David Radcliffe:

The finished product for me, seeing the creative designs that come out of the team, seeing that built environment and then seeing the Googlers come in everyday and smiles on their faces. I always say that the biggest measure of success is what percentage of our employees have brought family members into the office to show it off. To me, that just means there's something special that they want to be part of their extended family, and it's a pretty high conversion rate. So, that's what keeps the smile on my face.

Matt Slepin:

Hi, this is Matt Slepin, and welcome to Leading Voices in Real Estate. Recorded on July 15th, today's conversation, our 100th episode, is an interview with David Radcliffe, the head of Real Estate for Google. This is our first interview with a corporate real estate leader, and it will not be our last. Having the head of Real Estate for Google as our first foray into corporate real estate on the podcast is kind of like having LeBron as our gateway conversation into basketball.

As you can imagine, Google's footprint in real estate is enormous, and the role of its office environments within the company's culture is well known, and as David will discuss quite conscious. The impact of space users, occupiers in the parlance whether it be office tenants, retail tenants, or industrial tenants is huge in our industry, and Google, of course, is among the largest and most influential across the industry. Again, this will be a continued deep dive topic, I hope, on Leading Voices. And again, having David on the show gets that conversation started.

Today's show is Episode 100 of Leading Voices, a milestone that I could have imagined when we started the podcast with ULI back in 2017. We've interviewed leaders from across the real estate industry, from well-known legends in the business like Gerald Hines, Sam Zell, Art Gensler, and Ron Terwilliger; to CEOs and sector leading REITs and major owners like Camden Property Trust, Prologis, Host Hotels, Invitation Homes, Taylor Morrison, Digital Realty Trust, and Equity Office; to private company owners; to nonprofits; to architects; to planners and city officials.

We started these conversations four years ago just focusing in on our guest leadership journeys, and then pivoted largely after both COVID and the George Floyd aftermath to spend more of the conversation around our guests' work, jamming around the headlines of their business in these particular times with always still some discussion around their thoughts on leadership and the pathway in their careers. Our last question is always, "What is your advice for a young person starting their real estate career?" [inaudible 00:02:40] that at some point we will release a best of compilation, maybe for our 120th episode.

Anyhow, at this moment of our 100th, I want to thank all of our previous guests, our listeners, especially our subscribers. My company Terra Search Partners; especially my teammates Ellen Klasson, Ally Sherman and Jenny Turick; Jeff Large and his team at Come Alive Creative; and my family, especially Diane and Cali for their patience and constant advice around my obsession for hosting Leading Voices.

This has been a project through which I have learned and grown more than I could have imagined. Hopefully, the podcast is able to share some of my passion and curiosity that I have for each of these conversations, and for the arc of the broader ongoing series for you, the listeners. Again, thank you.

As always, please comment back about this episode with the series via our LinkedIn page, ratings on Apple podcasts, or email me at matt@terrasearchpartners.com with ideas or guest suggestions for the next 100.

Thank you, David Radcliffe, for joining our podcast today, and I hope that you enjoy the episode.

David Radcliffe, welcome to Leading Voices in Real Estate. I am so pleased to have you on the show. For our listeners, you're the head of real estate at Google. And also, for our listeners, believe it or not this is the 100th episode of Leading Voices. I can't believe it, and you're there for our centenary guest, but you're also the first guest from corporate real estate, which is a space that we've kind of left out of the conversations. And starting the conversation on corporate real estate with the head of real estate at Google is kind of like hitting a grand slam or being in the World Series in the first game or something. So, thank you for doing this.

David Radcliffe:

Well, congratulations on podcast number 100, and glad to be here. Thanks for having me.

Matt Slepin:

Yeah. So David, your title is vice president of real estate and workplace services and global security and resilience services at Google. Talk about your job, what that means and kind of unpack that for us.

David Radcliffe:

Yeah, absolutely. So, two separate organizations that really have very much the same mandate, and that is providing services, space and accommodations for Google to help the company thrive. And so, in what we call the REWS Organization, which is the real estate and workplace services, that's your traditional corporate real estate organization. It has the strategic real estate organization; the transaction organization; it has the facilities group; the construction group, which does all the interior fit outs; and then it moves into what we call our employee service. So, our food team. All the things that Google is kind of known for. Our buses, our massage program, our fitness program, all this stuff that made us quirky and set the trail on this new employee engagement model that's now so widely adopted around the world.

On the GSRs side, that's our safety and security organization. So, EH&S and security. It's really about keeping Googler safe and allowing them to come into the environment and just remove their stresses and know that it's the place that they can trust, this is a great environment to work in everyday.

Matt Slepin:

We'll talk mostly about real estate, but what's the breadth of stuff within safety and security, and did that come post COVID or was that always combined in a separate similar organization?

David Radcliffe:

Always part of my remit since starting at Google. You know, it's an organization that's obviously growing with Google. In the early days, it was very much about building access. And as Google's growing, as the world has got so much more complicated, the risk team, the threat analysis team is growing with it, and so [inaudible 00:06:24] the level and the skill set of folks that we've been able to bring into the organization.

Matt Slepin:

And your organization of course is global, so that may have different meanings in other countries than it does in the United States.

David Radcliffe:

It does. It does. It can be anything from ... You know, I remember a number of years ago, there was a volcano that had shut down a number of air traffic routes. And so, making sure from a security organization, we're able to get people out of the area that they were in. It could be that there is a protest going on near an office in some city and making sure that both the office itself is safe and that the employees can move in and out freely. And so, it really just runs the gamut but it's all about the safety and protection of our employees.

