

THE EXCITING WORLD OF WELL BUILDING



AN EXPERT INTERVIEW WITH PAUL SCIALLA

WELCOA★
WELLNESS WORKS HERE

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with
PAUL SCIALLA

ABOUT PAUL SCIALLA



After 18 years on Wall Street, including 10 at Goldman Sachs as a Partner, Paul Scialla's interest in sustainability and altruistic capitalism led him to found Delos, which is merging the world's largest asset class – real estate – with the world's fastest growing industry – wellness. Since the company's inception, Paul has become a leading voice in the sustainability movement, serving as a keynote speaker at prominent green building, real estate, and technology forums and conferences around the world.

Paul is also the Founder of the International WELL Building Institute (IWBI), which administers the WELL Building Standard® globally to improve human health and wellbeing through the built environment, a member of the Board of Directors for the Chopra Foundation, and a founding board member of the JUST Capital Foundation. Paul graduated from New York University with a degree in finance, and he currently resides in New York City.

ABOUT THE WELL LIVING LAB



The Well Living Lab is the first scientific research center that uses exclusively human-centered research to understand the interaction between health and well-being and indoor environments. The Well Living Lab offers an unprecedented degree of control over research variables through a modular, reconfigurable space that simulates a wide variety of real-world environments. The Lab brings together the health care expertise and world-class research of Mayo Clinic and the knowledge of health and wellness in the built environment provided by Delos. This world-class research approach leverages and expands upon the principles of the WELL Building Standard™, which focuses on seven Concepts relevant to indoor health—air, water, nourishment, light, fitness, comfort and mind.

ABOUT RYAN PICARELLA, MS, SPHR



As President of WELCOA, Ryan works with communities and organizations around the country to ignite social movements that will improve the lives of all working people in America and around the world. With a deep interest in culture and sociology, Ryan approaches initiatives from a holistic perspective that recognizes the many paths to well-being that must be in alignment for long-term healthy lifestyle behavior change. Ryan brings immense knowledge and insight to WELCOA from his background in psychology and a career that spans human resources, organizational development and wellness program and product design. Prior to joining WELCOA, Ryan managed the award winning BlueCross BlueShield of Tennessee (BCBST) Well@Work employee wellness program, a 2012 C. Everett Koop honorable mention awardee. Since relocating to Nebraska, Ryan has enjoyed an active role in the community, currently serving on the Board for the Gretchen Swanson Center for Nutrition in Omaha. Ryan has a Master of Science in Industrial and Organizational Psychology from the University of Tennessee at Chattanooga and a Bachelor of Science in Psychology from Northern Arizona University.

There are three pillars that WELCOA believes should be aligned to achieve employee well-being and performance: people, place and purpose. The purpose component is about helping people find a sense of purpose, a connection to their job, family or community. The people component is the one that in wellness we have been focused on for a long time. How do we get people healthier? And healthier people are higher performing and happier. They are more engaged in their job, less likely to turn over, more likely to recommend their employer to others, and there are many other benefits—tangible and intangible—to focusing on employee well-being. The place piece is another huge component—and one that our field has not spent as much time looking at. How does the built environment really impact health and productivity? What if you could structure an environment that, just by virtue of working within it, one hundred percent of your employees could experience improved health, well-being, productivity and performance? Delos™ asked that same question.

WELCOA sits down with Paul Scialla, Founder and CEO of Delos and Founder of the International WELL Building Institute™ (IWBI™).

★ **RYAN PICARELLA** You were on Wall Street for 18 years before founding Delos. How did your past experiences spark your interest in moving into the built environment and the “place” component of well-being?

PAUL SCIALLA I will take you back about seven years. I was on Wall Street and I had an 18 year career there. I started to take note during the tail end of this career the use of this word *sustainability* in real estate and how often the word was popping up. I recognized that the primary focus had been on environmental considerations and really thought there was a gap in thought there given how much time we are spending indoors. Ninety percent of our lives are spent indoors. There did not seem to be a body of work that looked to understand how the built environment is impacting the human condition or this notion of *biological sustainability* in a built environment.

