WORKPLACE STRATEGY

MAPPING MOMENTUM AND DRIVING SUCCESS

During the past several decades, forward-thinking real estate, human resources and IT professionals have explored innovative workplace concepts. These concepts, commonly bundled under the term Workplace Strategy, tap into organizational and employee needs, and create an environment that supports and enables employees, improves space utilization and efficiency, and reflects the organization's brand values. Key to the ultimate success of the knowledge worker, Workplace Strategy is emerging as a global imperative for optimal employee productivity, satisfaction and retention. Moreover, it is essential to overall portfolio and expense management.

The Language of Workplace Strategy

Workplace Strategy varies from one company to the next, but often includes some combination of the following:

Flextime: Non-traditional work schedule. For example, an employer defines core work hours. The employee chooses an arrival and departure time, for a total of eight work hours per day, which must include core hours.

Telecommuting: Employees can work from anywhere using communication technologies.

Team-Based Environments: Teams have unassigned work areas that may include couches, tables and chairs, and huddle rooms.

On-Demand Space: The office environment is enabled for the use of space. Workspaces are allocated on an as-needed basis, a reservation basis, or a mix of both.

Touchdown Spaces: Desks that are used on a first-come, first-served basis.

Open-Plan Environments: Cube partitions may be reduced or eliminated in favor of more open space supplemented by quiet rooms, teaming areas and touchdown space.

To create a customized solution, each organization must consider its own unique needs and challenges. Current Workplace Strategy programs often seek to increase the quantity and quality of collaborative work settings and provide "on-demand" space such as reserved desks and touchdown spaces that are used on a first-come, first-served basis. A major component of Workplace Strategy involves physical space and its location. It also includes technology tools and human resources policies and programs, such as telecommuting and flextime, to better support how people actually work today.

The corporate real estate (CRE) professional plays a pivotal role in preparing the organization to develop, implement and support these changes to the work environment.

In our earlier white paper, "Gaining Buy-In for Alternative Workplace Strategies," we examined the conceptual hurdles involved in advocating and introducing innovative Workplace Strategy programs within an organization. To aid in the process of planning and implementation, this paper presents an analytic framework for defining best practices in executing Workplace Strategy. The global momentum of Workplace Strategy will also be examined through a discussion of workplace issues, market and economic drivers, and infrastructure and cultural forces that propel or inhibit adoption in specific regions of the world. Finally, we review the world-class programs of several leading companies and define the critical elements of their success.

Irreversible Impetus

Within the next two years, nearly every major company in the world will have adopted some form of Workplace Strategy. This is largely due to powerful forces such as technology. Technological advances have broken down the once rigid boundaries of the conventional workplace and the traditional workday. Today, the technological impetus for Workplace Strategy is universal and irreversible, and programs continue to gain traction globally.

There is also a continuing shift toward collaborative work. The typical knowledge worker's output is increasingly dependent upon group activities and input. Gartner Dataquest suggests that individual work has decreased from approximately 20 percent of all work today. This means that 80% of all work is collaborative, either virtual or face to face. Because technology enables individual work to be completed from anywhere, the office is becoming a hub to accommodate this increasing collaboration.

Significant Value of Workplace Strategy

Adoption of Workplace Strategy is embraced because of its compelling value proposition. Workplace Strategy brings value in a host of ways to different stakeholders as it corresponds to underlying behavioral, financial and competitive forces. Well-designed solutions should enable the knowledge worker to elevate individual performance and job satisfaction while allowing the company to achieve overarching objectives which often include reduced costs and improved productivity. Measurable and predictable value is created in terms of an

◢ *Well-designed solutions should enable the knowledge worker to elevate individual performance and job satisfaction while allowing the company to achieve overarching objectives which often include reduced costs and improved productivity.*

organization's people, profits and processes, as demonstrated in the case studies highlighted herein.

While these and other beneficial outcomes can be expected from a well-designed program, the question remains: How do you design yours?

Positioning for Success

We can now identify and classify the characteristics of successful Workplace Strategy programs. These characteristics can be used as benchmarks for measuring the effectiveness of a company's Workplace Strategy. In designing and evaluating programs worldwide, Jones Lang LaSalle has categorized the components of success within four core enabling functions: value proposition, human capital, real estate and facilities, and technology.