Matt Slepin:

Got it. Got it. We'll pepper this part of the conversation in as we go through this, I'm sure. Talk about the global real estate footprint just to get a sense of it. Where is it? How many places? How many square feet? How many employees? And then your organization. Again, we're just trying to understand the breadth of what you're doing.

David Radcliffe:

Yeah, absolutely. Well, I've been at Google for almost 15 years, so it certainly changed since the day I started, and it's constantly evolving. So, when I talk about the portfolio, I always talk in generalities. It's not because I'm trying to be elusive, but it's because it's constantly changing.

Matt Slepin:

Right.

David Radcliffe:

As we speak, we're adding more square footage. So, Google is about 140,000 employees worldwide. About 85,000 of those folks are in the US and probably 55 to 60% of that US population is right here in the Bay Area, from San Francisco all the way down to San Jose and a number of spots in between.

Our real estate footprint, we really plan it around 200 square foot per person. And so, our operating portfolio pretty well maps to our headcount around the world. So, if you think about 140,000 people, we've got about 30 million square feet we operate out of. We also control about another 10 million square feet that we actually operate as a landlord.

Traditionally, that square footage has come from large purchases. So, the one that that's top of mind for me is 1118 in New York. It was one of the largest buildings in New York, one of the largest transactions that was done when we purchased that building. It was about two-thirds leased up when we bought the building, and so we were the tenant the third of it and then we became the owners and the landlord for the rest.

Many of those leases we've renewed because they're great tenants and it fits perfectly in the portfolio. Other, we've allowed to roll off and then we recapture that space as growth space over time.

Matt Slepin:

And when you buy a building like that, is your goal to have all of it or is your goal an investment real estate owner just because it's there? What's the ...

David Radcliffe:

No, it's always operational. We have a very, very long-term view. And so, it might not be this decade that we're thinking about operating in the building, but certainly when we're out buying real estate, it's with an operating lens. We expect at some point to grow into the building.

You know, one of the curses, I guess, of being Google is that when we move into a new market, very often there's this huge yield shift and we essentially make the market. And so, if we're going to go into a new market that we haven't been in before, very often we'll take significant chunks of real estate so that we're not having to lease in or buy into a market that we essentially created, but we can get in on that ground floor cost basis.

Matt Slepin:

And you said you've been there for 15 years. We're going talk about your career in a little bit, but were you employed? I don't know what was 15 years ago at Google, but-

David Radcliffe:

We were about 3000 employees when I started. We've added a little bit of headcount and square footage since those days.

Matt Slepin:

So, after having worked in a couple of other companies and corporate real estate, you joined this small company that might be growing?

David Radcliffe:

I did. We'll talk about it later, but I'll give you just a little background on it. In 2004, actually, the then CEO George Reyes had approached me about this new role they're opening, it's the head of real estate. He talked to me about the opportunity. At the time, I was just coming out of the PeopleSoft JD Edwards Oracle merger and acquisition that took about two or three years. He was describing the opportunity to me. It was a much smaller company even then. It was in 2006. I said, "George, you know it's just not something I'm really interested and I'm really looking for an opportunity to scale." They hired a different individual.

Unfortunate for me it didn't work out, so he called back in 2006. I then heard of Google, I was using Google and said, "You know what, I'll come in. I'll come in and chat." I had the opportunity to meet with Eric, and Larry and Sergey and the entire management team and listen to their vision, and I was sold.

Matt Slepin:

Yeah, I bet. When you listen to their vision, their vision wasn't about real estate. So, when they talked about that, that was a vision of growth in general, I think. Did they have a sense of the meaning of real estate within the vision of what Google would become when you talk to them?

David Radcliffe:

It wasn't necessarily about real estate, but Larry and Sergey both had a passion for sustainability. They had a true belief in the built environment contributing to human wealth and health and well-being and they were super focused on just employee engagement and being creative. And so, it was that and thinking about my tools of the trade and the real estate itself and what could really be done that just got me super excited. But from day one, it was that passion around well-being, the built environment and health; that they really understood the linkage even back then that many now just almost think as commonplace. But it wasn't back in the early 2000s.

Matt Slepin:

Did you understand the linkage of all of those things when you started? Was that kind of mind expanding to as well?

David Radcliffe:

I did. I mean, I certainly give them credit. They're always ahead of the industry and ahead of just common thought, but it was clear to me that there was a huge transformation coming. As they talked about their goals, it just became even more clear [inaudible 00:12:23]. That was definitely something I wanted to be a part of.

Matt Slepin:

Yeah, I bet. So, your bio says that your teams continually scale, evolve and innovate Google's dynamic workplace environment and services, promote employee health and drive sustainable solutions for both Google and your broader communities. So, kind of talk through a little bit about that, especially with this evolution from 3000 employees to where it's gone, and then all that you said about what Google is known for in terms of Google buses and massages at the office, whatever they might be.

David Radcliffe:

Yeah. I'll start with the fun stuff, the employee program. What's so interesting is it's actually very, very fundamentals and principle based, everything we do. And so, we're always looking at productivity, connectedness and well-being in everything we do.

