

The Connection Between Culture and Sustainability with Joaquina Garrido and Susana Quintas (S6E7) - Transcript

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And the real shift for me is that we need to stop thinking about the office as a cost center, and we need to start thinking about the office like a strategic asset that strengthens your profitability in P&L, but also strengthens your brand.

Chris Congdon: If I ask you to envision a sustainable workplace, your mind probably goes to energy savings, water conservation, recycling technologies. And while all that is true, my guests today argue that sustainability is as much about environmental sustainability as employee physical, mental, emotional wellbeing *and* the bottom line of an organization. They say when these three factors are considered employees are happy, companies make money and we reduce our impact on climate change.

Welcome to Work Better the Steelcase podcast where we think about work and how to make it better. I'm your host, Chris Congdon.

My guests today are Joaquina Garrido and Susana Quintas, both from Madrid Spain. Joaquina is a professor at Spain's IE University specializing in sustainability applied to the commercial real estate sector and she's the former workplace lead for Accenture offices in Iberia and the Middle East. Susana Quinas serves as an author, speaker, consultant and independent board member specializing in corporate governance, sustainability, finance and real estate.

Together, Joaquina and Susana co-authored "The Sustainable Office Playbook", a comprehensive guide for leveraging the office as a strategic asset while driving profitable sustainability. If you're involved in workplace design or facility management or just want to understand how a more sustainable workplace is good for people, and the business I think you'll really enjoy this conversation.

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CC: Welcome to Work Better, Joaquina and Susanna.

JG: Thank you very much, Chris. Great to be here.

SQ: Thank you, Chris. It's a pleasure to be here today.

CC: I'm so happy to talk to you because everybody's talking about the workplace today. It wasn't always that way, and I think there's a lot of interest in what's the best way for organizations to really be thinking about their workplace going forward. And your book, the Sustainable Office Playbook, really looks at how workplace culture intersects with sustainability. I think that's a really interesting take on that subject. So I'm just curious, could you each tell me a little bit about what made you interested in thinking about the Sustainable Office in the first place? Susanna, let's start with you.

SQ: Well, for me it was a question of I spent more than 20 years working in real estate and finance and digital transformation. And from a strategic point of view, I was convinced that you need to have purpose in your work so that we could earn a lot of money by doing things the right way. So a combination of all these and many unanswered questions was the starting point for me.

CC: Oh, that's great. Joaquina, what about you?

JG: I have worked extensively in workplace strategy and in real estate transformation. When I was managing director at Accenture, I led large-scale international workplace projects, always integrating sustainability, innovation, financial efficiency, etc., to create future-ready office environments. So in my view, it was something that I had to explain further in a book.

CC: You both clearly have a great base of knowledge that I think we can all benefit from hearing some of your thoughts. So I'd like to ask you to talk about what you think about the state of the workplace today and what actually inspired you to write the Sustainable Office Playbook?

JG: If you don't mind, Chris, I would like to start talking about the second part of your question. In my view, the Sustainable Office Playbook started with another book that Susanna and I wrote two years ago, *How to Innovate from the World*. In my chapter, I focused on corporate culture and the future of work, and we highlighted a key idea: you can have the best strategy, the most ambitious goals, the most talented people, but if your corporate culture is not correct, the company will not succeed. So this belief shaped the playbook.

Susanna and I worked together before when she was leading the Spanish operations of a UK property company, and I was managing director at Accenture, but we reconnected at IFMA Spain and realized that we still had unanswered questions, as Susanna mentioned, about the future of the workplace. So that's why one day, having a coffee, we said, why not explore them together?

CC: So let's go back and talk about that first question, which was what do you think about the state of the workplace today?

SQ: Yeah, well, the timing for the playbook couldn't be better because we are living through the most important or the biggest transformation in history, at least of the last hundred years. We're redefining how we work, where we work, and even why we work. People tend to think that this was a pandemic thing. For me, it's not. We had been living for many years in a digital economy but with an industrial mindset. What happened with the pandemic is that it changed all our perceptions and suddenly work was not what you did at the office, it was what you did, and you had to go remote. But instead of having a smooth transition, what we got is a pendulum swing. First, everybody was 100% remote.