Value Proposition

> **Alignment with business drivers:** Setting the foundations of the strategy so that business objectives are clearly communicated and documented

> **Awareness:** Assuring the community of stakeholders understands the value, and that appropriate messages are developed for each stakeholder

> **Metrics:** Developing clearly defined metrics that are understood, monitored and managed

Human Capital

> **Participation:** Determining the number of participants involved in a Workplace Strategy program (of those with eligible job functions)

> **Communication program:** Communicating the strategy throughout the organization and facilitating the change management process

> **Training and policies:** Providing upfront training on tools and etiquette to ensure program success

> **Employee engagement:** Enhancing employee productivity, satisfaction and loyalty

Real Estate and Facilities

> **Utilization:** Number of sites participating in the Workplace Strategy program across the global portfolio

> **Workplace quality standards:** Consistent standards informed by and aligned to the overarching program strategy

> **Workplace services:** Dedicated staff and resources supporting the Workplace Strategy program

Technology

> **Infrastructure:** Maintaining networks and equipment that support work functions

> **Software:** Providing a suite of products that enable autonomy, flexibility and collaboration

> **Mobility toolkit:** Fitting the employee with a customized toolkit to enable work

Each of these components is critical to building a successful Workplace Strategy program. We will explore best-in-class examples of each component in the case study section of this paper.
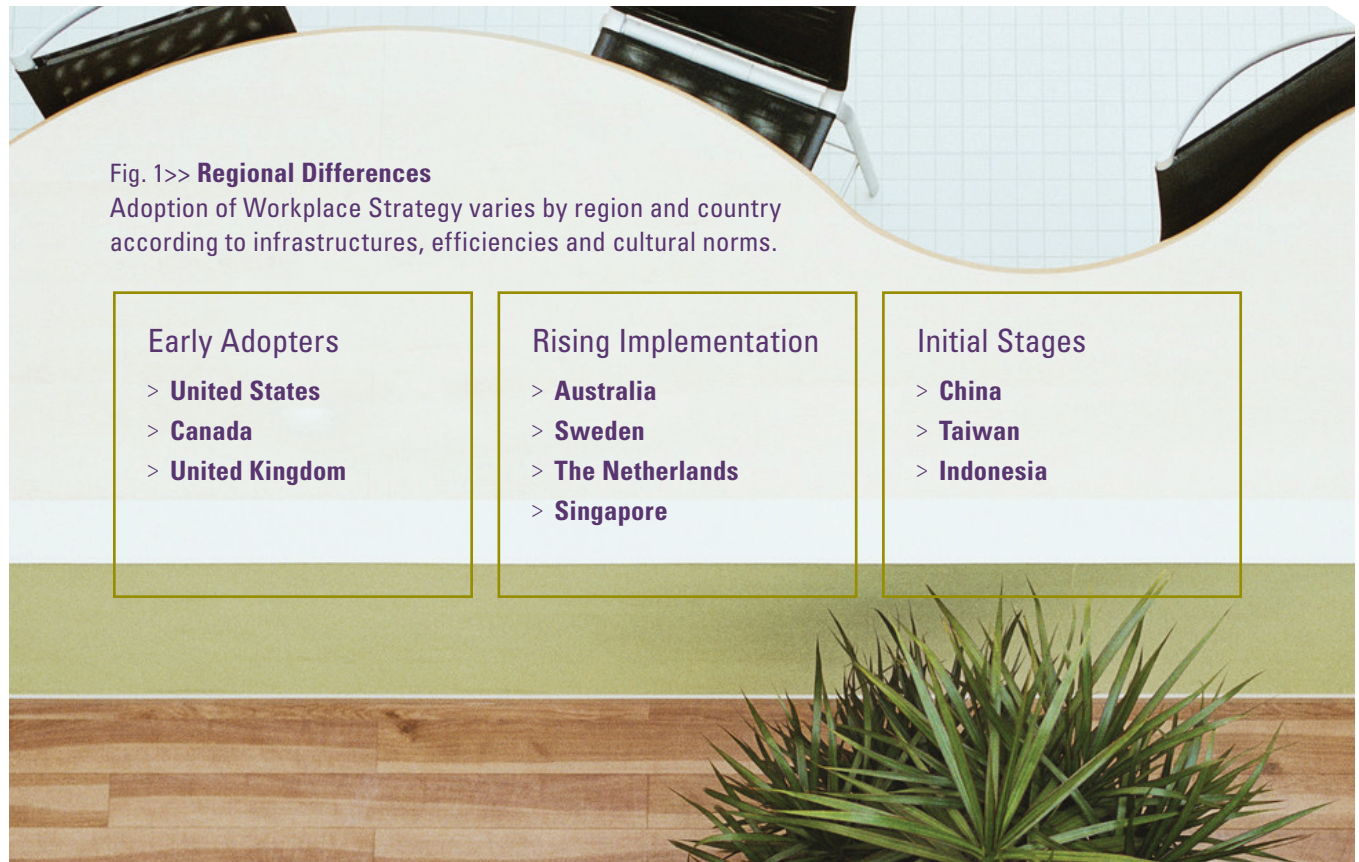
Mapping Global Momentum