We're often teased about our dogs. We're a dog friendly environment. If you've got a dog, bring it into work as long as it's not offending one of your co-workers. People always thought that was just this quirky thing, but early, early on, the leadership realized that there were engineers who were always leaving around 3:00 or 4:00 every day. I think it was Larry who asked them, like "Why are you always leaving? We really got to nail this project and keep going." He said, "I've got to go home and let my dog up." That was the advent of [inaudible 00:13:43]. "Well, bring your dog in."

And so, it was always about how do you allow employees to be productive? How do you take all of those weights off their shoulder that they typically have throughout the day that distracts them from really being as productive as they can? That's how the perk program started.

Even with food in our micro kitchens. We have a number of micro kitchens around the office. Early on, we were trying to figure out where was the best place to put those micro kitchens. We had them, where a typical designer would put them, over in a corner so they had these wonderful views. As we were looking at it, we thought, "You know what, maybe we should actually move them internal. Let's put them between where the engineers sit in the bathroom." Because the one thing we can be sure about is everyone's going to use the bathroom during the day, and the purpose of the micro kitchens was really to facilitate these spontaneous collaborations, these opportunities for people who otherwise wouldn't come together and share a story, share an idea, maybe work on a whiteboard together. It was these casual collisions, as we like to call them.

And so, they were strategically placed around the building, and sure enough, they've almost got a life of their own now. But it was very purposeful on what their intention was, it was to bring people together to share conversations. And the location of those was very intentional as well.

Matt Slepin:

And it's interesting. Think about two ends of ... Maybe this isn't the right way to put it, but one side of this is these collaborations that bring people together and at the other side of it is just getting people to work more time, more intense time, and it's accomplishing both.

David Radcliffe:

Yeah, and it's not even more time. Software engineers in particular will tell you about getting in this flow state. So, it's uninterrupted time, and that's the key. It's not necessarily about working long hours, but it's when you're in the flow, making sure that there aren't distractions that take you out of that flow. And that flow may exist from 7:00 at night till 2:00 in the morning, it may exist from 10:00 until 2:00 during the day. And so, we just want to make sure that we can facilitate that whenever it does occur.

Matt Slepin:

Is the audience that you're putting this for together, and we're going to come back to work from home concept in a little bit, is that audience our programmers? And they're not normal-

David Radcliffe:

Yes.

Matt Slepin:

... human beings. I don't interact with people like that all the time. So, is there something special and unique about how they exist when they're alone and how they exist in a line of people?

David Radcliffe:

You know, I wouldn't say unique. They're just incredibly brilliant people. Their minds are always racing at 1000 miles an hour and they're typically able to see systems as opposed to just individual elements. That's something I think Google does a great job of even in the hiring process, is really making sure that it's not can you solve the problem, but what's the approach you take to the problem? Are you looking at it from a systemic or a systems view, and you'll really be able to then unpack anything that's thrown at you? These are lifelong learners. They're people who are always curious.

But you know, many times they're also introverted. And so, it's helping pull them out of that space to allow them to collaborate with their peers because together they can share so much, and they can accomplish so much.

Matt Slepin:

It's interesting. Last weekend we were in Bend for a weekend with friends and we stayed in a new urbanist community. We found the new urbanist community to be absolutely delightful, and it found its intent for us. It manipulated us into saying hello to everyone on their front porch, and all these made us walk around. We did all these things that we wouldn't have done in a different type of suburban community, and it sounds like you really create that kind of environment very consciously.

David Radcliffe:

It is conscious. I would say that they're nudges, maybe. They are just opportunities, and people can choose to pack within that environment however they choose. But we want to make sure that we're creating as many opportunities as possible.

Matt Slepin:

Cool. So, back to the real estate. Part of what you're doing is you're creating three significant campuses in Silicon Valley and it's not only office, it's apartments and maybe you're going to own those as well. So, talk about the decision to jump in as a developer at that size and scale, what that means. Also, one of your principles was you affect your community in which you operate, so bring that part in too.

David Radcliffe:

Yeah, absolutely. Each of those three, we call them districts, each of those three district develops slightly different. In Mountain View North Bayshore, which is our historic headquarters campus, if you will, in that district, we have a number of very small second and third generation buildings. We know now, from 20 years of history, that we operate best in larger floor plates, we operate best in high ceiling height with lots of natural light. There's a whole bunch of different elements that we know make great buildings.

And so, in North Bayshore, it's actually an opportunity to raise much of that third and fourth generation space, and just take that same square footage and collapse it into a smaller square footage, larger floor plates, maybe a couple stories tall and do a couple things with the extra space that were left over. One is turn the sea of parking lots into a numbered green space and green belts, really focused on ecology and bringing nature back into that business park.

And then number three is, and this is both selfish and for the community, is helping to solve the housing crisis that we're all facing in the Bay Area. It achieves three very important goals for us. It gets better office product consolidated so that people are closer together. It brings nature into the environment so that when you need a break from work, you can go out and walk on wonderful hiking trails or go down to a wetlands.

And then it brings housing, which currently does not exist near our campus. That could be for Google employees or it could be for any of the other companies or employees of other companies who live out in that area. We just want an opportunity to be able to walk to work and not get on the one-on-one every day. In North Bayshore I think there's about 7000 homes that we can add in that area, and so that's pretty exciting.

On the other end of the spectrum is Downtown West in San Jose. The flip side of that is there is incredibly vibrant, fun, longstanding neighborhood down there, and we're bringing office for the first time. And so, what we are really focused on in that development is stepping back and really listening to what do the community want, what do the community need, and how can we be part of the community as we came in? We just went through our development agreement with the City of San Jose in the last few weeks and had that approved, and are now looking forward to getting going on that project.

