubiquitous broadband to ensure access to equal access to education and employment
• Prioritize telework in federal, state, and local transportation demand management strategies
• Encourage policies that reward less driving
• Reduce the complexity of state and local laws, tax rules, workers compensation regulations, and sales tax nexus rules as they relate to where people work
• Encourage employers to establish workplaces, work practices, and work policies that are good for people
• Support the disclosure of human capital metrics in financial reporting
• Take a stand in protecting remote employees from invasions of privacy from activity tracking
• Provide funding and/or incentives for upskilling and reskilling the workforce for remote-compatible jobs
• Provide protections against unequal treatment of teleworkers in terms of career advancement, job security, activity monitoring, compensation, etc.
• Be a leader in a holistic, cross-functional approach to telework

Conclusion
The way we’ve been working for the last several decades is unsustainable. We need to go beyond thinking about remote work as merely a tactical solution to the problem du jour.

In a world where brains, not brawn or machinery or land ownership are the creators of wealth, we need break loose of the 20th Century framework that keeps us tethered to the concept of work as a place rather than what we do.

“Out of adversity, comes opportunity,” said Benjamin Franklin, and this is our opportunity to fundamentally reframe the where, when, and how of work in a way that’s better for people, planet, and organizational performance.

About Kate Lister
Kate is president of Global Workplace Analytics (GWA), a research and consulting firm that helps employers understand and prepare for the future of work. Her expertise is focused on workplace, workforce, technology, and other trends that are changing the
who, what, when, where, and how of work.

Kate is one of the leading authorities on remote and flexible work. She has:

- Worked with public and private sector employers and community leaders to make the business case for telework and other flexible work strategies
- Co-authored an e-learning course called *The Case for Change* which has been used to transition over a hundred-thousand public and private sector employees to remote work.
- Written or contributed to two books on the topic, the most recent of which, “Telework in the 21st Century” (Edward Elgin, 2019), profiles telework practices around the globe (Kate was selected to write the U.S. chapter)
- Contributed to the evolution of telework programs in Washington state, California, Maryland, Texas, and Calgary CA
- Published a wide range of white papers on the topic including two specific to telework in the federal government
- Participated, as an invited expert, in a federal government roundtable on the ROI of telework
- Delivered speeches and conducted workshops about remote work for dozens of organizations

Working with some of the world's most respected product and service providers, Kate collaborates to publish a wide range of original and secondary research on the future of work. She has written or co-authored five business books, numerous white papers, and scores of articles for major media outlets. Her firm’s research has been cited by hundreds of publications including the *Harvard Business Review, New York Times, Wall Street Journal, Washington Post*, and many others.

Kate is a member of the strategic advisory board and leadership team of *Workplace Evolutionaries (WE)*, a global group of leading workplace thinkers and doers who are "changing the world one workplace at a time."

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**Footnotes to Kate Lister’s Testimony to the Senate Committee on Environment & Public Works, Submitted July 29, 2020**

1 Global Work from Home Experience Survey, Global Workplace Analytics & Iometrics, 2020
2 PWC US Remote Work Survey, June 25, 2020
3 Global Work from Home Experience Survey, Global Workplace Analytics & Iometrics, 2020
4 Global Work from Home Experience Survey, Global Workplace Analytics & Iometrics, 2020
5 Global Work from Home Experience Survey, Global Workplace Analytics & Iometrics, 2020
6 Global Work from Home Experience Survey, Global Workplace Analytics & Iometrics, 2020
7 State of the American Workplace, Gallup, Inc., 2017
8 Telework Report to Congress, OPM, 2018 and 2019
10 After telework cuts Education Dept. staff see little benefit from more office time, Federal News Network, November 28, 2019
11 Employers for Carers website, BT—Senior Manager’s View
12 Case Study summary provided by Andrew Lake, Managing Director of Smarter Working (UK), author of Smart Flexibility (Gower, 2013) and author of British Standards Institute Code of Practice for Smart Working (PAS 3000); Smart Working Handbook, 2nd Edition, Flexibility.co.uk, 2015
13 Cisco Connected Workplace, Cisco, 2017
14 IFMA Conference, Iometrics presentation, 2018
15 Email to Kate Lister from Amy Freshman, Senior HR Director, ADP
16 Balanced Business Case: Using Human Capital Metrics to Drive Workplace Change, Iometrics case study, 2013
17 Why remote working succeeds at some companies and not others, Chicago Tribune, August 6, 2017
18 Government Estate Strategy, Cabinet Office, July 2018
19 It’s Work, But Not As We Know It, Andy Lake and Tim Dwelly, 2014
20 GAO-16-551, Better Guidance Could Help Agencies Calculate Benefits and Costs, GAO-16-551
21 Leave and Flexible Working, SHRM Employee Benefits, 2019
22 Bureau of Labor Statistics, Quality of Life Benefits (Table 39), March 2019
23 Telework in the 21st Century, Jon Messenger, Edward Elgar 2019
24 Global Work from Home Experience Survey, Global Workplace Analytics & Iometrics, 2020

The entire hearing can be viewed here: https://bit.ly/39EMnzT