Readiness to implement Workplace Strategy programs varies by region according to available infrastructures, economic and property market drivers, culture and home working feasibility. (Fig. 1)

Early Adopters

The United States and Canada have led in early adoption. The availability of low-cost technologies is accelerating Workplace Strategy rollouts. This second wave of implementation is making Workplace Strategy programs a mainstream offering across numerous employee typologies.

In fact, those companies that embrace Workplace Strategy in the United States often influence their counterparts in other countries. For example, in some Latin American countries, multinational companies with headquarters in the United States have led early adoption efforts.

Fig. 1>> Regional Differences
Adoption of Workplace Strategy varies by region and country according to infrastructures, efficiencies and cultural norms.

Early Adopters
> **United States**
> **Canada**
> **United Kingdom**

Rising Implementation
> **Australia**
> **Sweden**
> **The Netherlands**
> **Singapore**

Initial Stages
> **China**
> **Taiwan**
> **Indonesia**

The United Kingdom has been at the forefront of open-plan work environments and higher space densities. In addition, remote working has become more prevalent in recent years due to increased broadband access in homes.

Rising Implementation

Australian organizations have adopted Workplace Strategy programs because of their sophisticated infrastructure and cultural acceptance of non-traditional approaches to the workplace. There are also implementations of desk-sharing and structured work-from-home programs within certain employer groups, and part-time telecommuting is on the rise. Among European countries, desk-sharing and teleworking are commonly accepted in Sweden and the Netherlands.
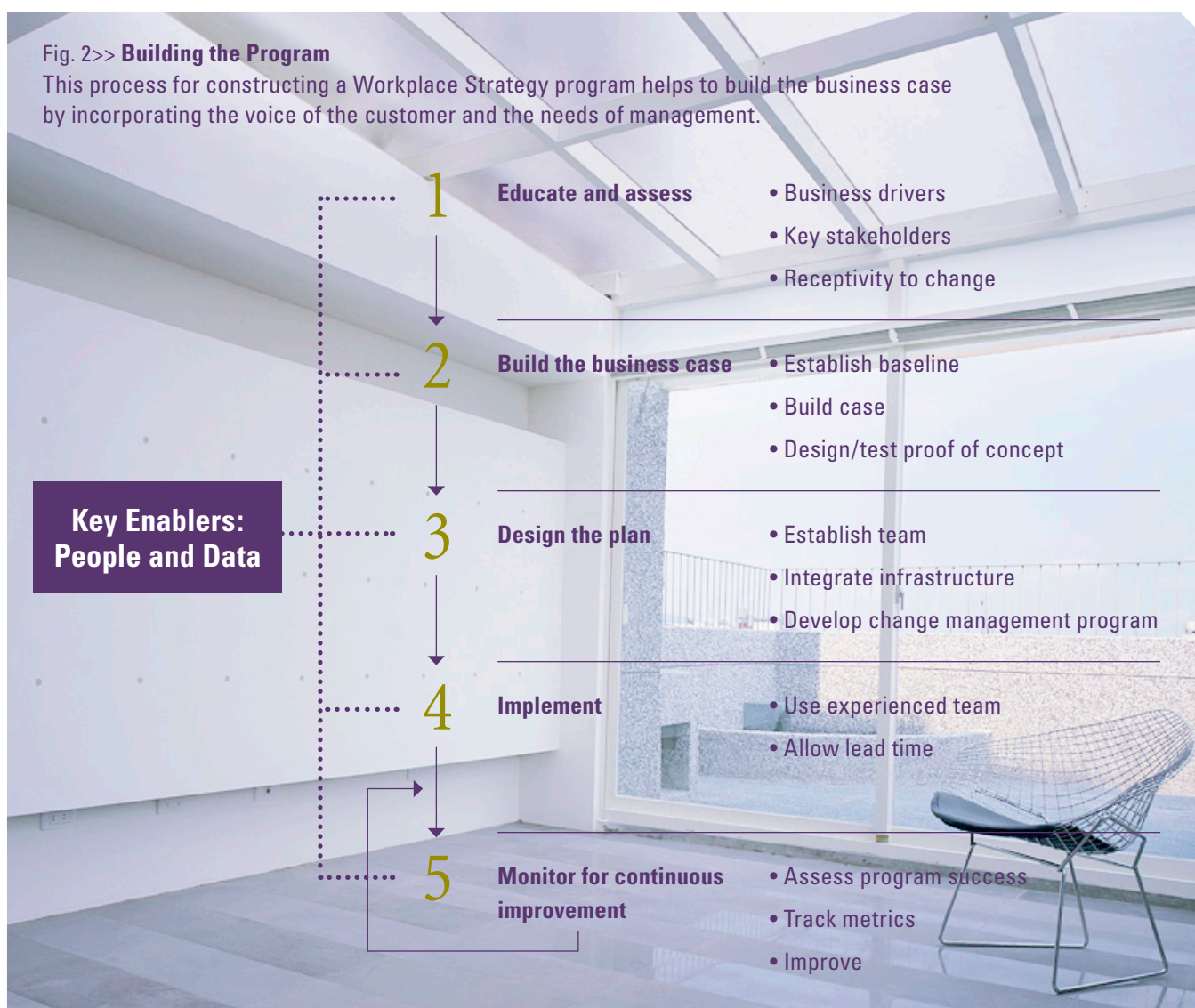
In Asia Pacific locations such as Singapore, unassigned, on-demand space is common for staff engaged in regular business travel. In addition, when the main occupant of a hard-walled office is away, it is often open for use by other employees for meetings or individual work requiring deep concentration. In Asia, many companies have aggressive growth plans in place. Key drivers for considering Workplace Strategy include gaining additional flexibility, speed and future cost avoidance.