And so, that's about going into an existing [inaudible 00:20:42] again adding housing. But what's so unique about that location is geared on station. When it's fully done, it will probably be the most connected rail station this side of the Mississippi. And so, to be able to have your front door right at that connected hub of rail transit and not be so reliant on highways as we tend to be here in the Bay Area, we think it's just going to be a great tool for us to allow employees to live in all different directions. Even up in the city, maybe in San Francisco, and have a very assured train ride on Cal trains straight down to the office and 45 minutes every day.

Matt Slepin:
And what's the third one?

David Radcliffe:

The third one is in Sunnyvale. So, Sunnyvale is similar to Mountain View although it's really growth space. And so, a few years ago as we were starting to fill up in Mountain View, we realized that we really needed to start thinking about where was next. We had thought about San Jose, but we knew it was a number of years off. And so, we started buying up and assembling large blocks of space in Moffett Park and bought about 80% of that submarket. They're now going through a similar process with the city. We're not as far along in the development agreement or the master plan, but a similar process. We're taking a number of very old second generation buildings; putting larger, taller office buildings on that; and then open space and bringing housing into the market.

Matt Slepin:

Lots of questions that we could spend the rest of the podcast on, but we won't. Do you think this is the trend away from that second and third generation prior to tilt up buildings in Silicon Valley that really housed all of these startups? Do you think it all moves towards that more efficient space over time?

David Radcliffe:

Well, I think what's really interesting is we've been able to live in both office products over the last 10 or 15 years. One is the tilt up office space. The problem with that office space, it's smaller floor plates, typically not as much access to natural light and the things that we just know actually help with cognitive thinking and whatnot. But they are typically higher based spaces.

We also know, especially in the future of work as we think about people coming together for many more collaborative events and very intentional team meetings and team gatherings, we know that volume matters. We know that when teams come together, that being in space that's much higher is just better for team dynamics. And so, there's good and bad in that product.

If you look at some of the office product that had been historically built, typically center core, which makes a lot of sense if you're a developer because you don't know if you're going to get a full-floor plate or four quarters or whatever it might be. But for a single occupier, it starts to become fairly restrictive on how you can plan that floor because you really have to just plant at four quadrants. And they also typically don't have that height in those buildings.

And so, we were able to see typically what was a spec office building, which had the benefits of larger scale, we could get thousands of people perhaps in a building; and the benefits of the old tilt up and really our generation of buildings brings the best of both together. That's what we're bringing on the ground today.

Matt Slepin:

I'm just guessing that more of the old center core buildings go away. It's just old stuff and it can't be updated to do what it needs to do. Maybe the tilt up would be interesting because they have the high ceilings, but it doesn't give you enough space you need. And not just you, right? You and everybody else.

David Radcliffe:

Yeah, and that's the challenge. It works until it doesn't, and then you become fragmented. And so, one of the things that we know with engineers is that we want to give them as many opportunities to evolve from a team perspective without having to move buildings or move cities or move locations. And so, large concentrations of teams in the same place is really helpful because they may be working on a project which may span six months to a year, but it may only be two or three weeks and then that team is disbanded and then a new team is formed with different people. And so, having them in close proximity really makes that reformation of team super easy.

Matt Slepin:

It must be huge because also if they're in individual office buildings all over Silicon Valley, then when someone's on one team, they have one commuting pattern and then they have to get into a different commuting pattern, and commuting in Silicon Valley sucks.

David Radcliffe:

Yeah, absolutely.

Matt Slepin:

Does that also suggests that the urban cores, like these three places where you're going to have large districts and San Jose being one of them, do they become rejuvenated by your existence there as well as others saying, "Hey, there's a there there. We don't need the sprawl that has been Silicon Valley"?

David Radcliffe:

We think so. I mean, we think and we see that, that typically small firms move nearby when we start and put an anchor someplace. Really, tech ecosystems tend to build on themselves, and we expect we'll see that happen.

Matt Slepin:

Talk about the environmental view of this. The next two podcasts we're doing are both on the environment and real estate. So, it's August [inaudible 00:25:54]. It's mid-July right now and it's hot, and we've had some climate events all the time now. So, how do you think of that and your both responsibility and your opportunity around that?

David Radcliffe:

Yeah. This is something that we take very seriously. It's a space that Google has been committed for a number of years.

Back in 2007, actually, the company committed to being carbon neutral. In 2017, we were actually 100% renewable, and then just in the last six months, we announced even a more audacious goal and that is by 2030, to be 24/7 carbon free. What that means is, carbon neutrality simply means as ... Well, let's even say carbon neutral where we didn't have offsets, that we had all renewable. It still meant that at nighttime, we were pulling energy off the dirty grid and then during the daytime we are over producing so that we could basically net out.

What we're saying going forward is every minute of the day, we are going to be producing clean energy. Some of that will happen through storage, much will happen through wind, some of it will happen through geothermal energy sources for different sources, but it's 24/7 carbon free, which we think is taking basically our commitment even to the next level, which is totally becoming independent of that dirty grid.

Matt Slepin:

Some of this is off site, some of it as part of the developments that you're doing. How do you pay for that? How does it happen? What's the marginal additional cost? Talk about that.

