

KNOWLEDGE

EXCHANGE

How can property better support business effectiveness?

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FOREWORD



The Knowledge Exchange events held by the CoreNet Global UK Chapter are a unique opportunity for corporate real estate professionals to discuss and debate the trends that are impacting our industry.

Over the years the workplace community has developed intelligent tools for measuring property efficiency but has found the challenge of demonstrating the effectiveness of workplace on people and business performance much more difficult to demonstrate.

This event invited five key industry colleagues from the corporate occupier sector with major responsibilities for providing global workplace solutions to demonstrate how they deliver effective workplaces for their organisations.

It was a morning of generous sharing and rich ideas – from both speakers and audience - with two key themes emerging:

- The culture of the organisation will determine the key performance outcome priorities – for some, numbers will dominate any decision making process, whereas for others it will be based much more around the softer issues of people, brand, happiness and wellbeing
- The debate about how to measure staff effectiveness and productivity is becoming less of a holy grail, although thoughtful investment in high quality workplaces is valid and worthwhile. Support your people to adapt to change, invest in a solution that reflects what the organisation believes in, build the infrastructure that delivers the workplace efficiently but most of all recognise that you don't ever arrive – you are on a journey where adjustment is constant - and the workplace will be effective.

We are particularly grateful to our speakers – Jane Muir-Sands (Shell), Jeanie Chuo (Deutsche Bank), Victoria Caplin Thomas (PWC), Michelle Pattison (Unilever) and Ruth Saunders (Diageo) – for their generous input.

Thanks also to the Workplace Committee for putting this event together and to DTZ for their continued sponsorship.

Neil Austin
President, CoreNet UK Chapter

BACKGROUND

"Workplace strategy is a vitally important aspect of corporate organisations, because it directly influences outcomes with branding, human resources management, real estate, sustainability, site selection and risk management," said Richard Kadzis, Vice President at CoreNet Global. "It is not a one-size-fits-all proposition."

In this interactive CoreNet Global UK Chapter Knowledge Exchange event, aimed principally at end users and service providers, five speakers from leading organisations across a range of different sectors - Victoria Caplin Thomas (PWC), Jeanie Chuo (Deutsche Bank), Jane Muir-Sands (Shell), Ruth Saunders (Diageo) and Michelle Pattison (Unilever) - drew on project examples from their own experiences to explain how their organisations' core values have been expressed in both strategic property decisions and day-to-day occupation of space in order to improve their business' overall effectiveness and operational efficiencies.

This white paper, put together by DTZ, outlines some of the key issues discussed during the session.

INTRODUCTION

In today's fast-paced and highly competitive marketplace it is crucial for organisations to be flexible enough to change, in order to remain productive and efficient. For corporate real estate professionals this presents an opportunity to drive change through the transformation of the workplace.

There are different drivers of organisational change:

- Technology has changed - changing working boundaries in respect of time and place
- Businesses have become 'global'
- Social and behavioural changes
- Sustainability is high on the agenda
- Increasing importance on company image internally and externally
- Need to constantly adapt to maintain competitive advantage requiring collaboration, innovation and talent.

These drivers must be addressed to accurately scope out an effective workplace strategy. Ultimately, redefining a best working practice is key in order to support overall business effectiveness.

'ONE SIZE' FITS ALL?

There is no "one-size-fits-all" approach to creating a psychologically healthy and productive workplace. Success is based, in part, on understanding one's organisation and tailoring agile working to ensure it aligns with the various functions undertaken by employees.



In the case of Shell, their workplace strategy had to accommodate technical engineering functions right through to 'ideas people'. Indeed organisations must address the new workplace challenges across all aspects of their enterprise. The organisational structure, roles, responsibilities, culture and management systems are becoming more agile. As such, organisations need to develop a vision and a strategy. Whilst the driver for change in some organisations will be placing their employees' wellbeing at the core of any adjustments to their working practice, for others the driver is financial (i.e. how to reduce costs).

In the banking world, 'lines and spreadsheets' play a significant role in outlining business cases and key measurements. Deutsche Bank, for example, used metric analysis and measurable KPIs as part of their workplace strategy review to assess performance of asset optimisation. This enabled them to tailor agile space modules in support of the longer term business visions, as well as guaranteeing employee wellbeing and the quality of collaborative working. In addition, operational needs were also tracked to inform and influence the operating model of FM and Customer Services, which ultimately aims at providing a pleasant and productive workplace for their employees. On the real estate front, Deutsche Bank leveraged existing global offices and retail banking outlets to use space more effectively and promote a new model of 'working anywhere'. Going forward, Deutsche Bank's global mandate is to reduce the workspace per employee by 15% without compromising either the quality of the overall workplace or employees' general wellbeing.

