

PUBLIC NOTE

Office Space: The Big Lie

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There's a Big Lie at the heart of every trend in office layouts over the past two decades — from open plans, bullpens and hotel desks, to the pre-Covid coworking bubble, to the current return-to-office plans.

You will recognize this lie as soon as I write it. But without confronting it directly, every “analysis” will be frustrating and circular, and even the critics of these trends will be partly reinforcing them. Once you make the lie explicit, they all drop neatly into place on the same timeline, because they're really all about the same thing.

So “lie” may be a harsh way of putting it, but we need a harsh term to break through the noise. And I'm not even calling anyone a liar, because the mark of a truly successful lie is that no one has to tell it all at once.

WHAT IT IS

The lie is that *design can offset increased density*. It can't. However you change the layout, reducing total space per employee has a negative impact on productivity, morale and retention.

But this is what most corporate offices have been doing for a long time. And we all know why. The benefit of density — lower rent — is immediate and easy to quantify. These offsetting drawbacks are difficult to measure, and even more difficult to attribute. The larger an employer gets, the larger the total cost savings, and the more powerful the incentive is to make that tradeoff.

So there's a corresponding incentive to come up with other stories to cover it up. And some of this involves pseudoscientific "research" that can give the impression of a legitimate debate about the merits of dense layouts. But as far as I can tell, this is exactly the same dynamic as the "debate" that we once had over the health effects of smoking. The best evidence is virtually all on one side, and nearly everyone on the other side has a vested interest.

HOW THE LIE IS TOLD

The first way is by presenting **false choices**. For example, if the work at your company is becoming more "collaborative," you might need just more total space to accommodate it. How much more? It's a matter of balancing the incremental rent against the incremental productivity.

Or maybe you'll even need less. But if instead you take the total amount of space as fixed, and try to figure out how to change the allocation between meeting rooms and workstations, then you're wrong before you start — and you're probably going to wind up making the workstations too small.

Then as different offices copy each other's "efficient" layouts — actually, now we can layer on another common false choice, which is the one between quality and quantity. So every time a company moves, they want to hold the rent fixed and move to a newer building or a more prestigious address with higher costs per square foot. And you can already see how these false choices stack up to a one-way ratchet that will gradually increase density over time.

The second trick is to ignore the **temporal distribution** of different work activities, and design for the average instead of the peaks. As a simple example: if your employees are spending 20% of their time on the phone, and you make it impractical for them to take phone calls at their cramped desks, how many phone booths do you need? The answer is not one for every five employees, right? It may be closer to two, because there's a significant overlap in when they're on the phone.

In reality, most of these "collaborative" layouts wouldn't even be 1:5 in that scenario — because they're really solving for less total space, even as they pretend to solve for productivity. And you can see the same basic effect in things like sizing meeting rooms and so on. It's almost an ironclad rule that the more "collaborative" and "flexible" an office layout is, the more you'll have lines and waiting lists to use these extra spaces, and the more employees will have to go out of their way to work around them.

Trick #3 is to ignore **switching costs**. Even if there's always a phone booth available, how much extra time will an employee spend running back and forth to their desk, collecting the materials they need for each call, and so on? Or if they have to sign up for a different desk each day and set it up the way they need it, how much extra friction does that introduce? (And on a psychological level, just think about how an employer is commoditizing their relationship with an

employee by treating them this way, and the signals they're sending about how much they value their work or time.)

The fourth trick is **gaslighting**, and this is the most insidious one. Now that you've forced your employees into these overly dense and complex layouts that are making them stressed and miserable, the next step is to tell them it's *what they want*. You start calling it the "office of the future," or "not your grandfather's office," or the "flexibility" that Gen Z "demands" to be "lured" back. If it works, your older employees will feel out of touch and the younger ones will just be confused — and they will blame themselves or each other for the difficulty in getting their job done, rather than the office itself.

We could keep going, right? Another mistake is **extrapolating from specialized environments**. There are good reasons for traders to sit on a trading desk, or for call centers to have everyone on headsets all day. These reasons do not apply to other kinds of jobs.

Or you could **mistake design for technology**. Notice I didn't say that *technology* can't offset density. For example, digital file storage and flat panel monitors have both reduced the necessary space per employee without a reduction in productivity. And CAD software has replaced many drafting tables, and so on. But these are not recent developments. And 99% of the time, when you hear about a new "tech solution" today — like a scheduling app for hotel desks, or some even more dystopian form of phone booth — all they're doing is wrapping *old* technology around the same misanthropic design.

We could keep going, but I think you get the idea. And by now you can see what I mean about no one having to tell the whole lie at once. If you take some of these assumptions for granted, because they're just not your department, then the others are hard to avoid. For example, these companies selling "privacy pods" are not the ones who made offices too crowded; their customers did that on their own.

WHY IT PERSISTS

Again, the basic problem here is *attribution*. No one would ever make the above mistakes in running a factory, where the output is easier to measure directly. If someone laid out a warehouse in a way that reduced throughput by more than it saved on rent, they would be fired. But office work is inherently more difficult to measure. And the problem is so universal that we don't even have many good control cases.

So this is not a story about scheming CFOs making the wrong decision on purpose to improve their bonus. It's not about whether the founder of any given coworking startup is a hero or a villain. It's a web of bad incentives in which even well-intentioned people will slip into the wrong choices.

The most important offset to an overly crowded office is that employees will do more of their work elsewhere, even without any official permission for remote

work. And you could see this by walking into any startup in a coworking space in 2019. What you would often find is that a room sized for four people was set up and rented for ten, but only four or five of them were actually there at any given time. Why should a coder commute to sit cheek to cheek with someone in sales who's on the phone all day? They shouldn't, and many of them didn't.

I've never seen a single one of the ten million trend pieces about coworking or office design that made this basic point. But it's absolutely critical in understanding what's going on now. Overly dense offices were a *de facto remote work policy*, in direct proportion to their density.

In other words: any company where the meeting rooms and phone booths were regularly overbooked in 2019 — and certainly any company that was an “enterprise” coworking tenant — was *already* pushing employees out of the office before Covid. And they won't figure out how to bring them back now if they don't understand what they were doing before.

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