David Radcliffe:

Yeah. You know, it's interesting, back, I can get the date wrong, but about 2007, 2008 we put 1.6 megawatts of solar on what was called our Googleplex campus. At the time, it was the largest corporate installation of solar in the country, and now it almost seems insignificant. But I remember everyone said to me, "Boy, that doesn't make any sense," and "How can you ever justify that?" It had a payback [for about seven years. Here we are in 2021. It has been producing free energy now for us for seven years. If you have that long-term view, renewable makes sense. It always makes sense, and it becomes free clean energy.

And so, part of it is having a long term view, certainly. We have shareholders so we have to make sure that the ROI is there for anything we do, but it is. I mean, today that solar just makes sense, I think, for any business. If you have rooftop space, you really should be using it today for that.

To your question on some of it's on site, much of it's not, one of the things that we've really tried to do from an offsite perspective is make sure that we're on the same grid so we're not going to go put a huge solar farm in South Carolina and say that's offsetting the Bay Area. We're going to put it right here close to the campus to make sure we can say, "Hey, we're on the same grid."

Matt Slepin:

How do you do with transportation and the famous Google buses around that? Maybe it's building these campuses, but how do you add that into this what must be an incredibly complex calculation?

David Radcliffe:

Yeah, it is. I mean, right now the buses are on biodiesel. We're actually moving to an electric fleet. That will be part of this 24/7 carbon free commitment, will be the electrification of that fleet. That's actually starting this year with the delivery of our first electric buses. It's all part of it.

Even taking it further, the steel and the concrete that we use to build buildings, it's one of the biggest culprits of carbon in the planet, and so we're making a pivot right now to mass timber. We actually have our first mass timber building under construction in Sunnyvale. I'm super proud of that. I've just been amazed, one, how quick it goes up, but two, just the beauty of the structure and then what it does for the environment from a long-term perspective. So, super excited about the potential of mass timber going forward.

Matt Slepin:

Again, your cost to play with mass timber versus the current technologies, I guess mass timber is a current technology, but the old technologies, is there a marginal cost difference by the time you do that?

David Radcliffe:

There isn't. You know, the mass timber buildings really surprised us. If you try and redesign an existing building and try and put mass timber in after you've gone through the design, yes there's a premium. But if you start day one and say we are going to do this out of mass timber, the cost advantage is there in the first instance. We're seeing that today. Even, actually, post pandemic where we're seeing lumber prices go through the roof, we're still seeing the advantages of mass timber over some of the other types of construction.

Matt Slepin:

What role does Sidewalk Labs play in your work? It's an affiliated company, but maybe you're part of that too. Explain what that is.

David Radcliffe:

Sidewalk Labs is our innovation arm, if you will, for the built environment and in true partners in every sense. Early on, when we were a small Google, we would do all that innovation within my team. A couple things became very apparent. With the growth of Google, we found that we could never really just stop and think 10 years into the future. We were adding space every Monday morning for our growth, and it became very difficult to separate out. How do we really think about communities 15 years in the future as opposed to just 5 or 10 years, which is our planning horizon?

So, when we went to the alphabet structure, it was the opportunity to set up this separate entity. That's how Sidewalk evolved, was to really be able to keep their eye on the future and not be distracted by the realities, the messy realities of developing today and getting stuff done. And so, great partner in everything we do.

We share an R&D lab. Much of the mass timber work was codeveloped actually with Sidewalk Lab because they've been thinking a lot about changing the codes, being able to go much higher than 21 stories, and fabrication methodology. How do you actually get all this done in a cost-effective way? Those are the sorts of R&D efforts that we worked on together.

Matt Slepin:

What large parts of your responsibility in your world of real estate within Google aren't we talking about? What am I missing in these questions?

David Radcliffe:

Yeah. You know, it's all built-in into what we've talked about. I think some of the pieces that we've missed when we talked about sustainability is just indoor air quality. It's one thing that we have spent a lot of time early, early on. We recognize that particulates is one of the major health contaminants that people are subjecting self to in buildings. We moved to a MERV 13 standard within our office environment. We've since moved to MERV 15 and even MERV 17. And then, we've also really focused on healthy materials. And so, for our material to be used anywhere in our build process, it needs to be VOC free, formaldehyde free. We've got a whole red list of ingredients and materials that we simply won't use in our construction.

Early on, it added a cost to our delivery because many of those products just simply weren't available. Carpet was one of the ones that was most difficult, to be honest, was trying to get the ingredient list. A number of carpet manufacturers really stepped up and said, "Let's work together and let's try and figure this out." Today, we've got a number of different carpets that we can put throughout the world at the same price point as what we were using a generation ago.

Matt Slepin:

So, we're coming out of COVID. What percentage of your workforce was coming to work in the States during the crisis and then what's your new policy, what's it look like, and how do you maintain all of the innovation and community that you've had with whatever this new policy is?

David Radcliffe:

Yeah. If we step back all the way to March of 2020, so 15 months ago, we were one of the first companies to basically move our entire workforce home. When we did that, we did a couple things. One is, there were certain roles and certain functions that could only be done on site and that would be if you were working in a lab or if you were keeping the internet up and running and it was a national issue type

thing. Those folks, we need to make sure we provided a very safe, secure, healthy environment for them to be able to come into work every day. So, there was a small, small percentage of folks that came in the whole time.

We also, early on, told all of our employees that any return, regardless of when we reopened our office, would be voluntary through September 1st. We announced that almost a year ago so that employees knew that if they were in a small apartment in a city somewhere and maybe they were young, they could move back with their folks or they could move out to the country or something for a year. They knew they had that latitude.

