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 Subscriber: Ralph Gregory

**Bigger Cave = Bigger Status**

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**Balancing Money and Prestige...** Uh-oh. Last week's Dispatch, *Office Space of the Future* (Jun 3), about PricewaterhouseCoopers' efforts to downsize square footage per person generated many skeptical comments.

Doug Poutasse, Chief Investment Strategist at AEW Capital Management, writes, "I wish PWC well with their efforts ... but I would hazard a guess that PWC partners average \$500 K per year in total comp and benefits. Moving them off the window line and into 125 square feet of space will save on average nationally about \$5,000 per year per partner (assuming \$40/sf occupancy cost), or 1% of compensation. During periods of poor job growth and a surplus of labor, such savings seem important. But as we return to a more normal labor market, I am sure that they will find that these savings are very illusory! It obviously costs many times that \$5,000 dollars to recruit or train even a junior manager!"

Real estate economist Hugh Kelly in New York City writes, "Count me as a skeptic regarding PWC's 'sardines strategy.' ... Here's my bottom line. As we boomers move toward (a delayed) retirement, the critical factor facing the U.S. is that we will be a labor-scarce economy. That argues that workers, especially skilled workers, will have more choice among employers in the quarter-century ahead than they had in the 25 years just past. Working conditions will be one very important distinguishing difference among firms, and I would predict that those imposing space compression on their work force will lose their best people in droves."

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Ralph Gregory, President of The Intelligent Office, writes, "The PWC effort will only engender resentment by unilaterally mandating a change in the already accepted comfort/status perception of the traditional office. What they need to do is to 'offer more' by expanding the options to include working remotely and thus reduce the desire/cost to work traditionally. The attraction of being able to blend the work location

based upon that day's specific needs (business & personal) is far greater than the desire for a larger/nicer office. Then the 'office' and its attendant costs can be leveraged over many more staff by designing it for 'work space' and professional meeting space."

Warren Bailey with ARCHIBUS in Walnut Creek, CA, writes: "The effort by PricewaterhouseCoopers to break the status symbol of larger office space is interesting, but seems difficult to accomplish and going against human history. Bigger cave = bigger status. That's a hard one to break."

--Peter Pike / [ppike@pikenet.com](mailto:ppike@pikenet.com)

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