Early on, we got a couple of doctors and architects in a room, out of curiosity more than anything, and asked what amounted to be a pretty provocative question at the time: “Doctors/Architects, if you had to dream it up, what types of things could we do to introduce preventative medical intentions into the way we design and operate our built environment?” When we saw the reaction from the two groups it became obvious that the medical science community had never had a meaningful dialogue with the building science community. That, to me, represented an extraordinary opportunity to push that envelope and explore further. I spent a better part of four or five years while still on Wall Street putting together a research platform and a think tank on the side to really uncover what that could mean.

★ **RP** The Mayo Clinic is involved in healthy building research now. Was the collaboration with Mayo Clinic to form the Well Living Lab™ your first collaboration to this end?

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PS It was casual at first. We sought to understand if these two market segments had ever really dialogued about this topic, and as the efforts started to mature we pulled in wonderful leadership from Mayo Clinic, Cleveland Clinic, and a board of doctors at Columbia Medical University. They helped us identify all the health domains we could address through the built environment, and the platform expanded from there.

★ **RP** What was your vision when you left Wall Street to do this work full time? What did you think Delos could be when you started?

PS I thought we had an opportunity to transform the built environment in a way that had tremendous societal impacts and also tremendous economic impacts, like the ability to enhance productivity and potentially reduce long-term healthcare costs. Think about the green building industry. The \$4 trillion green building industry has been primarily focused on about 2 percent of the annual operating costs of any building – its energy usage, waste management, water consumption. And that got me economically curious from a Wall Street lens. Over ninety percent of the ongoing cost of any building are the people inside of it – salaries, wages, benefits, productivity, output, attraction, retention, healthcare costs. If the \$4 trillion green building movement can be what it is addressing a two percent cost input, I thought that represented a staggering economic opportunity for the WELL building movement as it addresses the ninety percent cost input. The reality is that if you can enhance the productivity of the people inside of a building by one percent, then you can cover the entire energy or utility bill. There are amazing opportunities from a societal impact standpoint if we can deliver preventative medical interventions into our built environment and use real estate as our delivery mechanism.

At the same time the economic prospects of merging the largest asset class in the world (real estate, a \$180 trillion asset class) with the fastest growing and arguably most important industry in the world (health and wellness, a \$4 trillion asset class), represented a significant opportunity.

★ **RP** Your initiative approach is wellness in the work environment from seven key dimensions. What was the basis of the seven Concepts?

PS It took a while to formulate what those seven categorical Concepts would be. Ultimately we came out with air, light, water, nourishment, fitness, comfort and mind. And when you have a deep dive into the WELL Building Standard™ itself you will see that about half of the features and intentions in there are operational in nature and the other half are more architectural or structural. Interestingly, you can try to focus on one category saying it is most important, but what we started to find was, regardless of the best air quality possible coming into a building, if you have bad water or if you have poor lighting you do not have a healthy building. Our intention was to formulate minimum preconditions that have to be met in each of

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the Concepts in order to receive a WELL Certified™ designation. You cannot just tackle pieces of the puzzle. You have to look at it holistically and understand that, whether it is thermal comfort, acoustics, water quality, air quality or circulating appropriate lighting, all of these have tremendous impacts on our biological outcomes, and all of them need to be considered.