We made that commitment to our employees. That was something we did. And then we also put a risk curve together where we said, "Look, depending on what's happening in individual markets from a regulatory perspective, from a number of new cases, hospitalization, all those sorts of things, we would have a risk curve on one to five. Five being the worst, where only those people who had to be in the office should be there, all the way down to one, which is back to normal. I don't know if we'll ever get back to normal, but two being where California is today.

Just this week, actually, on Monday, we reopened our California offices to 100% of all employees, but 100% voluntary. What we're seeing is very consistent with what we've seen in other places where we've opened our offices, in Taiwan and Australia, Israel, that about 65, 70% of all employees choose to come into the office at some point during every week, which really supports this notion that people are asking for more flexible work styles, but that they really value the interaction with their peers. They really value that opportunity to socialize, to build those connections, to mentor all those sorts of things that, as humans, that we just create but we don't necessarily want to do it all the time. We knew that would be the case just from serving, and now we're actually seeing that play out, so it's interesting to see.

Matt Slepin:

Yeah, so let's go backwards and then forwards. First of all, when March happened last year, how prepared were you to be a leader through this process? Because it must have been, "Uh-oh, all hands-on deck right this second." I mean, maybe over a two-, three -week period, whatever it was.

David Radcliffe:

It seemed like a monumental task at the time. It seems easy looking back because sending everyone home was fairly straightforward because it was linear and it was absolute. Bringing everyone back around the world being that every city, every country is at a different place and making sure that you're consistent, making sure that you have all the protocols and the principles in place is much more difficult.

You know, the biggest challenge bringing people home was obviously the ergonomics. I'm at a beautiful standup desk right now which did not exist in my house a year ago. Google was very generous. They gave every employee up to $1,000 that they could expense however they want it to make their home environment more productive. And so, for me, it was a standup desk. If you were in a small apartment, maybe in Paris, it might have been an air conditioning unit because you didn't have that in your home. You didn't need it because you never worked there before. And so, we did that.

We also told people, "Look, on the way out, if you need to take your monitor, you want to take your keyboard, even if you want to take your desk chair, just take. We tried to be as helpful as possible to say, "Look, the corporate rules say you can't take a monitor out of the building." We said, "Just take that home," because you're going to be more productive with multiple monitors if you're an engineer or something like that. So, early on, we realized that we couldn't be too rigid and that we needed to be flexible and accommodating. That was the mindset.

How prepared are you for these things? You hope you have the right process in place. For us, it's something we call our incident response team, which is what our global security organization runs for the company, and then that would be for any incident. And so, it was well established, and we knew how to pull that team together. This is obviously something that none of us had seen before as an event, but the process was there, and so we kicked it off and it became a well-oiled machine over time.

Matt Slepin:

Incredible. And so, what does the new normal look like? What do you think stabilize will become? Sixty to seventy percent choose to come to work, and then you said, "at some point." That feels right to me as well, but is there a policy? Do you have a sense of how that will stabilize out?

David Radcliffe:

Yeah. We announced out to the workforce that we were moving to, like many of our peer group, a hybrid workweek which is roughly three days a week in the office and two days a week at home. We don't have a set three days for the company, but what Sundar did was he pushed that decision making down to his directs. We call them product area, so the PA. So, whether it be Google Cloud or YouTube, or search and ads, each one of those are product areas.

Each one of those teams are going through and saying, "Okay, is it important for us to be together together? And if so, should we pick maybe two days where we want everyone in and the third day is up to sub teams, or should we really say, 'Hey, we want three teams to come together.' "

Right now, looking across all the different groups, people seem to be migrating towards a Tuesday, Wednesday, Thursday with Mondays and Fridays being optional. But I would hazard to guess that as we get back into the full swing of that in the fall and in the winter, it will start to change as people realize that Monday, Tuesday, Wednesday one-on-one is going to look like it did back in 2019. And I think some teams will say, "Hey, maybe we should be Monday, Tuesday, Wednesday and not Thursday, Friday," or things like that. I think it will evolve over time.

Matt Slepin:

How, within that, do you maintain the sense of collaboration and that magic thing that we talked early on? Unless you're sending massages home to people.

David Radcliffe:

What's so important about this is the notion that complete team needs to come together. And so, right now, we are not looking at it as a how do we optimize the five days if you have 10 people. We're going to have peak times and we're going to have off peak times. In the peak times, everyone's together in the office, so the collaboration, the learning, the sharing it will happen.

I think people will be very intentional about what happens on those two or three days that they're in the office. They'll be selective on, "I'm not going to accept this meeting because it's a meeting that can happen either asynchronously or it can happen on a video device, maybe even better than Mondays and Fridays and I'm going to save my Wednesday for something else." It might be for the one-on-one that you and I just want to go and have lunch together and just sit down and look each other in the eye and talk about an issue that's been bothering us that we really haven't been able to do over video.

People become more intentional with the way they use those days. And so, we think that that collaboration and that spirit will continue.

Matt Slepin:

I'm going to hazard to guess, the way you're talking about it is things may be better from a collaboration standpoint and a flexibility standpoint [inaudible 00:41:25] in two years than they were two years ago.