Initial Stages of Adoption

In the European Union, Workplace Strategy programs present a cultural challenge in Italy, Germany and France, where hierarchy and tradition can preclude innovation with the work environment. Also, laws in countries such as Germany articulate certain office standards, which can limit implementation of Workplace Strategy concepts.

Most of Latin America does not yet have the cost-effective technology infrastructure to support efficient connectivity outside the office environment. DSL, cable modem and broadband connectivity are limited and costly. Culturally, telecommuting is not yet accepted. However, as infrastructure expands and technology proliferates, attitudes toward Workplace Strategy are expected to improve dramatically.

Interest in Workplace Strategy is increasing in Asian locations such as China, Taiwan and Japan. However, even in these countries, existing cultural and infrastructure hurdles must be addressed. For example, home working is limited due to small home sizes and extended families living together. In addition, adequate technology is not yet available in many locations to make remote working feasible. In locations such

Fig. 2>> **Building the Program**
This process for constructing a Workplace Strategy program helps to build the business case
by incorporating the voice of the customer and the needs of management.

1 Educate and assess
- Business drivers
- Key stakeholders
- Receptivity to change

2 Build the business case
- Establish baseline
- Build case
- Design/test proof of concept

**Key Enablers:
People and Data**

3 Design the plan
- Establish team
- Integrate infrastructure
- Develop change management program

4 Implement
- Use experienced team
- Allow lead time

5 Monitor for continuous improvement
- Assess program success
- Track metrics
- Improve

as Hong Kong, adoption has not been as rapid because many employee positions focus on the Hong Kong markets and economy. Therefore, mobility is not valued. Also, commute times tend to be short, thus eliminating an impetus for remote working.

Cultural issues also influence the adoption rate of Workplace Strategy in Asia. In Japan, floor plans reflect company hierarchy, and it is important to be seen in the office. However, some companies in Japan with highly mobile workforces are already beginning to embrace concepts such as desk sharing. And more significant changes may be on the horizon as younger generations preside.

Although the speed of adoption varies by city and country, it is clear that Workplace Strategy will continue to play an increasingly important role. With ongoing developments,

such as improving technology infrastructures and decreasing emphasis on hierarchies, adoption of Workplace Strategy is inevitable.

Getting Started

It is essential that a Workplace Strategy program align with enterprise drivers to support very clear goals and objectives. Failure to understand and articulate the business case for Workplace Strategy often leads to poor program design and implementation challenges.

