27 September 2024 / The office vs everyone else

[HALF SECOND OF SILENCE]

[BILLBOARD]

SEAN RAMESWARAM (host): Yesterday on *Today, Explained*, we were in Portugal, where digital nomads are living the dream. Today, we’re off to Miami, where people are surprisingly not at the beach. More than most other big American cities, they’re back at the office, if they ever left at all.

SCORING IN Big Boomer Beats, APM

SEAN; How often are you in the office here…

BRETTA: Miami is five days a week in office.

AEON: Ah…Five.

SEANL Five! Yeah.

EDIE: Four days now. Before was five, actually. Yeah.

SEAN: But it seems like the less hybrid you are, the less happy you are.

INDEED: I like the hybrid.

EDIE: Well, I'm a mom, you know, and so things happen around the house.

BofA: It's not like I need someone to be babysitting for me, you know, if I'm doing my work or not.

SCORING BUMP

SEAN: Amazon just ordered its people back to the office. Apple, JP Morgan, Chipotle, Disney, IBM, Tesla, and even ZOOM have brought people back, too.   
  
Companies wanna get back to the pre-pandemic life. We’re gonna try and figure out if it’ll work on *Today, Explained*.

[THEME]

SEAN: We talked to tons of white collar workers in Miami. All of them spent at least some time in an office. Some by choice. Some because they had to. But we especially wanted to talk to someone at the hedge fund Citadel because they recently moved to Miami and are super proud of their five day in-office policy.

HASAN: This floor’s a lot fancier than the one I’m on…

SEAN: <<laughs>> can we get that on record

SEAN: And people like software engineer Hasan Altaf are actually into it!

HASAN: I think personally, I like an office a lot better.   
SEAN: Yeah?  
HASAN: Than being at home.  
SEAN: Okay.   
HASAN: I think it definitely lends itself towards more creativity, collaboration. I think that I'm learning a lot more right now being in the office than being at home. And I'm getting a lot more done, to be honest with you.

SEAN: Hasan is young. Like, he-finished-college-ten-minutes ago-young.

SEAN: Did you tell me how old you are? How old are you?   
 HASAN: I'm 22.  
 SEAN: Twenty … 22???   
 VICTORIA: Oh my gosh…  
 SEAN: Oh my… 22?!  
  
SEAN: And Citadel is providing an easy transition out of college life. They’re serving breakfast and lunch just like in a dining hall.

SEAN: They they give you food so you don't go out though. You know that, right?

HASAN: I mean, I'm still grateful. It's good food.

SEAN: They’ve got lots of young people to fraternize with. Just like campus. And they’ve got gear!

HASAN: I mean, my setup at the office is amazing. They have me with three monitors, really big TV like thing. You know, a nice keyboard, desk that goes up and down. The one at home, not as nice. It's a little monitor type of thing. I don't think I work as effectively at home. There's too many distractions. The bed is right there.   
SEAN: <<laughs>> You takin’ naps?  
HASAN: I'm not trying to take naps. If I do work from home, *obviously.* But I think in the office, it's just creativity, collaboration, everything. The juices are flowing here.

SEAN: It’s clear that he’s stoked to be at the office because he’s a kid – fresh out of college, eager to discover what it’s like to have a real job.

HASAN: And I guess I’m young like… it’s really easy to get to and from the office we’re right beside the metro river station it's something that I think serves me well in my career and helps me grow a lot faster and increases my learning exponentially, which I don't think would be the same if I work remotely or even hybrid.

SEAN: Do you think your work is better because you're here?

HASAN: 100%. There's no doubt about it. But when I look back at my first internship, that was during Covid. It was an eight month internship all through Covid. Honestly, when I was, like, done with my tasks for the day, I was done for the day. It was I felt kind of disconnected with my team. As in they were just like, you know, faces on a screen. I never met them in person. I didn't really feel mission oriented or fulfilled from my work. And I think as someone that wants to grow my career and wants to grow as an engineer, as a leader, as a team member, I want to derive a sense of fulfillment from my work. And being remote just didn't provide that.