Now we try to bring people back to the office, and I think now we are more or less in the middle. I think hybrid is winning, and I don't know if it's three days at home, two at the office, or the other way around, but probably in the middle lies virtue, like always, and probably this strikes the better balance both for corporates and for people. If you take the latest available data in the US, for example, from March, office occupancy is between 48% to 60%, so still 40% empty. If you go to the UK, this is lower, at 37%.

Going forward, does this mean that the office is no longer important? No, it's more important than ever. Why? Because it's a place where you connect, where you build your brand, where coworkers build their social capital. For me, it's the new social club. I think this idea connects very well with an episode that you had in December where you were talking about the social infrastructure in the office. So I guess that the conversation that companies need to be having now is not just bringing people anywhere, but making the office something worth coming to. That's the conversation that we need to have.

CC: Well, and that idea of social infrastructure is really about creating workplaces that help foster the kinds of behaviors that we want, that help people to come together and to connect more. That's a way of being able to build trust and a sense of belonging in an organization. So when you think about a sustainable office, I think you articulate it in maybe a slightly different way than what a lot of organizations might. So can you tell me how you define a sustainable office?

SQ: Yeah, Chris. Sure. First of all, I need to make a clear statement: a sustainable office is not a green office because people get confused, and if you try to look it up on the internet, it always comes up as a green office. For me, it's much more than that. That's at the core of the playbook. It's a digital office that is connected through technology and connects three critical elements: environment, of course, people, and the bottom line of the company. That's important. I come from banking, so money is important for me, and I think it's important for sustainability too...

CC: I think it's important to all of us.

JG: Yeah, yeah. But I mean, I'm a believer in profitable sustainability, and that's the concept that's behind our definition. So it's also, like I said, a digital environment, very data-driven, that fuels business growth. And that's the idea of that. Previously, it's a social learning and innovation hub. And the real shift for me is that we need to stop thinking about the office as a cost center, and we need to start thinking about the office like a strategic asset that strengthens your profitability in P&L, but also strengthens your brand.

CC: Right. Joquina, what do you have to add to that conversation?

JG: Yes, I would like to highlight that younger generations are seeking to work for organizations with a clear purpose that aligns with their values. So this part of people-centric is very important. Therefore, a company committed to sustainability in the workplace for sure will be more attractive and have a greater ability to attract talent. There are a lot of recent studies showing that sustainable offices significantly impact employer retention and satisfaction. A few days ago, I read a Deloitte study that found that 94% of employees believe that organizational culture is essential for engagement and retention. Additionally, I read that companies with strong sustainability practices experience up to 25% less employee turnover. So that part of the sustainable office, people-centric, is really important.

CC: I think this is really interesting what you're sharing, Joquina, because a lot of times we talk about these things, our values around sustainability and the wellbeing of people, but you actually have a lot of data that you've quantified. Are there other things that you would highlight?

JG: Basically, I think one thing is clear: a sustainable office is simply worth more. And we are talking about a range of 10 to 15% compared to comparable buildings in prime locations. And this is related to several facts. One of them is that they get leased faster, at least two months, they have a 10% higher occupancy rate. And if you look at the asset with a full cycle view, they require 40% less CapEx.

SQ: A sustainable office also generates savings in consumption and therefore in cost. For example, on electricity bills, you can save easily 15% or on water bills, easily 30%. And at the same time, a sustainable office can also increase employee productivity, and I can give you three data points very quickly. First, lowering noise levels by just 10 decibels can enhance productivity by 5%.

SQ: Second, better workplace acoustics can increase employee performance by 2%, equivalent to \$1,600 per person annually. And third, improving air quality could boost productivity by 8%, equivalent to \$6,500 per employee annually. So we can build a strong business case to be able to invest in a sustainable office.

SQ: And to complement what Joquina was saying, I had an example from when I was working at the PropTech, and it's not only about health, but it's also about the quality in your decisions. I had a client, which was a really, really big bank, and in their trading floor, they always kept the CO2 levels similar to what you find in the Amazon rainforest because this allows you to be at your best in cognitive performance. And when you're trading lots of millions, that actually means money in the P&L. That was quite surprising.

CC: That's so interesting because I did want to understand better how indoor air quality would make a difference in terms of people's productivity and cognition, it sounds like. And that's why, because people are better able to process information with that kind of air quality. Is that right?