For that reason, Jones Lang LaSalle advocates a disciplined, five-step process for constructing a program. Created from proven Six Sigma methodology, this process helps to build the business case by incorporating the voice of the customer and the needs of management. (Fig. 2)

Step One: Educate and Assess The essential first stage of design is to set parameters by defining the business drivers, identifying the needs and concerns of key stakeholders, and assessing the desire for change within the organization and its leadership.

Step Two: Build the Business Case This is a critical stage for testing the viability of program concepts and gaining buy-in. Begin by establishing baseline measurements by which success of the program will be tracked, and articulate program objectives. Then design and perform a pilot test to validate assumptions.

Step Three: Design the Plan Seamless execution requires advanced planning and strategy. First, establish and train an implementation team to manage information and execution. Next, integrate infrastructure components and develop a communication and change management program that will prime the workforce for acceptance.

Step Four: Implement Successful implementation is based on a consistent, well-formulated, centrally guided rollout process. Standardized tools, templates and approaches should be applied. Learning experiences should also be documented and shared.

Step Five: Monitor for Continuous Improvement For a program to have longevity and integrity, it must be continually assessed via employee feedback and formal performance metrics. Refinements are thus continuous, organic and informed by real-world experience.

Conclusion

Workplace Strategy offers proven benefits to both companies and their individual employees. Many companies around the globe, including those highlighted in this paper, are continuously reviewing, expanding and improving their programs. In assessing your own organization against the four functional areas (value proposition, human capital, real estate and facilities, and technology) you may identify the strengths and weaknesses of your existing program in order to tailor your efforts accordingly.

As we continue to focus on the enablers and address the barriers of Workplace Strategy in various regions, global adoption will continue to gain momentum. And as new breakthroughs in technology occur, Workplace Strategy will continue to evolve. Jones Lang LaSalle harnesses its global leadership and experience in Workplace Strategy to guide clients in envisioning, initiating and expanding the new world of work.

Enablers of Success

Management's acceptance and sponsorship	Management styles that encourage autonomy, flexibility and virtual collaboration are well-suited to Workplace Strategy programs.
Non-space-related reward and recognition systems	Allocating office space as a reward or indication of organizational status hinders successful implementation of Workplace Strategy programs. Rewarding employees based on their output and "virtual presence" or availability—rather than face time—and by providing incentives that are non-space-related (e.g., bonuses or additional holidays), helps to enable Workplace Strategy. In addi-tion, mobility-enabling technology such as smart phones, tablets, laptops are increasingly seen as incentives.
Reliable infrastructure	Voice technologies, cloud storage and reliable high-speed connectivity are the keystones to effective Workplace Strategy. The opportunity for Workplace Strategy to flourish will increase significantly as technology improves around the globe.
Strong sense of community	Providing employees with social networks and connectivity is critical. It is important to understand that even the most mobile employees need a sense of "place" and belonging. The office is increasingly becoming the place where socializing and collaboration occur, so it is critical to create an office environment that fosters the development of relationships, trust, networking and a sense of community.

Outcomes

Reduced cost of office space	More efficient space utilization significantly decreases real estate occupancy costs.
Increased knowledge worker attraction/retention	Companies are increasingly finding that a well-positioned Workplace Strategy can help them win the "war for talent" by offering employees flexibility and improved work-life balance.
Enhanced worker autonomy and connectivity	Because many can work from nearly anywhere, knowledge workers have more choice in how, when and where they work.
Decreased commuting distance and expense	Workplace Strategy can counter the mounting costs and inefficiencies of personal transportation. This is also seen as environmentally responsible, as automobile emissions are decreased.
Improved strategic linkage	More companies are recognizing that work environments can directly support business strategies and competitive positioning while fostering greater innovation, creativity and collaboration.

What Works: A Case Study Collection

Best-in-Class—Technology
Accenture

Results achieved over the past three years
> Net operating cost reductions of more than 26%
> Average space utilization increase from 68% to 81%
> 18% improvement in efficiency of Facilities & Services staff
> Total cash recovery of more than $350 million due to portfolio restructuring

The Story
Accenture's Flexible Workplace program has been evolving since its introduction in the mid-1990s. The firm has a 20-year history of exploring alternative work strategies. As early as the mid-1980s, U.S. locations were using "just in time" strategies (hoteling) to manage space for their road warrior consultants and to prevent the dark space that results from empty offices.