SEAN: It’s no surprise that this is the employee Citadel wanted us to talk to – not a single mom who’s struggling to balance a five-day in-office policy with supervising a kid on summer vacation, but a rockstar software engineer who is super on board with the company policy. But they did let us talk to their Chief People Officer. You know … like the head of HR. One of the people behind Citadel’s five-day in-office policy.

ALEX DILEONARDO: My name is Alex Dileonardo. And I'm the chief people officer at Citadel Securities.

SEAN: We spoke to Alex in a dreamy meeting room with sprawling views of downtown Miami and Biscayne Bay.

ALEX: Yeah, it's great. And I think it actually represents all of what Miami has to offer to individuals making their career here. You have the beach out of one side and you have our skyline out of the other.

SEAN: Alex is unsurprisingly bull-ish on Citadel’s five days a week in office policy.

ALEX: I think people are actually opting in to work in this culture. So I wouldn't think of it as, oh they're making a compromise to come to the office. I think they're actually excited about the opportunity to do so.

SEAN: Hm! You genuinely think that people are excited to come and five days a week they don't, they don't wish for one day – Fridays, let's say, Mondays from home?

ALEX: Individuals that I interview when they're on their way into this organization, some of them are coming from organizations where they do have a less in-office work standard. And I think those individuals, one of the reasons they're excited about this organization is to come here, collaborate with people from other teams, move ideas forward at pace, and again, really perform at their … what they believe their highest level is. I think we're very clear on our, on our, on our culture. And I think people are then opting into that culture.

SEAN: Yeah. So it seems it sounds like what you're saying is Citadel believes that the work is better when performed in person at the office.

ALEX: Absolutely. Individuals come here to have the best shot at the best career they could have in their life. And if you if you survey knowledge workers and there's many there's much public data on this, they say the most important thing in the value proposition that they expect from their employer is the ability to learn. And we believe that learning happens best in person. If you look at the history of universities, they've largely been in person. So it you know, the corollary of that is that individuals that come in person to the workplace to have their best shot at learning and developing their careers.

SEAN: We spoke to a guy who works at Coinbase yesterday and he was, he was sort of comparing the crypto culture with the sort of more traditional finance – I hope that's not pejorative – culture here in Miami and other cities and and how Coinbase, crypto is totally flexible, totally hybrid. And, and maybe you guys and other more traditional banks, let's say, are, are more in office 4 or 5 days a week. And he thinks, he posited that, as these boundaries between crypto and hedge funds and venture capital and traditional finance, whatever it is, continue to blur, that we’ll end up in a more hybrid place across the board. Do you think five, ten years down the road everyone's going to end up being hybrid?

ALEX: Yeah. So, you know, as somebody who spent my entire career in the people space, I think it's great that all of these different forms of working are causing organizations. And societies to ask questions about how best to enable individuals to succeed in their different roles and their different careers. I think let me just say that that I think that's wonderful that we're asking those questions. But I also think that leaves a ton of room for organizations to choose the kind of environment that they provide and be very clear in sort of the social contract, the agreement with the colleague about what it means to work at this, you know, at this individual company, it creates a whole spectrum on which to play. So I don't necessarily think that all of these questions mean that every organization is going to end up, you know, crowded around one data point on that spectrum. I think it's great that we now have options and individuals who care about it or optimizing different things can choose among those options. But I think we as an organization throughout our history have been very clear about the importance of in-office collaboration and what it means to our values and the performance and overall success of our colleagues. And I expect that we will continue to kind of be focused on those themes.

SCORING IN – Schtomper

SEAN: Citadel says to hell with your hybrid work policies. But we’re gonna ask if their bet on in-person work is gonna pay off, when we return on *Today, Explained*.

[BREAK]

[BUMPER]

SEAN: *Today, Explained* is back. We’ve been to Portugal. We’ve been to Miami. We’ve hung out in downtowns and co-working spaces. But it’s time we get schooled, so we went to Nick Bloom, professor of economics at Stanford University, to find out how the pandemic has become permanent when it comes to work. And to find out where we’re heading: Everything hybrid? Increasingly nomad? Back to the office? Which of these really works best?

NICK: I mean, the first thing is all very different in what we like. Think of it kind of like the office air conditioning. Some people like it hawt, some like it cold. Some don't appear to express any opinion. So just in the data, we have surveyed about 100,000 Americans by now. You find that about 20% of people actually want to go in every day.

