

Getting Better: Towards the great corporate compression?



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Part four of a four-paper series on corporate transformation and its real estate consequences.,

For a century, scale demanded depth. As companies grew, they added layers, and the hierarchy became the machine through which information was gathered, interpreted and passed along. Artificial intelligence now threatens the economics of that machine, because much of what middle management exists to do – collecting, summarising, reporting and co-ordinating – is precisely what these systems promise to absorb. The prize, in theory, is a flatter, faster, more project-shaped organisation: the risk is a hollowed-out middle and the loss of the rungs on which careers were once built. None of this has yet arrived at scale, and it may not, because the distance between adopting the technology and integrating it into how a firm works in practice remains stubbornly wide. This paper is about what happens if that distance closes – and why the answer will be written, floor by floor, into the office portfolio.

Five Key Themes

01

The middle is the target, not the headline

The first-order effect of workplace AI is unlikely to be mass unemployment; it is more likely to be the thinning of the managerial layers that exist chiefly to move information. Compression, not contraction, is the story worth watching.

02

Structure, not task, is where the value settles

Task-level gains are already visible, but they will only reshape the firm if they are embedded deeply enough to change spans of control, reporting lines and decision rights – a far slower process than adoption alone.

03

The unit of organisation may shift from the function to the project

As co-ordination becomes cheaper, the pyramid could give way to a more fluid, networked model in which teams form around problems and dissolve when the work is done.

04

This is a future, not a present

The evidence for widespread delaying is thin precisely because integration lags adoption; the paper describes a credible destination, not a current condition, and treats the journey there as the real subject.

05

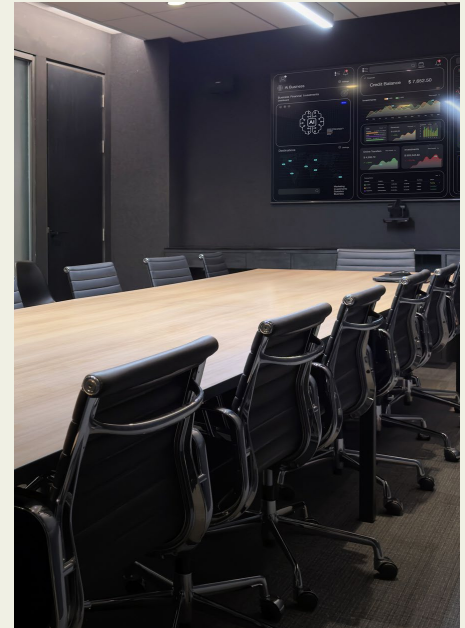
The office question is 'different' not 'less'

A flatter firm needs less generic process space but more high-value space for collaboration, governance and judgement – a recomposition of demand rather than a simple reduction of it. 1

The Middle Begins to Shrink: When Hierarchy Stops Being the Only Answer

The previous three papers in this transformation series each followed the firm to its outer edge. One traced the gravitational pull of companies coming together, and how a deal bends the real estate in its orbit. Another followed the enterprise as it redrew its geography, keeping the most sensitive work close, its networks near and its talent everywhere at once. A third watched occupiers pull logistics back under direct control, getting back to the capabilities that mattered most. Each, in its own way, was a story about where the boundary of the firm should sit. This paper turns inward, to the one structural transformation the series has not yet examined: not where the firm draws its edge, but how it arranges itself within that edge – the shape of the org chart itself.

For the better part of a century, that shape had a settled logic. Organisational scale demanded organisational depth. As companies grew, layers multiplied, because information moved slowly and someone had to gather it, interpret it, reconcile it, and carry it up and down the line. The middle manager was, in large part, an information-processing device: a human relay in a system where communication was expensive, and data was scarce. The hierarchy was not an accident of ego or empire-building; it was the most efficient answer available to the problem of coordinating many people who could not all see the same picture at once.



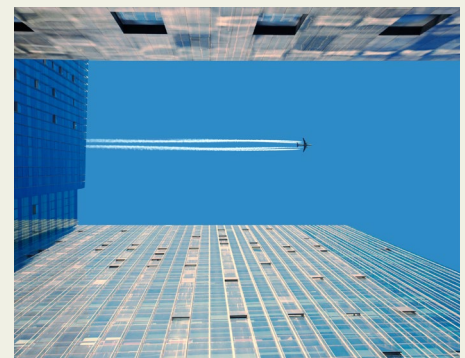
Artificial intelligence unsettles that answer, because its most consequential property is not that it performs work but that it lowers the cost of coordination. As these systems become more capable of gathering information, summarising activity, monitoring performance, drafting reports and supporting decisions, they begin to erode the very rationale for organisational depth. The question a flatter future poses is disarmingly simple: how many layers of supervision does a firm still need when information can move instantly, and in legible form, across the whole enterprise? It is worth being careful here, because the honest answers today are still very few. The technology is available; the reorganisation is not. The master evidence base for the series is unambiguous: AI's impact is organisational before it is spatial, and it stalls at the precise point where operating models must change – where risk, trust, data quality and accountability become binding constraints and where workflow redesign is routinely underestimated. Adoption is now mainstream; integration is rare. The compression this paper describes, therefore, belongs to the future conditional rather than the present tense.