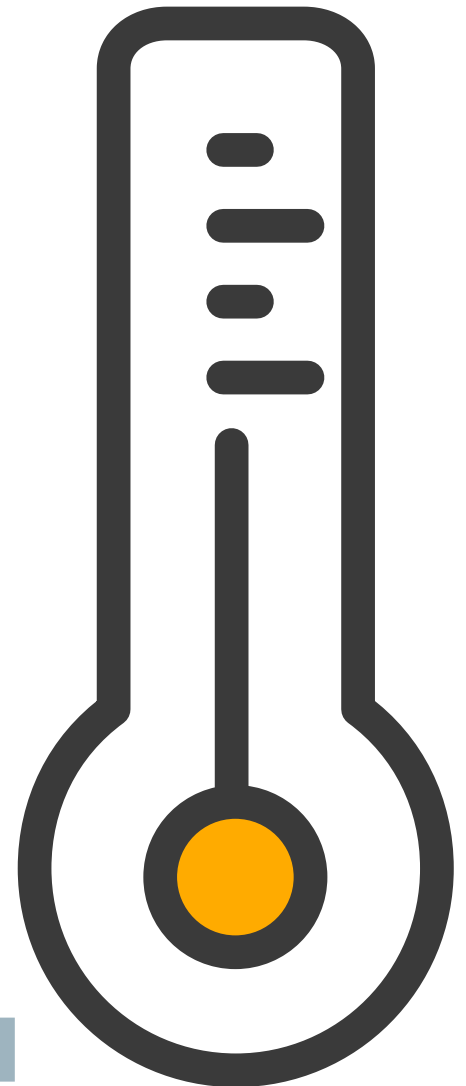
★ **R P** How were the seven Concepts identified?

P S The WELL Building Standard went through a heavy peer review process by scientific, medical and practitioner communities. It was something that evolved over the better course of five years. We took our time. To even suggest better health outcomes through the built environment was such a daunting proposition to begin with and such an important field of work that we couldn't rush this and we needed to take input from all types of thought leaders in the industry. We merged thought leadership across medicine, science, sustainability, design, and engineering. It was really a collective effort and ultimately the seven Concepts were chosen based on all of that input.

★ **R P** I think one thing a lot of people listening to or reading this might say is *this sounds awesome, but this also sounds very expensive*. Do organizations need to build a new building? Do they need to go out and revamp everything to achieve the WELL Building Standard? What can people implement or include within the existing built environment to address the seven dimensions?

P S Here is the best part. WELL was launched publicly about a year and a half ago. To date, more than 200 projects are underway in 21 countries. I would say about a good two-thirds of that project pipeline is in the commercial office space. Interestingly, upwards of almost half of these are existing buildings. With regard to cost – and this was very important – this had to make sense economically first. This is not positioned as a moral hazard much in the way the green building movement was. It had to be positioned initially where economics and break-evens were not really apparent. With the WELL Building Standard, what we are finding is that in most cases these are not more expensive decisions. These are more intelligent and more informed decisions in how we design, renovate and operate our buildings. Costs will vary by project, but we are seeing very good evidence in some cases – albeit early – that the incremental hard costs to achieve WELL Certification are as low as zero to one percent compared to base-line construction costs, particularly for projects pursuing WELL Core and Shell. This leads to a meaningful return on investment.

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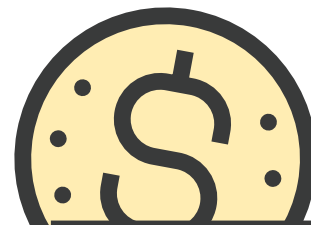
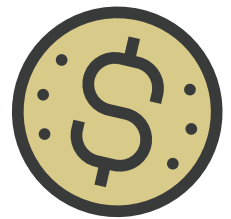
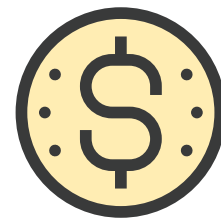
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As an example, let's say a million square foot building is occupied by six thousand people. To achieve WELL Certification, it is identified that the structural and operational adjustments needed for compliance end up with a costing framework that amounts to be less than \$100 per occupant, *once*. This is really exciting when you consider the inputs around corporate wellness initiatives. The national average is approximately \$400 to \$600 per employee per year for these traditional corporate wellness programs, whether it is smoker cessation programs, nutritional counseling, or fitness programs. When you can apply a small fraction of that annual cost once by starting with the basic operational and structural environment, and have that independently vetted and certified as being conducive to optimal health, it is positioned very well versus the annual spend that companies are putting forth per employee on other corporate wellness initiatives. The prospects of having over one hundred features and intentions that are passively delivering preventative medical outcomes, addressing things like cardiovascular health, respiratory health, immune health and sleep hygiene, through the built environment at a cost framework that amounts to be a fraction of your annual corporate wellness spend, is very exciting to think about.

