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Your Future Office Could Have Privacy Tents, Portable Nooks & 'Zoom Rooms'

Lines Blur Between Home and Office in New 'Phygital' Workplace

Steelcase reported increased orders of video monitors on wheels and other mobile tools during the pandemic. (Steelcase)

By Randy Drummer

CoStar News Some workers coming back to the office at least some of the time could be

greeted by work tents, so-called Zoom rooms and plexiglass screens. Other staff could have in-office phone booths, respite rooms to reduce stress and portable nooks. There are even lots of easels and sensors that can track every worker's movement to gauge use of desks and common space.

Office furniture companies are staking their futures on helping businesses redesign their space as work is split between home and the workplace. They are cutting costs, diversifying their businesses and shuffling product lines to try to bounce back from losses in the pandemic as companies closed offices, delayed plans to move or expand, and canceled or suspended furniture orders.

Furniture makers see opportunity as safety-conscious tenants iron out details as varied as desk and conference room spacing and ensuring that remote employees feel they're working on a level virtual playing field collaborating with their in-office colleagues.



For office furniture giant Herman Miller Inc., it's another chance to influence the world of work for a company widely credited with inventing the office cubicle in 1968 under then-director of research Robert Propst.

Steelcase's B2O (Back to the Office) collection lets companies adapt their workspaces on the fly. (Steelcase)

"In some ways, we're getting a chance to revisit our aspirations that date all the way from the 1950s and '60s when we invented modular office furniture," Ryan Anderson, Herman Miller vice president for global research and insights, told CoStar News. "The smart move now is to give

employees products that they can adapt and rearrange to build out a new space or add to existing environments."

Herman Miller and rivals including Steelcase Inc., Knoll Inc. and Kimball International are introducing privacy tents and phone booths to open offices and adding lines of home and



outdoor work furniture in an effort to shape a COVID-era hybrid workplace that office property professionals say will require more flexible lease terms and floor plans for tenants.

Many of Steelcase's customers have said they will bring at least some of their workers back to the office for a while before committing to a hybrid plan. (Steelcase)

Steelcase, the world's largest office furniture company, stepped up marketing of work tents and respite rooms to give workers more privacy and space to have solitude and "think time" in busy offices.

"The office now has to compete with the home," Steelcase CEO Jim Keane told investors during an earnings call. "It has to be worth the commute. Offices have to be so flexible that users can reconfigure the space based on what they need right now."

OE1, one of Zeeland, Michigan-based Herman Miller's new furniture collections, includes portable nooks, mobile easels and huddle tables that let workers tailor their own desks while allowing companies to turn underused real estate into productive, socially distanced work and meeting space.

Steelcase's work tents provide privacy and shelter in busy open offices.
(Steelcase)

Work tents can also be clustered. (Steelcase)



Steelcase has introduced mobile videoconferencing equipment for "Zoom rooms" to improve interaction between office and remote employees.

The company also offers Workplace Advisor, a cloud-enabled space management system that



collects and analyzes data through a system of sensors that capture how and when employees use offices and common space.

Herman Miller unveiled its OE1 flexible office furniture collection this month.
(Herman Miller)



Remote Workplaces

Knoll's sales to those working at home increased over 20% to \$335 million in 2020, helping the company offset a 22% decline in commercial workplace sales, the East Greenville, Pennsylvania-based company said in a letter to shareholders.

The amount of office space that executives think they will need has increased dramatically from just seven months ago, according to KPMG's CEO Outlook Pulse Survey. Only 17% of CEOs expected to downsize their office footprint last month, compared to almost 70% in a similar survey last August. Still, that uncertainty also has many companies signing shorter lease deals than they did before the pandemic.

"As lease terms decrease, the emphasis on agile, adaptable space is even more important because taking six months to fit out a space for a three- or five-year lease is not realistic," Herman Miller's Anderson said.

Knoll Inc.'s sales to users who are working from home increased

more than 20% to \$335 million in 2020. (Knoll Inc.)

But the office "won't be the workplace people left," Knoll CEO Andrew Cogan and Chief



Financial Officer Charles Rayfield said in a recent letter to shareholders.

"There will be a more permanent mix of in-person and virtual collaboration, what we call the 'phygital' workplace," the executives said. "Spaces will be de-densified and there will be a focus on spaces designed to allow for safe collaboration as well as individual focus."

The expected new work model was highlighted in the announcement of Knoll's \$1.8 billion merger with Herman Miller.