SANJAY: I come in almost every day because I like being able to work around people and interacting with folks. I find it much more productive.

NICK: They say, you know, ‘It's more social. I find it easier to learn and get mentored.’

CONNOR: I just think since I’m starting, the hands-on experience is very helpful..

NICK: And maybe my apartment isn't great. I'm sharing four other people and I don't want to work in my bedroom. And there's nowhere else. There's 30%, that are the complete opposite. They want to work from home every day. And normally when you talk to them, they'll say, ‘I have a massive commute. Yeah, I want to see friends, family. I know how to do my job. And, you know, I just waste time at the office and, you know, I'm just being bothered all the time.’

BoA: The thing is, I can complete 100% of my work from home because I’m not seeing clients right now, but if there’s a need for me to be here in the office, I will for sure be here you know? But if they don’t require that, why wouldn’t I be able to work from home you know, if I have everything I need?

NICK: And then there's around 50%, which actually probably includes me, that kind of feels like hybrid’s what they want. Now, when I come in some days and work from home some other day. So there is enormous variation. For individuals and managers, it makes this thing actually a, you know, a nightmare. It's very hard to navigate.

SEAN: We asked Nick what exactly the American workforce even looks like in the back half of 2024.

NICK: So there are about 60% of Americans go in every day. That's around 100 million people. It's the most common group. Next, the most common is folks that are hybrid. That's around 30%. So that's around another kind of 50 million. And then the remaining are fully remote.

SCORING IN THESE BOOPS

NICK: Most fully remote workers are… there's a lot of them in a call centers, data entry, tech. Some journalists and some writers, they're in some ways the most disparate group that kind of all over the place. Hybrid workers tend to be a lot of managers, professionals. And then fully in-person jobs tend to be not always, but they're mostly lower paid.   
  
NICK: So I think of, you know, food service, transport, accommodation. But there are some people like pilot surgeons, very highly paid jobs, traders. There's a bunch of traders on Wall Street. They need to use very fast computers to be right next to the exchange. You can't do that from home. I mean, there's also security issues. I've talked to companies where they say, look, we're dealing with health component, your health data or, you know, financial data. We can't, we can't work from home. Sean, I'll answer another, another question, actually. There's a really interesting point on productivity is, which is it's not obvious the firms should look at productivity, but they should maybe think more about profitability. So to explain why this is different, if you look at fully remote workers. Imagine you're a manager and you think, ‘Hey, look, these folks aren't as productive because they're fully remote.’ Imagine you think there may be 10% less productive. Initially, the knee jerk reaction is haul them back into the office. But you should pause and think, well, look, how much do they cost? Because it turns out that if you don't have an office, you typically save about 10% on costs. It also turns out if you're hiring folks remotely, you can hire a lot better employee for your money because you're not looking locally or looking nationally or even globally. And numbers suggest that maybe fully remote employees, you all, you know, can save 20, 30% on your wage bill. So what I often find when I talk to companies is they'll say, ‘You know what? You know, the real thing is, is profits. So if we want to really think about the remote decision, we really got to think about what is the most bang for the buck? And it turns out often fully remote workers are actually extremely cost efficient.’

SCORING OUT

NICK: Turns out hybrid is here to stay. So if you look at the numbers, before the pandemic's, very low. So as a share of days, about 5% of days in the US were fully work from home. So it happened, but it is pretty rare. Peak of the pandemic, they went to 60%. Basically, anyone that could work from home was doing it and they were doing it full time. This is going to April 2020. Now it's fallen to about 25%, but it's been flat since the beginning of 2023. So the last, almost two years, we've not seen any particular movement back to the office.  
  
SEAN: Hm.   
  
NICK: You know, it feels like there has been if you read the media…

*<CLIP> CNBC: Google…*

*<CLIP> Wal-Mart…*

*<CLIP> CNBC TELEVISION: … even Zoom …*

*<CLIP> TODAY: Amazon wants its corporate workers back in the office full time starting next year.*

NICK: … but it just turns out in big Data for every, you know, one of those companies, there's a bunch of others that there's office leases expired and they say, look, it's a lot cheaper to get rid of the office and work from home. So we're now kind of stable. This is the new normal. You know, I repeatedly tell managers, execs, employees, look around where we are now in kinda fall 2024. This is where we'll probably be 25, 26, 27 in about five, ten years from now, looking to the future, we'll probably be doing more working from home just because the technology is going to get so much better. So I live out in Silicon Valley and I meet companies designing you know, amazing holograms.  
  