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★ **RP** I think folks will also be excited about the opportunities in our own homes. Are there ways people can build this into their residential properties?

PS Absolutely. We have several projects all over the world now in multifamily residential that are applying the principles of the WELL Building Standard. One of the most exciting things I found early on after we completed the CBRE headquarters in Los Angeles, which was the first WELL Certified office in the world, was that leadership called me two months after they occupied the office with over two hundred employees. The gentleman said to me, "Paul this has been an amazing implementation. The cost was very minimal. The impacts and the enthusiasm level is through the roof with our employees. They are engaged. But here is what I really didn't get at the time: I didn't understand how addictive health and wellness really was." I said *how do you mean?* And he said, "I find myself constantly, in the lobby or riding the elevator, hearing side conversations that my employees are having about how they are changing their behavioral patterns at home because of what they are learning about their WELL Certified office." That is really exciting.



★ **RP** How does the certification for organizations work? If a business was interested in becoming certified, what is the very first step they need to take?

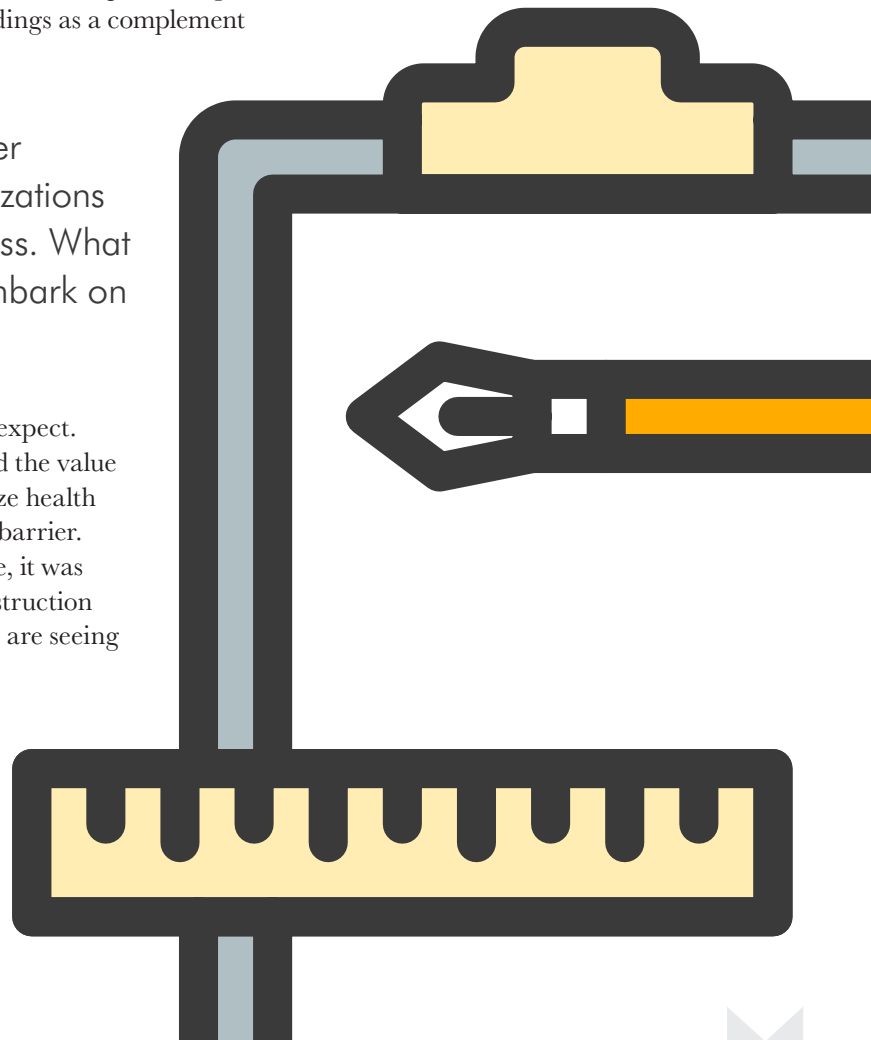
PS The first step is to go to wellcertified.com which is the website for the International WELL Building Institute™, the governing body of the WELL Building Standard. You can download the entire standard there. It is a wonderful document. You can learn a lot just by going through it and really understanding how the medical community has finally provided input into how spaces are built and operated and how buildings can optimize or enhance health outcomes. From there a company can register their projects whether it is their existing headquarters, new commercial interior build-out or a new construction project. Once the project is registered, they are assigned a WELL Assessor.