There is a small piece of pop history that captures the mood of this moment better than any forecast. In June 1964, at the height of Beatlemania, the group set off on a world tour that took them through Denmark, the Netherlands, Hong Kong, Australia and New Zealand. On the eve of departure, Ringo Starr was hospitalised with tonsillitis, and rather than cancel, George Martin drafted in a little-known session drummer, Jimmie Nicol, at barely a day's notice. Nicol learned the set in an afternoon and played a handful of concerts as a Beatle before Ringo recovered and rejoined the band in Melbourne. Whenever Lennon and McCartney asked their stand-in how he was coping with the sudden, disorientating fame, his reply was always the same: 'It's getting better.' Three years later, walking his sheepdog Martha as the weather turned, McCartney remembered the phrase, and it became the seed of a song. What makes Getting Better endure, though, is not McCartney's optimism but Lennon's refusal to let it stand unchallenged: beneath the sunny refrain runs his dry, deflating counter-line, 'it can't get no worse.'

The episode is a surprisingly exact metaphor for the transformation this paper considers. Nicol was, in effect, a temporary layer – a role filled at short notice to keep the system running, and then quietly closed up again once the permanent structure reasserted itself. He left in the night, and the band played on as though the gap had never existed. That is the softer, more plausible face of delayering: not a dramatic amputation but the slow discovery that a layer that once felt indispensable can, under the right conditions, be absorbed. And the song's built-in argument between hope and scepticism is the argument now running through every serious discussion of AI and work – the promise of a better, faster, flatter firm on one side and the harder questions of displacement, lost apprenticeship and hollowed-out careers on the other. Both voices are singing at once. The task of this paper is to take each seriously.

One force, three expressions

If compression comes, it is unlikely to arrive as a single event. It will express itself in three related but distinct ways, and it helps to hold them apart. The first is vertical: the thinning of the managerial model as information-handling work is absorbed. The second is horizontal: the widening of each manager's span of control as visibility improves. The third is organisational: the gradual displacement of the permanent function by the temporary project as the unit around which work is arranged. Each exerts its own pressure on the building, and each is examined in turn below. None is guaranteed. All are plausible if – and it remains a genuine if – firms succeed in moving from tools deployed to workflows redesigned.



Scenario 1: The Thinning Middle

The dominant public narrative around AI fixates on jobs and asks whether machines will replace workers. The more revealing question concerns not the worker but the layer. For decades, organisations have relied on a broad managerial middle whose function has been to aggregate information from below, monitor and coordinate activity, and translate strategy from above into instruction. Much of that is exactly the sort of legible, repeatable, information-shaped work that AI systems handle most readily. As reporting, monitoring and coordination are increasingly supported by software, the marginal case for each additional layer of supervision weakens – not because managers cease to matter, but because the specific coordinating task that justified their numbers begins to migrate.

This force is already at work within the professional services. The traditional pyramid – a broad base of juniors performing leverageable process work, narrowing to a point of senior judgement – is already being reimagined as something closer to a rocket: fewer juniors doing repetitive tasks, a denser core of senior expertise, and a technology-and-operations platform doing the load-bearing work that base once did. That is delayering in miniature, and it points to a future in which the firm does not necessarily employ far fewer people but does place them differently, with less depth between leadership and execution. The middle does not vanish overnight; it grows thinner, and it grows thinner unevenly, fastest where processes are well-documented and data is clear, slowest where tacit knowledge, regulation and trust still require a human in the loop.



The CRE playbook for the binary scenario



Design for judgement, not throughput

As the layers that process information contract, demand is likely to tilt away from large, standardised blocks of operational desks and towards space configured for oversight, decision-making and high-value interaction. The brief shifts from housing a process to hosting a judgement.



Expect the change to be gradual and uneven

Because integration lags adoption, portfolio strategy should assume a long, staggered transition rather than a step-change, and avoid pricing in a delayering that may take a decade to surface in floor plates.