"The predominance of the five-day-a-week, 9-to-5 office routine is already being replaced with a hybrid model with a more flexible balance of in-office and work from home," Cogan said in announcing the deal. "The office will become a place where employees gather for collaboration and community, and the home has become a place of elevated importance not only as a place to work but as a place that is central to our lives and our families."

Many businesses are uncertain whether they will require most employees to come back to the offices or allow a hybrid of working from home or other remote locations.

Home Versus Office

Large and diverse companies such as search engine provider Google, software producer Microsoft, automaker Ford Motor Co. and Citigroup, the third-largest U.S. bank ranked by assets, have embraced the hybrid model. However, only 30% of global CEOs said in a survey last month by accounting firm KPMG that they're considering allowing most of their employees to work remotely for two to three days a week.

New York-based startup Room sells modular phone booths and meeting rooms for open offices to companies such as Google and Salesforce.

(Room)

About 73% of organizations say they're going to pursue some type of hybrid model, with 23% focused exclusively on the physical office as their primary workspace and a small percentage



planning to stay remote as much as possible, according to research from Steelcase, based in Grand Rapids, Michigan.

Though few businesses plan to continue all-remote work, "we are seeing an uptick in hybrid strategies as companies start to roll out their return-to-office plans," Room co-founder and CEO Brian Chen told CoStar News.

Booths can be spread out like mini-conference rooms. (Room)

"That means that for many, going to the office will now be a conscious choice," Chen said. "The pandemic has highlighted an inconvenient truth about the workplace: It was never that great in



the first place. The traditional office has underserved our businesses and our workforce for years. It was crowded, it was noisy, it was one-size- and one-work-style-fits-all."

Even so, the move toward hybrid workspaces doesn't mean some of the traditional trappings of the office, such as cubicles, are going away, said Anu Rao, vice president of project and development services for real estate services firm JLL in Los Angeles.

After a brief pause early in the pandemic last April, one of Rao's clients, an expanding digital apparel company in El Segundo, California, decided to move forward with plans to double its existing 100,000 square feet of benching stations, which are generally bench-like tables used as desks that can accommodate more than one worker or be used modularly.

"They said the benching style works really well for us and our collaborative culture — we'll have a person sitting at every other desk to space people out," she told CoStar. "I have not heard of a single client who says they're bringing everyone back to the office every single day."

Pandemic changes, however, have accelerated the trend toward activity-based collaborative space for employees who don't need to come into the office every day to do "heads-down" work

at a cubicle, she said. The ratio of roughly half a seat of collaborative workspace for every employee-assigned desk prior to the pandemic is now trending toward a 1-1 ratio, she said.

As employees return, companies will discover that "hybrid is hard to get right," Steelcase's Keane told analysts on an earnings call.

"Every meeting might have a remote participant but it's not going to feel the same as when everyone was remote. Individual work will be different too, as it will often include the need to jump on a video call without distracting others."

Office 'Haves' and 'Have-Nots'

Many of Steelcase's customers have said they will bring at least some of their workers back to the office for a while before committing to a hybrid plan, company global research director Christine Congdon told CoStar News. Employees feel isolated and want to reconnect with co-workers in person for at least part of the week, she said.

As companies decide what degree of hybrid work to allow, they need to be mindful that some employees don't have the space or financial resources for dedicated home offices, Congdon said.

"We've found a statistical correlation between what people's home offices are like and what their stress levels are and how that has impacted their productivity," she said. "Some workers are in a position where they can close the office door and focus, but a large part of the workforce doesn't have that."

Startup companies such as New York-based Room are looking to specialize in niches such as phone booths and modular, temperature-controlled meeting rooms geared toward creating a seamless bridge between in-person and remote employees. The meeting rooms include videoconferencing equipment with 4K monitors and 180-degree cameras at prices starting at \$14,000.

Some of the new Steelcase tools are aimed at bridging that potential equality gap between office and at-home employees.

Products for "Zoom rooms" aim to smooth the transition



between remote and physical office settings. (Steelcase)

Mobile video stands and whiteboards are part of Steelcase's new Roam



products. (Steelcase)

For instance, Steelcase developed a series of mobile and mounted video screens and digital whiteboards paired with Microsoft's Surface Hub videoconferencing devices that let workers on- and off-site create their own virtual 3D meetings and work sessions. The system, called Roam, helps participants see each other at scale and improves meeting quality for remote workers.

"Organizations want to not just maximize their real estate, they want to maximize their people," Congdon said. "If workers at home are struggling, using part of their kitchen or living room as an office, they're not going to have the same productivity."