SQ: Yeah, it's exactly that. Do you know when you go to a meeting and after one hour you start having a headache and the quality of the decisions when it's not greatly ventilated deteriorates significantly, even up to 60%. There are studies done by the Harvard Health Institute that say that if you apply this at universities and you have good indoor air quality in real time, you get an extra 2% bonus when you do an exam.

CC: Wow.

SQ: Yeah.

CC: So that really is maybe a connection that everybody hasn't made yet, that thinking about the sustainable workplace actually helps people's physical, mental, and emotional wellbeing. It sounds like.

At Steelcase, we're part of a growing number of companies that have made a commitment to net zero carbon emissions, and there's a lot of other organizations. We're certainly not the only ones that are trying to reach those goals. And I'm wondering, with all of your work and all of the very clear advantages for people and the planet that you've talked about, is there advice that you would offer about how organizations can reduce emissions in the workplace if they're on this journey as well?

SQ: Yes, totally. In Europe, it's particularly relevant because 40% of Europe's energy consumption and 36% of the emissions come from buildings, and also 75% of the buildings are highly inefficient. So retrofitting is a must, but we must take something with caution. When we talk about energy optimization, we need to put people first, and I explain myself. In the seventies, we also became very obsessed with being energy efficient, and we actually generated all these spaces with poor ventilation and sealed off, and it ended up making people sick.

So this time we need to learn from our mistakes and try to balance efficiency and people's wellbeing. Having said that, for me, the first thing is to use clean energy whenever possible because this doesn't generate any emissions. But because you cannot always do that, the second strategy would be how do I decrease my energy consumption? At the office, 40% of the consumption comes from climatization and 30% comes from lighting.

So what you need to do here is to try to use my favorite tech, which is IoT, and operate the building in a very dynamic manner. So if you get IoT predictive analytics, what you actually do is connect the building to occupants so you don't climatize when there's no people there. This is a way to really, really make a lot of reductions. I had a client also in a university, and they had a library for master's students, another library for different students. So they sensorized it, and in two months they discovered that during the weekends almost nobody went from the master's to the library. So with the real data and being data-driven and in real time, what they decided is to have just one library on the weekends and they saved 10% of their energy.

So I think it's very important when you combine these two things, and also because you're responsible not only for what's going on in your building, but also workplace as a whole has to do with digital. And there are a lot of good things about digital, but there's one bad thing: they're highly intensive use of energy.

CC: Energy, right?

SQ: So you need to choose your data center carefully and try to be powered by clean energy.

CC: Wow. Susanna, you said so much there. That's so important. I think just a reminder to everybody how the buildings, the built environment, can be or is a major source of carbon emissions. We all tend to think about automotive, and we oftentimes forget how much energy is used in constructing buildings and in maintaining buildings. And I think your point, of course, as AI becomes just such a normal part of business, there's definitely hope on the horizon that they're going to be able to consume less power going forward. But you're right. I mean, it's just such a huge issue to think about.

CC: I'd like to talk a little bit more about technology. We were just talking about AI, for example, and how do you think going forward technology is going to help us or potentially hinder our ability to be more sustainable?

JG: Well, technology is changing entire industries. It's changing society, so it's also changing workplace and real estate. To me, the Internet of Things, in a few years, we won't be able to imagine a world without IoT the same way that your kids ask you, how could you live without a smartphone? So going forward, I think that applied to real estate, this is a very similar thing. Two very important things: we need real-time, and this is provided by IoT, and also data quality because although it sounds very glamorous, artificial intelligence projects spend 80% of their time cleaning data. So as long as you get the data, you can do lots of things, but not without data. So clearly for me, that's the future going forward.

SQ: Chris, in one minute, let me give you some real examples that show the benefits of applying technology in workplaces. At Accenture's building in Madrid, we implemented air quality and occupancy sensors combined with AI to manage energy use more efficiently. For example, by using data from temperature, CO2, and occupancy sensors, we were able to reduce heating time by two hours, maintaining comfort while saving energy. In the summer, we introduced cooler outside air in the early morning and that allowed us to delay turning on the air conditioning by an hour. These small adjustments helped reduce energy use without compromising health and comfort.