Accenture's program represented a strategic shift in thinking and a conscious integration of space, services and technology into an industry-leading Workplace Strategy. Their worldwide hoteling program continued to evolve, and the firm made strategic choices to modify their investment mix to reduce total real estate occupancy costs. The savings funded mobility tools, including laptop enablement for nearly all employees, deployment of a global hoteling software application, global print capability and follow-me phone capabilities. At the same time, Accenture integrated a high-touch services model including robust office services, travel support, concierge services and shared executive support for their highly mobile employees.

In 2002, the firm introduced a new business and workforce model that allowed a further reshaping of the workplace program that responded specifically to their varying business and workforce needs. The focus has since been to create a targeted, differentiated portfolio that responds to the varied needs of Accenture's different businesses and workforces, provide flexibility to support emerging work styles, business and demographic changes, and ensure a right-sized/right-priced portfolio providing high-performance workspace. A Workplace Blueprint was developed to guide Accenture through this evolution. The Blueprint integrates space, services and technology to meet the particular needs of each employee's work style, while respecting geographic influences on service and delivery. Accenture has found that the successful integration of these elements not only reduces costs, but also increases productivity, collaboration and employee satisfaction. Over the past four years, Facilities & Services operating costs have been reduced by more that 26 percent, and Accenture has enjoyed cash recovery of more than $350 million due to portfolio restructuring. At the same time, Accenture's employee satisfaction and engagement have consistently improved.

Accenture's pioneering strategy of linking physical and virtual workplaces with technology and people strategies, while honoring location geographies and cultures, is a hallmark of

their business success. The workplace model is a contributor to employee engagement. The effectiveness of the firm's workplace program is measured via a discrete set of metrics around utilization, employee satisfaction, cost and density. Providing differentiated solutions for its four different workforces supports optimal productivity and collaboration.

Space

The Accenture workplace includes a variety of space options to support different kinds of work. "Hubs" are Accenture's client-facing offices used primarily for consulting and business practice employees; "Delivery Centers" are strategically positioned, lower-cost facilities for technology development and outsourcing work; "Client Engagement Sites" support work for specific client engagements and "Home Working" provides a workplace option to work away from the office.

Services

Accenture's workplaces are supported with distinct service models in direct response to the need for varied price points for different businesses. Four delivery approaches meet the functional needs of the varied workforces and levels in the organization—high-touch support for specific needs; shared teams to leverage expertise and reduce delivery costs; call centers to balance workload volumes and leverage expertise; and self enablement and e-support to provide lowest cost and immediate response.

Technology

As a technology company, Accenture focuses on existing and emerging technologies to influence their workplace strategy. To facilitate mobility, most employees have laptops, most offices provide follow-me phone capabilities, and new locations are built on a global network platform leveraging voice-over IP technology offering wireless work environments. Work teams are often comprised of people spanning the globe, so remote collaboration tools such as NetMeeting and cost-effective telecommunications tools such as Skype are used regularly. Accenture's hoteling program is supported by a web-based reservations tool that allows workers to book space in advance anywhere in the world, as well as a census tool that provides a daily view of utilization in most locations globally.

Geography and Culture

The differentiated solutions found in the Blueprint not only recognize the varying needs of their workforces and business models, but also the unique implications of geographies and cultures in which they reside. The local response to the Blueprint may differ slightly based on geographic and cultural differences and the rate of adoption of emerging workplace

and technology trends. However, certain global requirements must be met, such as flexibility in real estate and delivery models, and use of global and regional standard tools and reporting systems.

The Next Step

Accenture is in the process of modifying its operating model so the Workplace Blueprint will evolve as needed to remain relevant to the business. Accenture also wants to further evaluate the impact of changing workforce demographics on workplace strategy and delve more deeply into finding meaningful and objective ways to measure workplace effectiveness (i.e., productivity). Accenture's goal is to remain a pioneer in the field of workplace strategy.

"We've standardized the concept globally, but implement in a way that makes sense for that business in that culture."

—Nancy Schnell, Manager of Global Portfolio Planning and Reporting, Accenture

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Best-in-Class—Value Proposition/Real Estate and Facilities
Motorola

Results:
> Forecasted savings of more than $40 million annually in cost reduction and new cost avoidance
> Enhanced employee performance and satisfaction

The Story

Motorola's Workplace Mobility program was first deployed in Basingstoke, England in early 2005. Designed to accommodate headcount growth without additional occupancy cost, Motorola used data from initial "dark space" studies and employee mobility levels to create a work environment suited to actual work styles. The first North American pilot was largely voluntary and extremely successful. Of 30,000 employees eligible for the current program, 2,000 are currently mobile, with 5,000 expected by the end of 2007.