SEAN: <laughs in terror>

NICK: Like out of Star Wars or, you know, things called portals, which are 12 by 12 foot screens for, you know, video calls or, you know, incredible stuff. And it's not here now, but there are, you know, people investing millions into it. Five, ten years it will be. And, you know, we're not never going to meet in person. It's just going to be a little bit more remote than it is now.

SEAN: I will say, Nick, if you're consulting these companies, let them know: I work hybrid. However, if you made me have a hologram of my coworker in my house, I would just go into the office.  
  
NICK: <laughs uncomfortably>  
  
SEAN: Let them know.

*<CLIP> SPACEBALLS: <<hologram beam sound>>*

*Mel Brooks: Forget it, no more beaming. This time I’m gonna walk.*

SEAN: I’m curious, it feels like you're saying companies are realizing they can make more money if they go hybrid because they don't need to pay for commercial real estate. Does that also mean that they're not worried about employee productivity, at least on these, you know, in these laptop jobs where you can be doing them from Jakarta?

NICK: Great question. So it's a trade off. So I was actually involved in a very nerdy, very scientific study on hybrid. Weirdly enough, the current chairman and original founder of a company called Trip dot com. They're a big Nasdaq listed and a massive tech firm was in my class at Stanford like 15 years ago. So I stayed in contact. And I know their current CEO, Jane Sun. So they ran a massive experiment. So what they did …

Scoring in Upbeat Beaming, APM

NICK: … is they took 1,600 managers, professionals, coders accounts, finance folks, and they were all at that time coming in the office five days a week. And they said, look, we're going to we want to try out a hybrid. So 800 of them, those that happened to have odd birthdates, if you will, in the first, third, fifth, seventh of the month, were allowed to work from home on Wednesday and Friday.

SEAN: Ah ha!

NICK: And the rest of the group came in every day. And we studied them for up to two years. And what you found is there was just no effect on performance,

SEAN: Huh!

NICK: no effect on promotions, no effect on lines of code written, no effect on leadership scores, innovation scores, anything you could look at. And when you interviewed them, they said, well, look, you're right. If we only come in the office three days a week, there is a little bit less face time. There's maybe a little bit less meeting and culture, although generally the firm is better making sure all the key things happen on those three days, they said but on the other two days a week home it's been great because it's a lot quieter for me at home. So I can think and study …

SEAN: Mmm.

NICK: … and it's good for deep work. And also I'm saving almost an hour and a half a day on extra commuting and sure, some of that. I use it to go to the gym when I see my kids. But some of that I'm actually using to work more. And in fact, in some you just put out, you also see folks tend to take shorter breaks at home. Like in the office, you take an hour for lunch, but at home, you know, go make yourself some noodles maybe eat them over the keyboard or, you know whatever.

SEAN: It’s so…<<chortles>>

NICK: Turns out so, yeah, you know, …

SEAN: It’s true and, and it's pathetic.

NICK: Yea, I know my A key is I was just saying something over the weekend, my A key kind of crunches in the spacebar, it kind of sticks.   
  
SEAN: <<laughs>>

NICK: So I think that's, to many work from home lunches.

SCORING OUT

NICK: But, you know, it all tells you that hybrid at least doesn't seem to damage productivity. What it does do for firms is it dramatically reduces quit rates, which saves them a huge amount of money on recruitment and retention.

SEAN: It's interesting to hear your data from Trip dot com because the producer of this show, Victoria Chamberlin, and I took these trips to Portugal and Miami. And especially Miami, where we met a lot of people who are back in the office four, five days a week. You heard them saying, you know:

INDEED: I like the hybrid.

SEAN: Do you think there's some companies out there that just aren't getting the memo here that there's not a great loss of productivity? What do you think it is that's keeping companies with a 4 to 5 day in office policy?