David Radcliffe:

I totally believe it is. A couple of things have happened here. The agency has moved to the employee, which I think is incredibly important, but I also think astute companies are realizing that there are certain things that they need from an employee to be successful as a company. The perfect example I always use is when we look at some of our most senior engineers, they are 20, 30, sometimes even 40% more productive in the measure of lines of code produced and bug fixes and all those sorts of things. But the reason they're so productive is, very often, is because they're not mentoring or they're not being interrupted by more junior people saying, "Hey, can you really help me solve this problem?" So then, when you look at our most junior people, especially the ones who have maybe just started and just come out of college, they're really struggling. They don't have that network. They don't have that ecosystem. They haven't learned the tricks on how to get from point A to point ...

And so, short term, I think, it might look like you can be much more productive at home as an organization; but long term, there has to be that mix. There's certain things that company needs, which is that learning that is constantly evolving, dynamic, and then the employees just need some time to focus, and that can happen on those other days.

Matt Slepin:

Does all of this change, say within the state where you have your footprint? Does it make it more to have hubs in, say Austin, which everyone's talking about constantly these days, or other cities or even coworking spaces in Petaluma where I am right now where people who live far away still want to see people and be at a coworking space that may only have 10 Googlers or whatever?

David Radcliffe:

Yeah. So, a couple of thoughts on that one. We were fortunate that we had a fairly geographically diverse footprint already. We're in 170 cities, 60 countries around the world. We've already had a presence in just about every city that you can imagine that has a tech ecosystem.

One of the things that we didn't have was, I'm going to pick just a PA number one. So, product area number one had a very large concentration in the Bay Area. And then they may have, in a pre-pandemic world, had a concentration in one or two other locations. They, coming out of the pandemic, will be expanding the number of locations where they have hubs, but it will be 5, 10 15; not 170. Because what's important is still that complete teams come together when they're in the office and they're not fragmented.

And so, when I think about where do we grow, we will continue to grow everywhere around the world. We are seeing growth in ... We're making a big commitment, for instance, in Atlanta. We announced that before the pandemic and we're continuing to accelerate growth there. We're continuing accelerate growth in Chicago. We've got a lot of employees in New York, and it's just a great market for us. Outside the US, in London and Tel Aviv. So, many, many markets. Bangalore, where we can find great talent will continue to grow.

What we're not necessarily doing right now is this notion of spokes because what you'll find is if you have a team that's working on a particular problem, the chances that they all live north of the

Golden Gate Bridge and can actually congregate together in d Petaluma is probably not realistic. And so, we still want to bring people together to the hub so that the chances of the interactions are multiplied.

Matt Slepin:

Got it. Last question in all of this before we spend a few minutes on corporate real estate and your career is how do you manage all this? You must have a large organization?

One of my interviews was with the deputy mayor of New York, and she had like 50 departments and manage so much stuff. The topic was all about the way to manage it was to have the vision around it and keep setting that vision. I don't want to answer the question for you, but with this span of control, how do you keep your head around it?

David Radcliffe:

Yeah, it's a similar one. I mean, and this is almost cliché at this point, but it's hire just amazing people and, like you say, set the vision and in many respects, get out of the way but also know when to be helpful.

We do have a very large organization. There's about 500 Googlers on the real estate side and about 500 Googlers on the security side. And then we're supported by almost 25,000, vendor partner, people who would show up every day somewhere in our global ecosystem. That's everywhere from the receptionist, the janitors, to architects and brokers and everyone in between our food service team and whatnot.

And so, it is really about just hiring great folks and making sure that you have a very consistent vision, and then allowing people to innovate and allowing new ideas to come from anywhere. When you see them, celebrate them and make sure that you have a system in place that then ports them everywhere else in the world.

Likewise, when you see things that aren't working, call it, but don't call it a failure. It's a lesson learned and move on and try something different.

Matt Slepin:

Well, it sounds like it's working. Which components of that bring you the most joy, pleasure and pride in what you've been able to do?

David Radcliffe:

You know, the finished product for me, seeing the creative designs that come out of the team, seeing that built environment, and then seeing the Googlers come in everyday and smiles on their faces. I always say that the biggest measure of success is what percentage of our employees have brought family members into the office to show it off? To me, that just means there's something special that they want to be part of their extended family. It's a pretty high conversion rate, so that's what keeps a smile on my face.

Matt Slepin:

And it's a great component of what that might look like. So, we have about 10 more minutes, and I always have the same wrap up question. So, before we get to that, talk about your career in corporate real estate. What got you into this business?

David Radcliffe:

Yeah. You know, it's an interesting question. I don't think anyone, at least in my generation, went into their fourth-grade class and said, "I wanted to be a corporate real estate executive." So, most of us, most of my peer group ended up in corporate real estate just through happenstance. I'm a civil engineer by training. I grew up in Ontario in Canada.

After school, actually as an intern while I was in college and then after I graduated, I was working for the Canadian government's aircraft services directorate in their facilities group. It was the group that was responsible for maintaining all of the airports around the country. And so, I was really enjoying that. We were building a couple of very large projects at the time.

I decided I actually wanted to go into large project cost controls. That's what I decided I wanted to do, so I went back and got an MBA with the concentration in real estate and construction management, and graduated '93 when there were no large projects happening really anywhere in the world.

While I was in grad school, I worked for an interior [inaudible 00:48:22] firm and was a project manager doing a bunch of interior work. And then when I graduated, I went to work, because there were no large projects going on, I worked actually for an ERP provider, JD Edwards, who I went back a number of years later to run their real estate group, but doing ERP installations across the architect, engineering and construction organization.