For Motorola, the Workplace Mobility program focuses on opening space while simultaneously increasing efficiency. The design uses open space planning, collaborative environments, on-demand space and touchdown stations. Follow-me call forwarding and/or phones programmed to ring at a specified number controlled via desktop have been implemented. Focus rooms interspersed throughout the work space provide task-specific privacy. Soft seating areas and multi-sized

meetings rooms host groups. For the employee, the mobile toolkit includes a wireless laptop with internet connectivity from outside the office and mobile telecommunications. In addition, mobile employees can reserve desks as needed via an advanced web-enabled Outlook-linked reservation system.

The Workplace Mobility program has now been introduced at various locations in Europe, Asia Pacific and the Americas. An overall portfolio plan is in progress to prioritize locations for near- and longer-term implementation. Global roll-out is based on which locations require the most mobility, due to growth projections, work styles or a real estate event.

Ongoing program support is provided via the reservation system, which not only enables employees to reserve space as needed, but also provides real estate with data on actual usage. Additionally, Motorola's senior management completely supports the program. The human resources, real estate and information technology tactical teams work on an ongoing basis with their Jones Lang LaSalle partners to ensure program success. The success of the Workplace Mobility program is defined by employee satisfaction and enrollment. The program has met with success everywhere it has been adopted. As participation in the program grows, more success stories emerge and the program continues to gain momentum.

The Next Step
Motorola has plans to expand the Workplace Mobility program throughout its global portfolio. For example, a current project with the Chinese government will house 4,500 people in the next 14 months, 500 of whom will be mobile in Beijing. And in San Diego, the program will allow the headcount to grow from 900 to 1,300 employees in the next year without taking additional real estate.

"The more we do, the more momentum we'll gain."

—Bob Bovee, Director of Corporate Real Estate Strategy, Motorola

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Best-in-Class—Human Capital
Sprint Nextel

Results:
> $100 million net savings in first five years
> 18% increase in worker productivity

The Story
The Sprint Powered Workplace was first introduced in mid-2004. Designed to maximize real estate portfolio utilization, Sprint Nextel's program focuses on delivering a work environment that reflects employees' actual work habits. Of the groups enrolled in the program, 50 percent of employees participate.

The program is based upon two different business models. Participants in the "dynamic campus" model report to a physical address, although they have the option to work from home. Campuses are designed around a home concept with family rooms, living rooms and dining rooms.

The "work anywhere" model, representing 60 percent of program participants, assigns workers to an office within their home, or placement at a retail site. The "work anywhere" employee toolkit consists of a laptop with e-video card, WiFi connection with broadband, memory sticks, software phone and a roller bag. Currently, this program yields a 4:1 employee-to-desk ratio.

As a telecommunications company, Sprint Nextel trained early in mobility and has a robust culture of change. Change management is Sprint Nextel's principal focus in implementation. Managers are trained to assess mobile workers by skill and work style, and to supervise virtual productivity. A mobile culture workshop trains employees in every aspect of the program, including workspace etiquette. A 70-point training guide addresses comprehensive questions and fears about the change.

The program's success is defined by employee satisfaction and productivity, and by the effectiveness of the tools provided. Surveys reveal that "work anywhere" employees are 18 percent more productive, and 86 percent are satisfied with the program. A quarterly balanced scorecard reports outcomes by (1) financials, (2) process, (3) customer satisfaction, and (4) learning and growth. Sprint has found that in particular, its online collaboration tools are popular and effective.

In addition, Sprint Nextel has successfully reduced the portfolio from 180 sites (three million square feet) to 120 sites (one million square feet) of more efficient, effective and usable space. After reinvestment in tools and training, Sprint Nextel will recognize a $100 million net savings until 2009, and a $60 million annual savings thereafter.

The Next Step
Sprint Nextel continues to expand the Sprint Powered Workplace and is also developing a work-from-home pilot program for call-in centers.

"We've decoupled seat count from headcount, giving us the ability to grow on the fly."

—Dan Boutross, Director of Sprint Nextel Enterprise Real Estate Group Portfolio Strategy

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Real value in a changing world

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