WELL is third-party certified through the U.S. Green Building Council's GBCI organization, which is the same group that has been implementing LEED (Leadership and Energy in Environmental Design) certification across the world. I think at this point there are over fourteen billion square feet of LEED certification in 156 countries. Basically, they are the global leader in green ratings for buildings and many Fortune 500 Companies are following LEED certification protocols or other green rating systems. That same governing body at USGBC and processing engine is now providing third-party certification WELL buildings as a complement to LEED certification.

★ **RP** What are some of the barriers, whether perceived or real, that you have heard organizations or people say about going through this process. What advice would you give for those wishing to embark on this road?

PS I think the biggest topic is what people intuitively do not expect. They expect this to be expensive. Most people can understand the value proposition in addressing preventative mechanisms to optimize health outcomes, but they assume it is expensive. Cost is not really a barrier. Conversely, when green building first entered the marketplace, it was anywhere between seven and twelve percent premium to construction costs. That is a big burden to get through. And thankfully, we are seeing the economics of green building today so much so that, candidly, in a decade I don't think we are going to hear the words *green building*. It is just going to be a normal building practice. It should just be building. For example, the color TV came out in the early 50s. It was a color TV for a year and then it was just called a TV. Hopefully that is where we are headed with green building. We hope WELL building is the next chapter.

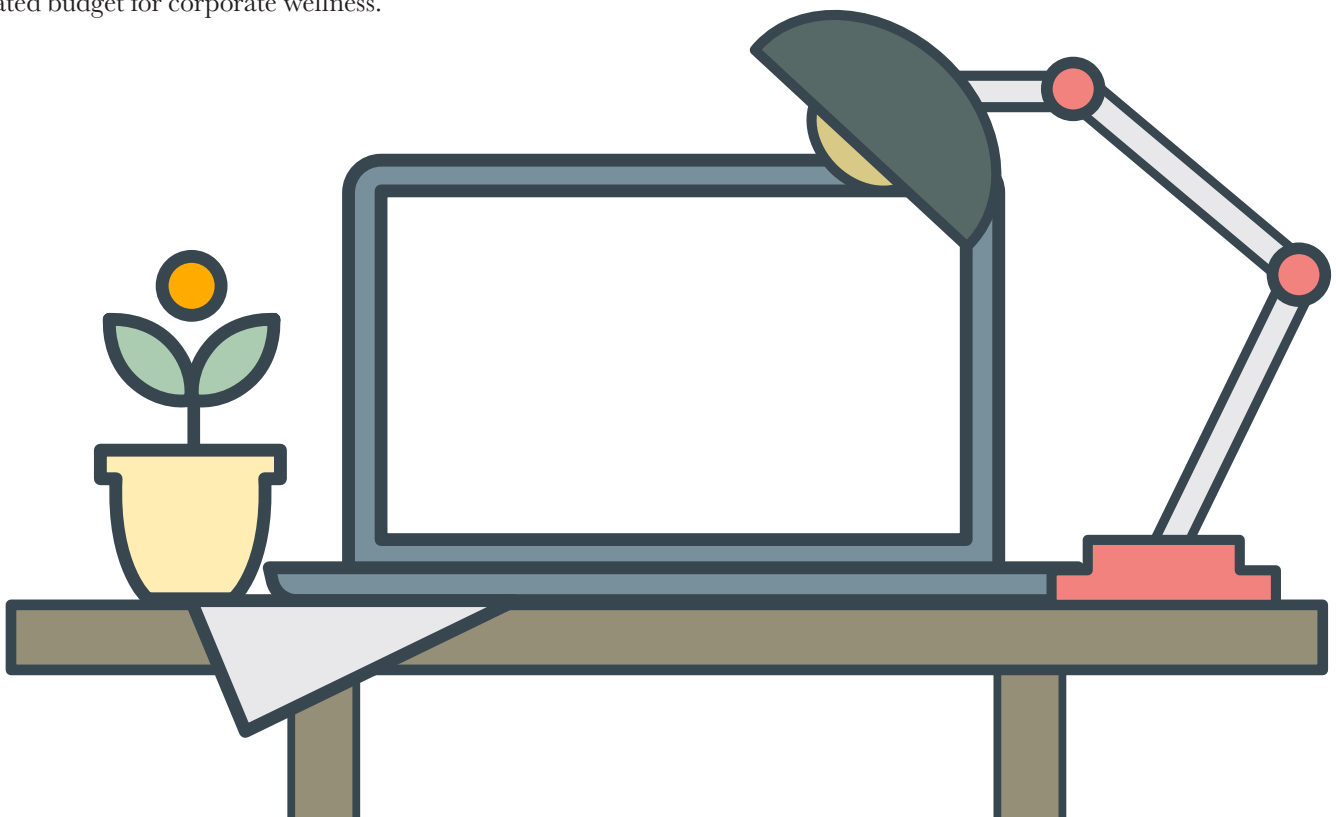
“You can learn a lot just by going through [WELL] and really understanding how the medical community has finally provided input into how spaces are built and operated and how buildings can optimize or enhance health outcomes.”



