

DRIVERS FOR FLEXIBILITY



Thursday 3 October 2019, Spaces, Wilton Road, London SW1

Moderator: Vernon Blunt, Ericsson
Speakers: Justin Halewood, Red Hat
Ewa van der Nat-Gregorkiewicz, Shell
Patrick Marsh, GSK
Claire Odgers, Millenium Capital Management

Flexible office solutions are now a staple of many corporate real estate solutions, but why? What do corporates gain from using a serviced or flex solution? Are all corporates using flex to achieve the same thing, or do the reasons differ depending on the sector?

We gathered in IWG's newest Spaces, close to Victoria Station, to hear a response from an impressive range of occupiers, introduced by **Vernon Blunt**, board member of CoreNet's UK Chapter. Perched on high stools facing an audience of around 50 members and guests were **Patrick Marsh**, whose global role at GSK includes the innovative introduction of flex space, **Ewa van der Nat-Gregorkiewicz**, responsible at Shell for leased and owned property and for whom flex is relatively new to the agenda, **Justin Halewood**, of Red Hat a leading provider of open software solutions with 39 sites across the world of which 19 are flexible space, and **Claire Odgers**, who in 19 years of working for corporates, and now as regional head of corporate services and RE for Europe at Millenium Capital Management, has experience of introducing innovations from hot desking to activity based working.

Each speaker briefly outlined their own experience of flex working before an open question and answer session.

Claire told us in her experience that, while change management could look scary, projects that succeed are those that fully engage: that the CFO needs to be persuaded of the benefit of change and not just look at the problem from the point of view of an excel spread sheet, that what is needed is an analysis of what people do and an understanding of how they work. Having worked largely in the financial sector, where she has been a leading advocate for flex working, she sees co-working and flex as key components for improving staff conditions. 'You need', she said, 'to spend 100% of your budget on drivers that make people better. How do you measure that? You can't! It is only positive feedback from staff that tells you you are heading in the right direction.'

Next up, **Justin** argued that 'it depends on the definition of flex' – working from home or using flex work spaces to provide a range of choice? Red Hat is a leader in a fast growing industry which calls for rapid responses, so speedy reactions, and fast fitting out are paramount. For him the old corporate model of leasing a box and then filling it is now out of date. However flex spaces are often marketed at too a high level of density, so the number of desks do have to be reduced. Also accoustics (too much noise) or wifi speeds (too slow) can be negatives and cause a desire to move back to more traditional space.

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'Right space, place and pace,' said **Patrick**, from GSK, a science and research based business. What is the purpose and how long is the business need for the space? For an HQ a long term space is important but for other, shorter-term operational needs more flexible arrangements might be better. You need he explained to build a side-by-side business case, an analysis of like for like, providing a comparable view in order to convince senior management of your position. 'We have gone' he remarked 'from nothing 12 months ago to 47 projects at the moment'. As a result he considers new demand is coming through and the CFO finds that flex does drive financial benefits. 'I don't want to sign a five or 10 year lease again' he concluded.

Finally, **Ewa**, who told us about a project Shell undertook in Paris last year where most of the portfolio represented the traditional five to 10 year leases but where staff numbers had been reduced from 1,000 to 150. Paris has a strong range of flex options which were looked at closely. However in the end the solution, as 'we don't do co-working', was to bring in a specialist in workplace design and to take over a whole floor for Shell's private office. As the company requires certainty, a deal was secured where there is an element of flexibility but the service provider cannot just cancel the contract. A strong change management team helped with the move, a dedicated IT network was set up and private meeting rooms provided. 'We have learnt from Paris' she concluded, 'and are putting the lessons into more traditional offices'.

Speaking for those businesses taking a more traditional route **Vernon** questioned the value of flex - to which among the responses were that local solutions were important, breaking the connection between the desk and the person can open up collaboration possibilities but that as yet there are no means of measuring the benefits. Other questions included the relationship between dedicated and membership seats, how do you get effective cost comparisons, what about procurement and what proportion of your workforce are currently in flex space? The answer to the last is: Red Hat 25% and going up, Shell just starting, Millenium Capital Management moving towards and GSK 1% at the moment but aiming for 25% in the next five years.



- Shorter commitments is a key driver, but Corporates also choose flexible solutions for speed of execution and for a different look and feel.
- There is a misconception to what a flexible office solution looks like – educating senior executives might be required
- A combination of traditional and flex space can be a beneficial solution for corporates regardless of industry sector
- There will be a shift towards traditional workplaces adopting some of the collaborative working practices offered in flex space

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