NICK: It's a good question. So take Amazon. They literally just announced in the last couple of weeks about having folks come back five days a week. Why is that? Why was three days a week not enough for Amazon? I mean, there's there's a range of potential explanations. One explanation is, look, it wasn't very well organized. They didn't come in on the same three days. So, you know, if you come in Monday and Tuesday or Wednesday, Thursday and Friday, then that doesn't really feel that great. You come into the office and it's half empty in you’re all on Zoom calls. And that's kind of a management issue. It may be. Also, you most typically see RT… return to office announcements from publicly listed companies when they've not been doing very well recently or when they're about to release of the bad news. And it's kind of like the classic scapegoat. So it's kind of like the CEO says, you know, give me, please, another six months or a year. It's these, you know, work from home stuff. It's messing it up, it doesn't fit…Amazon's actually been doing pretty well recently. It's not perfect. So I'm honestly a bit perplexed. You know, one way this plays out is they have a ton of quits. They find it harder to hire. I mean, I know from talking to my own undergrads and MBAs, they don't want to go in five days a week. So it's going to be harder to hire them. They may reverse course to three. You know, Amazon is a lot like the river itself. That policy and work from home has changed direction about ten times. So this may not be the final twist in this story.

SEAN: Speaking not only to an employee of Citadel, but also to an executive at Citadel, their chief people officer, they really seem to be pushing this narrative that this is just our culture. Our culture is one where people come in to learn and learning happens best, just like at a university, in person. You study this professionally. You've seen the writing on the wall. Do you think it's just a matter of time, or do you think in in five, ten years we'll still see companies like Citadel, maybe like Amazon, maybe like Bank of America, who are demanding their employees be in office 5 days a week?

NICK: So it's definitely true. A chunk of learning happens best in person. So I'm professor at university. You know, I kind of teach for a living. And for sure, online classes. So I'm never going back to that. And I did, you know, I did while it was necessary. But as soon as we were allowed back in person, I was like, I'm back in the classroom. But as a teacher, if folks have to do reading for that class or write an essay, that's probably better done at home because it's cool. So, you know, imagine you're I'm a professor and, you know, at one extreme, I say students have to stay in the classroom from 8 a.m. to 5 p.m. every day. They have to do their reading, writing. You know, it's a noisy environment that's not ideal. The other extreme you never meet in person is not ideal either. Generally innovation learning, a lot of these activities are best done in a mix of some in-person and some quiet time. So Citadel, I totally agree that you want some in-person time, I'm skeptical you need all five days. I suspect, for example, if folks came in four days a week, that may be enough that them work from home on Fridays. Let them have that as quiet a reflection, deep work type time, but, you know, it's the their company, so they're free to choose.

SEAN: Nick Bloom is a econ professor at Stanford University. That’s what you call it when your A key is sticky from too many work-from-home lunches.

SCORING IN Corporate fucking horrific inspiration

CONNOR: Sometimes it's like geez how did people do this before Covid every day and not complain

VICTORIA: Oh they complained

CONNOR: Yea I’m sure they did but there was no other option, you know what I mean? and now it’s like impossible to make people do it, and really if you don’t want to do and a company makes you, you can just leave and go to another company that doesn’t mandate it.

SEAN: Victoria Chamberlin produced today’s show. Jolie Myers edited. Laura Bullard facked us up. Patrick Boyd mixed with an assist from Andrea Kritinsdottir. And we had help from our executive producer, Miranda Kennedy.

The rest of our team includes Haleema Shah, Avishay Artsy, Hady Mawajdeh, Amanda Lewellyn, Miles Bryan, Peter Balonon-Rosen, and Rob Byers,

Our supervising editors are Amina Al-Sadi and Matthew Collette.

Noel King is my co-host.

Breakmaster Cylinder is our remote worker.

<< For radio:>> *Today, Explained* is distributed by WNYC. The show is a part of Vox.   
<< For podcast:>> *Today, Explained* is distributed by WNYC. This show is a part of Vox. Support our journalism by joining our membership program today. Go to vox.com/members to sign up.

<< must cut this out for radio >>

NADINE: I was having a mini panic attack. I was like F-U-C-K! It's friggin Sunday! What the hell? Where did the weekend go?

[10 SECONDS OF SILENCE]