★ **RP** What is great about this approach is that it needs to involve facilities and operations as well as your human resources and wellness team. At WELCOA, we talk about the importance of aligning all of the various systems that contribute to whole person well-being—that wellness should not just be a human resources initiative. In that regard, how do you recommend we go about getting the right people in a room together to start down this road? How do we bridge the gap between disciplines?

PS It is a great question. Traditionally this dialogue has entered a corporation through the facilities folks or the head of sustainability because it is a building-centric conversation. But you immediately recognize that, although it appears to be a function of the built environment, it is about the people. We use our built environments. Any room that you are sitting in is having a direct and immediate impact on your cardiovascular health, your respiratory health, your immune health. The type of lighting that you take in through your circadian optic nerve is going to determine how energized and mentally acute you are during the day and how well you are going to sleep at night. When we start the dialogue with corporations we are finding more and more often that human resources is getting involved very early and championing this message, saying this is probably the most cost effective way for us to address the health outcomes and productivity of our people. This is also an effective way to attract and retain employees. I believe that HR along with chief wellness officers and corporate wellness teams will be the champions of this movement, particularly when they compare it to the current allocated budget for corporate wellness.

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I think the first thing we need to do is start with the basics. Start with the physical and operational environment that people are put into 10 hours a day, and do so with a program that, for the most part, is a passive delivery. You can influence cardiovascular, respiratory, immune health passively. If a person is occupying a WELL Certified environment versus not, you can start to draw meaningful conclusions as to better health outcomes and better performance, and it is something that doesn't necessarily require behavior change. It is happening to you because you are in the space. And that is really exciting when you think about the struggles that we have in getting people to engage and the burden of getting people to change their behavior. The fact that the WELL Building Standard affects people in a passive manner, I think, is one of the most extraordinary value propositions for corporate wellness in general. There is a set of protocols and a performance-based standard that requires independent third party validation. This is not a list of things to check off for wellness; this is not a guess as to what might work. This