Protect the learning floor

The thinning of junior and middle tiers quietly removes the apprenticeship space where careers were once served; the office that survives well will be the one designed deliberately to rebuild that learning, not the one that simply sheds the desks.

Scenario 2: The Widening Span

Historically, a manager's span of control – the number of people or teams they can effectively oversee – has been constrained by visibility. Supervision was limited by how much a single person could actually see, track and reconcile. AI alters that constraint directly. Where real-time dashboards, automated reporting and intelligent assistants give a manager a legible, continuously updated view across a larger group, the flexible span widens. The director who could meaningfully hold three teams might hold five; the manager of six might manage ten. The arithmetic of the org chart changes, moving toward fewer layers and broader bases.

The consequence is a redefinition of management rather than its disappearance. As spans widen, the manager's role shifts from monitoring activity to orchestrating outcomes – from checking work to designing the systems within which work happens, and from being a conduit for information to being an arbiter of judgement and accountability. This is the 'worker-bees to bee-keepers' transition: fewer people doing tasks, more people designing the systems and asking the better questions. It is also, tellingly, a transition that increases rather than decreases the value of human oversight, because the more activity is performed by machines, the more it must be governed, validated and owned. Automation does not retire the manager; it promotes the survivors and asks more of them.



The CRE playbook for the accretion scenario



Configure for coordination across distance

Wider spans mean managers overseeing larger, more dispersed networks; the office becomes a venue for alignment and connection rather than line-of-sight supervision and should be specified accordingly.



Raise the specification, not the footprint

A flatter, more senior organisation is a more demanding occupier: the value migrates to fewer, better settings that support concentration, collaboration and consequential decision-making, rather than to more space.



Build for governance

As oversight becomes a scarce, high-value activity, demand grows for secure, well-connected, high-trust environments in which validation and accountability can credibly sit.

Scenario 3: The Rising Project

A recurring theme in the discussion about future corporate transformation is a shift from operational to project-based value creation, and it is this theme that compression ultimately serves. As routine activities are automated and coordination becomes cheaper, competitive advantage comes less from performing routine processes efficiently and more from solving novel problems, launching initiatives and delivering change. In that world, the project, not the department, becomes the natural unit around which work is organised. Expertise is assembled dynamically for a purpose and released when the purpose is met. The permanent function does not disappear, but it increasingly behaves like a talent pool from which project teams are drawn, rather than a fixed command structure through which all work must pass.

This is where the metaphor of the pyramid finally gives way to that of the network. The rigid, vertical organisation – authority flowing down defined reporting lines, functions operating as self-contained silos – is poorly suited to a world that rewards adaptability and speed. A networked model, in which teams form around problems and dissolve when work is done, is a better fit, and AI makes it more feasible by lowering the coordination costs that once made matrixed, cross-functional working so expensive to run. It is worth restating the caution: the networked, project-shaped enterprise remains more aspiration than description for most organisations, and the same frictions that slow delayering – governance, trust, data, accountability – also slow this transition. But the direction of travel is coherent, and it is the direction in which cheaper coordination naturally pushes.



The CRE playbook for the rising project scenario



Provision for teams that form and dissolve

A project-shaped firm needs settings that can be assembled and reconfigured quickly; flexibility becomes a strategic capability rather than a workplace amenity, and modular, adaptable space becomes core rather than optional.



Treat flexibility of tenure as strategy

As the shape of work becomes more fluid, option-rich terms and adaptable space preserve the ability to reconfigure the footprint as the project portfolio turns over.



Locate for the ecosystem

When value is created by assembling expertise, proximity to talent and collaborators matters more than proximity to a fixed process, reinforcing the pull towards deep, well-connected clusters.

Different, Not Less

It is tempting to read all of this as a straightforward 'less space' story, and to conclude that a flatter firm is a smaller occupier. That misreads the mechanism. The clearest lesson from the labour-market evidence in this field is that AI, so far, has driven the recomposition of work rather than its wholesale disappearance – changing what people do far more than whether people are needed. The same logic is likely to apply to the building. As generic process work thins, demand for conventional, standardised workspace may indeed soften. But as coordination, collaboration, learning, governance, and judgement become the activities that define competitive advantage, demand for the space that supports them should strengthen. The question is therefore not how much space a delayed firm needs, but what that space is for.

When answered well, the headquarters of a compressed organisation is not a headcount container but a coordination hub – the place where a more dispersed, more networked enterprise comes together to decide, to govern, to build culture and to do the consequential, judgement-led work that cannot be commoditised. That is a smaller and more purposeful footprint, but also a more demanding and more valuable one. The lazy conclusion – that AI shrinks the office – mistakes a change in purpose for a reduction in need. The more useful conclusion is that compression raises the performance threshold of space, rewarding quality, connectivity and adaptability, and penalising the generic. Less floor for process; more, and better, floor for everything that process was never able to do.