The reason I bring all that up in quick fashion is because in a very short period of my career, I became very broad. I had done facilities, I had done construction management, I had done system implementation. And as I was doing that, I got a call from a friend of mine who had gone to work for a tech company called Storage Tech that was based in Louisville, Colorado. He was doing property leasing for them. He said, "Dave, we're hiring someone else and we had been classmates in our MBA class." And he said, "Why don't you throw your name in the hat? I think you'd be perfect." I remember saying, "Ted, I don't think I've ever done a lease in my life other than my sublease for grad school." He said, "No, no, no." He said, "It's math and everything you can do. You'd be perfect at it." And so, I went in and in chatted with the team and somehow got the job. And so, that rounded out my toolkit, if you will. So, I now had leasing.

With that, I had the opportunity, after spending a number of years at Storage Tech, to go over to JD Edwards as their global leasing manager. So, doing all their transactions around the world, and then became their head of real estate a few years later, taking over the entire organization. Just as I was getting into my stuff, PeopleSoft came along and acquired JD Edwards.

Typically, what happens in a merger is the support organization of the smaller firm goes away very, very quietly and the bigger firm consolidates it. They asked me to stay on and run the consolidated organization of PeopleSoft and JD Edwards. And so, I was able to do what I was doing at JD Edwards at a larger scale. It just allowed me to continue to build my trade, but it's been an interesting journey.

And then from there, Oracle bought PeopleSoft. That was about a-year-and-a-half, 18 months, of very hostile takeover that I worked through. I remember saying I'm never going back into corporate real estate. That's the time I jumped over to Trammell Crow to run all of their corporate accounts outside the US. They had American Express and EDS and a number of other accounts. I was managing their outsourced services for those corporate folks on that side of the fence, and that's when Google called back the second time, and the rest is history.

Matt Slepin:

What was it like being on the Trammell Crow services side of the business and what did that bring to your new way of looking at things?

David Radcliffe:

Yeah. You know, in hindsight it was fascinating. One, just because I got to know a number of amazing people who are now a big part of the CBRE. Very, very talented folks.

But more importantly, we really got to see how the service provider organizations worked, what drove their thinking, how they deconstructed and reconstructed problems, how they hired. All those sorts of things, I think, was very, very critical to the scaling that we've been able to do at Google just having that perspective. So, it was a great stuff in my career.

Matt Slepin:

Well, it matters, just to echo what you're saying there is if there are always those people and you were never one of them, then having a trust and understanding of how to partner would be much more limited than having had a stint on that side of the table.

David Radcliffe:

Yeah. No, it has. And it has allowed us, I think, to create some very innovative structures with some of our service providers because I know what's truly important to them and I also know what's important to us. We can find win wins, I think, more easily just having that perspective.

Matt Slepin:

And it's interesting because it's the last question always on Leading Voices, which is your advice to young person getting into the business and if it's a young person getting anywhere in the business, but particularly in corporate real estate. But what you said a minute ago was having had the breadth of experience in having done this, this and this, then you get to pull it all together.

David Radcliffe:

Yeah. I would say to any young folks, and I've had the opportunity to go back to University of Denver's where I did my MBA and chat with both their undergraduate and graduate classes in corporate real estate. One of the things I do say is don't be afraid to take horizontal moves early in your career. They can really pay off. So often, we're so focused on that next promotion, and there's nothing wrong with that. If you really want to be specialists in an area and you can advance through whatever those ranks look like, that's wonderful, but if you do want to more of a general manager, which is what a corporate real estate executive ultimately, is, those horizontal moves, I think, are so important and they're easier to do when you're younger than older, I've always found.

Matt Slepin:

Yeah. The other thing on the horizontal move is it lets you try out each different discipline to find the one. Here's really where I can sing. And now, you could bring them together later in your career. But people think they're going to be an X and they're going to wind up trying out a Y, and it's a whole lot better for them.

David Radcliffe:

Yeah. Absolutely. Absolutely. It was not something I planned to do, but in hindsight was such a valuable time in my career.

Matt Slepin:

Cool. Anything we haven't talked about that you want our listeners on our 100th episode to know and understand about what you guys get to do?

David Radcliffe:

Oh, boy, we could probably go on for hours and hours. Just think that the future of work is so exciting. I think there is this acceleration. I don't think anything that is coming out post pandemic is new, it's just accelerated, and this convergence of the virtual and the digital world.

I mean, I think the thing we all found working from home is the agency that everyone had on a screen, we all had the same block of tile, if you will, and so at home works really well, in the office works really well, and it's going to be creating that equity in this hybrid world. I think the folks who get that right are going to be incredibly successful. I think some people will revert to old bad habits and not be as successful. And so, it's going to be a really, really fascinating time, I think.

Matt Slepin:

Yeah. Well, thank you, David. Those are wonderful observations. I've enjoyed the conversation a lot. I really appreciate you being on Leading Voices, and I look forward to continue our conversations.

David Radcliffe:

Thanks, man. I really appreciate it.

Matt Slepin:

Thank you for listening in to Leading Voices, and I hope that you enjoyed today's episode. I have a request, if you enjoyed the episode and found it to be valuable, please share it with a friend or two. If they're podcast wary, take their smartphone in your hand and subscribe for them and teach them to listen. You'll change their life. Seriously, thanks for listening and keep in touch. You know you can reach me at matt@terrasearchpartners.com. See you next time.