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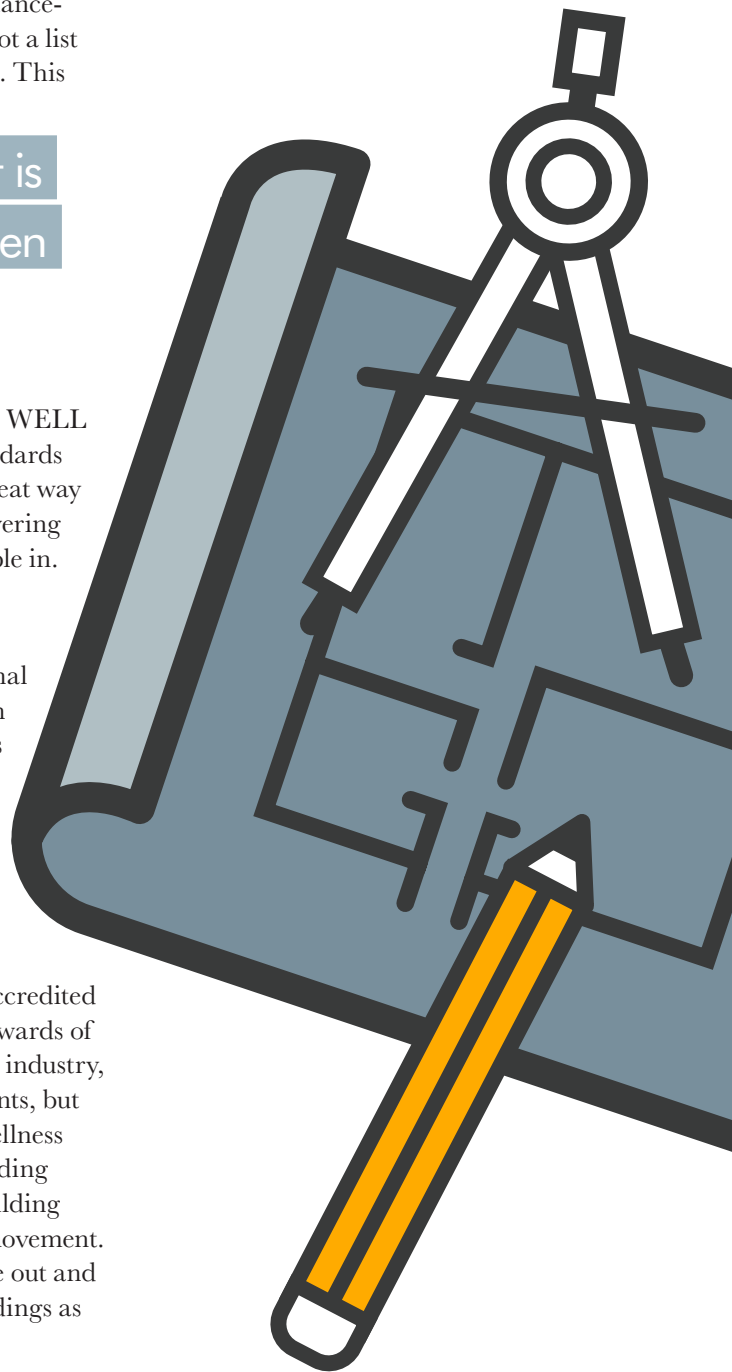
has to do with literally putting a stethoscope on a building before it gets its WELL Certified designation, and making sure that the air and water quality standards are there and the circadian lux and lumen levels are appropriate. It is a great way for HR to engage in what could be the most impactful mechanism to delivering corporate wellness. Let's address the environment we are putting our people in. Then we can get into the expansive programs, the fitness programs.

The WELL Building Standard itself has to do with a lot of those operational program protocols such as access to various wellness programming, health and wellness awareness and HR policies. It is policy driven as much as it is architecturally driven, and that is why we are very excited for the HR community to start to become more and more aware of this.

★ **RP** What is next for Delos?

PS We are excited to see the early adoption of WELL. IWBI's WELL Accredited Professional™ program has just been released, and there are currently upwards of 1000 professionals outside of our organization. We are here to educate the industry, whether it is the architects, the engineers or the traditional green consultants, but we are also here to educate HR professionals. The more that corporate wellness professionals can be accredited and understand what is in the WELL Building Standard, the more they can champion this. We hope that this WELL building movement is going to be as big—if not bigger—than the green building movement. Delos is really positioning itself as an industry enabler, getting the message out and ultimately allowing for the global platform to WELL certify as many buildings as we can. 🏠

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17002 MARCY STREET, SUITE 140 | OMAHA, NE 68118
402.827.3590 | WELCOA.ORG