Shell and Unilever on the other hand, present a different approach. Shell's main aim is to become the most competitive and innovative energy company in the world, with a workplace strategy to connect people, place and technology to create a vibrant, energetic, engaging and ultimately productive work environment – making their company a "great place to work". Unilever also follows an integrated approach to deliver greater choice and flexibility to its employees; driving innovation, greater speed to market and improved performance. Both Shell and Unilever believe that the workplace, and what it provides its employees, plays a pivotal role in enhancing the competitive nature of attracting, retaining and recruiting the best talent globally, although ensuring a strong commercial business case also remains important. This approach, where employees lie at the forefront of workplace strategies, is now becoming more prevalent than the financial aspect in many global organisations.

Despite differences in approach and focus when adapting workplace strategies, common to all organisations is the belief that the workplace solutions strategy needs to be well integrated with real estate in order to ensure effectiveness and optimise output.

WORKPLACE EFFECTIVENESS THROUGH PHYSICAL ATTRIBUTES

The importance placed on the workplace and how to successfully connect it globally with employees, business partners, customers and suppliers delivers both business excellence and efficiency. According to Victoria Caplin Thomas of PWC, there are some clear physical attributes in the workplace which can help achieve this, including a consistent furniture layout incorporating connected spaces across all floors and staff grades,

supported by a choice of work settings for specific tasks (i.e. conflict resolution) and robust technology. Agile working creates both flexible and open visual areas, whilst at the same time supporting risk management and confidentiality, e.g. ISO 27000.

Ultimately, there are some distinct benefits to planning space effectively, including:

- Creating a flexible and engaging environment where staff want to be
- Breaking down barriers and improving collaboration and learning
- Managing risk and simplification
- More efficient use of space leading to cost reduction
- Providing an open and visual space allowing customers to connect with the business.



THE IMPORTANCE OF BRAND

Workplace has such power to influence behaviour in this consumer-savvy era - there is clear scientific evidence between engaging employees and overall productivity and brand has a large part to play. Companies need to think clearly about what story the brand tells about their organisation as this can make a strong statement

internally (i.e. employees), as well as externally (i.e. customers). It can be used to convey the organisation's history and culture, and yet at the same time clearly illustrate the business today and where it wants to be tomorrow. Diageo emphasised how a well-thought out yet 'clear and simple' branding strategy is key. In their case, rather than trying to incorporate the brand of each alcoholic drink, they chose liquid as a common theme. Likewise, Coca-Cola uses vibrant colour as their stand-out feature which is used to tell the story of their core business values throughout their buildings.

Used effectively, branding is a powerful yet subtle tool in assisting staff retention and attracting new talent through the door.

WORKPLACE PLAYS PIVOTAL ROLE IN ATTRACTING AND RETAINING TALENT

Although organisations have their own unique challenges, one common theme identified as critical to success and maintaining competitive advantage is the need to attract and retain the best people. The new generation of workers is changing and shaping the culture of the 21st century workplace with their career aspirations, attitudes about work and knowledge of new technologies.

HR is an integral part of leading workplace change by building awareness of this shift and developing a strategy that leverages new technologies to engage new - and existing - workers in ways that drive growth and innovation. Digital-social technology is key because it will provide a platform for effective communications, collaboration and innovation for all workers. It will also enable organisations to better understand and meet the needs of customers, many of whom already use social technology in their daily lives.

STRONG MANAGEMENT IS KEY

In order to allow property to better support effectiveness, change is necessary. Effectively managing this change will define the success or 'failure' of the workplace strategy. Endorsement and commitment to the project at senior level is vital. Top-down support and senior management showing a willingness to change will engender buy-in from staff and create a strong sense of community. Internal functions are crucial and aligning the effort of HR, IT, RE, etc. in terms of policies, process and standards will pay off.

An area requiring specific attention but very often overlooked is middle management. Sandwiched between the vision of senior executives and their staff, middle management needs reassurance and training on how to manage and performance monitor a team under agile working conditions. Suggestions from the speakers encouraged training sessions and an opportunity for middle management to raise concerns, as it was noted that managers will react and behave differently when faced with this change. Benefits were also realised when the progress of middle management was monitored and tracked against a change curve. Problem areas could be identified and continuous support given to ensure the success of the workplace strategy.

Overall, an effective workplace strategy requires a clear vision from management, communication and 'champions for change'.



CONCLUSION

In conclusion:

- Today's presentations demonstrated how different corporate organisations are and the different challenges they face in aligning their property strategy to support business effectiveness
- The driver for businesses to review/improve workplace strategy is predominantly focused on the people not cost reduction. Improvements on the intangible elements naturally result in tangible efficiencies - i.e. cost savings
- An important and positive step forward is the shift away from trying to measure profitability. Where this still occurs, it is clear that people involved do not have full understanding of workplace strategy
- Workplace has the ability to influence behaviour, and used effectively branding can have a strong impact. An effective brand message can provide an engaging workplace, attract new talent and send a powerful message to customers.