Five Key CRE Implications

If the corporation does flatten, the consequences will reach the portfolio long before they are fully understood – not as a single instruction to take less space, but as a slow reordering of what space is for. The task for real estate is to read that reordering early, resist the reflex to simply shrink and reshape the estate around judgement, coordination and the things a thinner middle quietly leaves behind.

1. Audit organisational density before you resize the estate

The right first move is not to cut space but to understand where layers exist chiefly to move information, because that is where compression will land first and where the real estate consequences will follow. Resizing ahead of that diagnosis risks cutting the wrong floors.

2. Plan for a long transition, not a switch

Because integration lags adoption, delayering will surface slowly and unevenly across functions and geographies; portfolio strategy should be staged and optional rather than betting the estate on a rapid structural shift that may take a decade to arrive.

3. Specify for judgement, coordination & governance

As the value of oversight rises, demand concentrates in high-specification, high-trust, well-connected settings; the brief moves from housing a process to hosting a decision, and space should be specified to that higher standard.

4. Make flexibility structural

A project-shaped firm needs a project-shaped portfolio – modular space, option-rich teams and the capacity to reconfigure as teams form and dissolve – so flexibility becomes a permanent design principle rather than a contingency.

5. Guard the things a flatter firm quietly loses

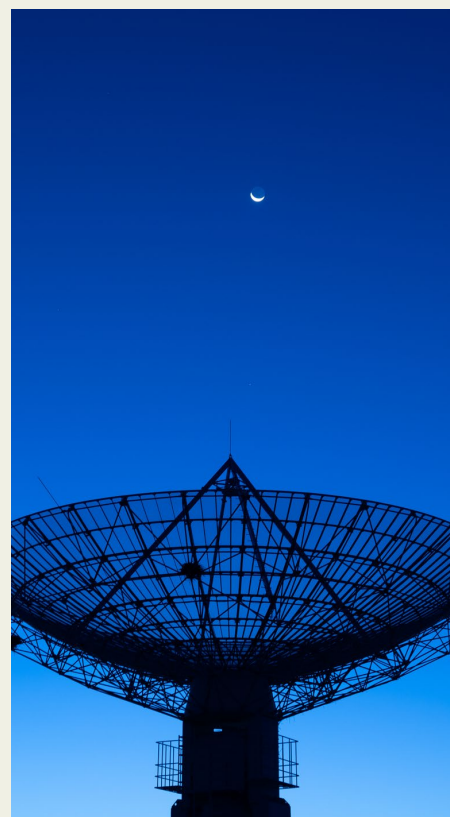
Compression removes the apprenticeship rungs and informal learning that the old middle provided; the workplace that endures will be the one designed to rebuild culture, mentoring and connection, turning a structural risk into a reason to be in the room.

The Last Word: Choosing Your Orbit

The previous papers in this series followed the firm to its boundary – as it merged, as it relocated, as it pulled control back in. This one has followed it inward, to the architecture of the org chart, and has argued that the next phase of transformation may be less about where the firm draws its edge than about how many layers it keeps within it. The case is a conditional one, and deliberately so. The technology that could flatten the corporation is already here; the reorganisation that would do so is not and may be years away, held back by the same frictions of governance, trust and data that this field returns to again and again. Compression is a destination, not a location, and the firms now experimenting with tools are still a long way from the ones that will be rebuilt around them.

Which brings us back to a stand-in drummer and a sunlit walk. Jimmie Nicol stepped into a role at a day's notice, held it while the system needed him, and then found the structure had quietly closed over the space he had filled – the layer absorbed as smoothly as it had appeared. That is the gentler face of delayering, and the one worth keeping in mind: not a rupture, but an absorption. And the song's phrase carries, in its two competing voices, the exact argument this transition provokes. McCartney's refrain insists it's getting better all the time; Lennon, unpersuaded, mutters it can't get no worse. For the compressed firm, both are likely to be true at once – more productive and more capable on the one hand, more anxious about careers, apprenticeship and the fate of the middle on the other. The organisations that navigate it best will be those that hear both voices and design their buildings for a better future without pretending the sceptic has nothing to say.

The office, in that future, survives not because people need somewhere to sit, but because organisations still need somewhere to come together. And in an economy where hierarchy gives way to networks and projects, that role may matter more, not less.



We like questions; if you've got one about our research,
or would like some property advice, we would love to hear from you.



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