Another example was the installation of sensors in trash bins to better manage recycling. These weight sensors sent data directly to the tool that we use for sustainability reporting, and additionally, there were volume sensors and time sensors for organic waste recycling that sent SMS alerts to cleaning staff when the bins needed to be emptied. This helped us to save cleaning staff hours, save on trash bags, reduce time spent by facility management staff, and of course, improved accuracy in reporting. I can give you other examples such as sensors that measure the occupancy of the network cafe, which through the content manager display real-time occupancy data to employees so they can decide when to have a relaxed coffee and informal meeting or lunch. And thanks to historical occupancy data, employees are also provided with estimated occupancy for the upcoming hours and days.

CC: Yeah, that makes a lot of sense. Before we wrap up today, I would like to ask you if you could offer some advice to our listeners. We're at all different places on our journey. Some might be well down the road, and others might be just kind of starting to think about creating a more sustainable office. From all of the work that you've done, what are some of the challenges that organizations are facing? And then maybe what are some of the opportunities as well?

JG: Perhaps I can start giving my advice to others looking to design a sustainable office. Maybe to summarize our conversation today, I will give you my five points. The first thing is balancing financial objectives with environmental, social, and governance goals. It's very important to prepare a good business case, including all the necessary aspects that will give us the right numbers. As we have said, it might seem costly upfront, but green certified offices often need reduced operating expenses and hence productivity, etc. So it's important to take everything into the business case.

The second is when designing a sustainable office, it's crucial to make data-driven decisions. Implementing occupancy sensors and energy management systems can optimize utilization and efficiency.

The third point, I would say, is that it's essential to prioritize people-centric design elements like air quality, lighting, acoustics, etc., which significantly boost employee wellbeing.

Fourth, smart technology is a game changer, as Susanna explained very well. AI systems, IoT, digital twins, they let us manage buildings in real estate.

And finally, engaging employees is crucial. Without their buy-in, sustainability initiatives are less likely to succeed. But equally important is involving the employees who will be working in these offices in the design project, ensuring that the workplace prioritizes their wellbeing. I believe that following these five points, the office we design will be a true success.

CC: Thank you for summarizing that. I was going to ask Susanna what you might have to add to that.

SQ: Well, basically what I would add is that one of the main challenges, as you can imagine, is budget. Today, every expense is being looked at under a microscope. So for me, in order to win the battle in the procurement committee, I think you should at least ask yourself four questions. And if you get just one yes, then I think you can go ahead.

One of them is you need to ask yourself if this is going to reduce cost or how much is the return on investment? We need to put numbers on sustainability. That's the first. The second is maybe it doesn't reduce the cost, but it can allow you to open a new business line. For example, imagine that I'm an owner, I can generate a service to provide you with data and charge for it, or I can protect my revenue because if I don't do this, my assets will have less value. Right?

So the third question is, does it enhance your brand reputation? Does it make your people commit more to you? So you increase retention.

And the fourth one is make sure that you comply with regulation because if you don't comply, you will suffer penalties. And this is obvious, but sometimes it happens.

And then connecting with the idea of the employees. I think we need to upskill them because it's not the same to run a place in a traditional way as learning how to do it with IoT or artificial intelligence.

I guess that the upskilling is for all of us, but also for people who are in the workplace. But if you do that, you get the prize and it's worth it because you get better reputation, stronger employee retention, higher asset value, and return on investment. So I think it's worth it.

CC: Yeah, I think that's such a great point for us to end on today, that you've both made about the importance of people, including people in the process, and helping them see and understand how this will work differently and how that will benefit them and the entire organization as well. So Joaquina and Susanna, thank you so much for joining us today.

Chris: Thanks for listening today. Joaquina and Susana helped me better understand how future workplaces can, and should, use technology to promote employee wellbeing, drive company profitability *and* reduce the office's impact on the environment.

If you liked this episode, I recommend season 5, episode 8 with Eric Kleinenberg. He talks about how important community is to humanity's resilience and why the best offices are built like our favorite neighborhoods and communities.

You will not want to miss my conversation next week when I talk with Nir Eyal about how to become indestructable. If pings, dings and rings are getting in the way of your to-do list, join us next week.

Finally, would you share today's episode with a friend or colleague? Don't forget to follow us wherever you listen to podcasts and visit us as steelcase.com/research to sign up for weekly updates on workplace research, insights and design ideas delivered right to your inbox.

Thanks again for being here and we hope your day at work tomorrow is just a little bit better.