

Office of the Future
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Executive Summary

What does the future look like? More specifically, what does the Office of the Future look like? That was the question that our client, a confidential, Fortune 500 company posed to us, Kling Interiors. Their goal was to prepare for the next 5-year plan in order to maintain a competitive advantage in their business and workplace practices. Our client needed to understand how changing business drivers within their specific industry would impact the workplace and how they could be most responsive. Changes and pressures within their industry would require them to contain costs while still being innovative and creative. Hiring the best in their industry would be imperative for them to maintain their competitive edge. Workplace, in their mind, was a critical component.

The client asked us not to recommend specific solutions for the office of the future but to identify trends in the workplace that would allow them to take the next steps needed to be poised to take advantage of future opportunities. In turn, existing practices could then be challenged and explored in a thoughtful, more meaningful way.

The format for this research effort was a White Paper entitled "The Office of the Future". At the same time Kling was exploring and researching workplace related issues, two other teams were assigned to explore the manufacturing and research aspects of the business.

The client's primary goal was to identify key elements of the future office, assess current practices in light of those key elements, and prepare to test and implement short and long term plans to move the organization into the future with regard to workplace.

Early in the process, Kling and the client identified eight key areas of influence on the office of the future. Though there could easily have been additional areas, these eight were the most critical for this particular client in light of their business market, location and corporate culture. The eight critical areas for research included – Organizational Structure, Workforce (demographics), Transportation, Workplace, Technology, Security, Operations and Environmental. In the end, some proved to be more influential than others.

Process

The research process was three tiered and included Benchmarking, Interviews/Site Visits and Research. The goal for this exercise was to create a "snapshot" of today relating to the eight areas of influence by gathering as much information as possible about the client's existing facility and current practices. This information would be used to paint a picture of the organization spatially as well as culturally. You don't know where you are going until you know where you have been!

What is a benchmark? As defined by the American Productivity and Quality Center, a Benchmark is “ a measured ‘best in class’ achievement; or a reference of measurement standard for comparison; or...the standard of excellence for a specific business process.”

For our purposes, a benchmark is a standard for comparison. Kling as a practice “benchmarks” most of its interiors projects and categorizes this data by business sector. We can then in turn, compare like projects according to size, business function, location and region. We can see if the trends vary from industry to industry. For example, do financial institutions differ from large pharmaceuticals in usable square feet per person? How do clients in a business sector differ? Is there a reason? Are urban clients offering as many amenities as our suburban clients and if so, what kind? In addition, this comparative data can impact strategic thinking and act as good planning checkpoints to ensure that best practices are implemented most effectively.

For this project, we evaluated a variety of statistics from our client’s existing facilities. These included: Gross Square Feet/person, Usable Square Feet/person in a variety of building types, allocation of support, file and amenity spaces per staff, conference seats per staff etc. Ultimately, this data was compared to both peer groups and corporate groups at large to determine if our client was following similar best practice approaches to workplace.

Interviews provided us the opportunity to meet with key individuals that were responsible for developing and implementing the current practices. Their understanding and knowledge of these practices would give considerable insight into the culture of the organization by outlining why each was implemented, the relative importance of one practice to another, and what the successes or failures of each of the programs were. These individuals could explain any great challenges or motivations to put these programs into practice.

Site visits to the various facilities helped to confirm the spatial benchmarking, see current practices in use, and observe the current work environment and how staff interacted within that environment.

The **research** component was by far the most time consuming and exhaustive component of the process. Though there is an abundance of information available to design professionals, very little is categorized or organized in a way that is easily accessible. As was not the case a number of years ago, when many of us were in college, we now have the luxury of surfing the Internet, which significantly reduced the time needed to research the number and variety of topics.

Some sources were obvious; others were not. As design professionals, manufacturer publications were easily accessible and proved to contain valuable information. They were limiting, however, in that they portrayed one point of view. Other sources for the research consisted of academic, industry and business publications including news journals and newspapers. The area of research was actually two-pronged. We were not only searching

for workplace related information, but also for specific business trends to understand how our client's business was evolving and reacting to both internal and external influences.

A broad cross-section of materials from a variety of sources ensured that the trends became clear. In the end, we generated nearly six file boxes of pertinent materials that we needed to read, analyze, compare, sort and classify.

Definitions

Before we delve into the findings, it is important to define the "eight areas of influence" as they relate to this paper.

- **Organizational Structure:** The physical nature of the organization as it relates to an approach to corporate real estate (i.e. lease vs. own, centralized campus vs. decentralized, silos vs. cross functional deployment), as well as the emotional structure of the organization (hierarchical, pyramidal, team oriented etc.)
- **Workforce:** The demographics of the organization.
- **Workplace:** The physical work environment and how it supports the organizational structure.
- **Transportation:** The way in which employees commute, how far and with what implications.
- **Technology:** The tools that keep us connected and working - Laptops, Blackberries, wireless capabilities.
- **Security:** The safety of personnel as well as intellectual property.
- **Operations:** Building Systems as it relates to HVAC, power, capacity and redundancy of the source.
- **Environmental:** The approach to global responsibility and environmentally sound policies.

Snap Shot of Today

In many areas, we found that our client was very much on target, progressive, and a leader regarding the workplace. The previous 5-year plan (or past, future trends) had been implemented and they were moving toward their future. Many initiatives were already in place to support a collaborative work environment and work life balance practices. A universal plan approach had reduced the cost of churn, promoting a flattened hierarchy. Their goal of co-locating employees on the main campus was moving forward. These former goals had kept them current but would require further refinement to meet future objectives.

Trends

As we probed deeper and deeper into our research, definitive trends in each of the areas of influence began to emerge. With further research and study, however, it became clear that the eight areas of influence were converging and overlapping in such ways that there were actually 4 of most significance. For the purposes of this summary, primary focus will be on those with most sway – organizational structure, workforce, workplace and technology - with a brief overview of the others. Trends were also evaluated in relationship to time – Today, Tomorrow and Future. We defined these specific time periods with our client. Today’s planning actually occurred 5 years ago. Planning for the short- term future (1–5 years out) was happening now, while the Future would range from 5 to 15 years from today. Fortunately for us, our client wasn’t looking for “Jetson” like projections.

Key Trends – The following are the four trends that started to blend together. Each became more and more interdependent and convergent. What became increasingly clear was that though technology was key to the virtual, flexible work environment, the catalyst to change the workplace actually had much to do with business drivers and workforce. Businesses need to attract the best and brightest employees in order to progress. Many of these employees are women and younger workers that demand flexibility and work life balance. While technology may be the enabler of many future business practices, without the shift in demographics and the acceptance of the work anywhere, anytime concept, the future workplace might look very different. Influenced by each of these trends, the future workplace could be described as virtual, adaptable, flexible, customized and personalized.

- **Technology:** is becoming more portable, more user-friendly, more ubiquitous, and more powerful. The key trend is that smaller devices allow for employees to work anywhere, any time. Technology will be the enabler for future practices. Today, there is an emerging mobile workforce. More and more users are becoming comfortable with using laptops, Blackberries, and other portable devices. This will only increase as the generations shift in the workforce. Wireless technology for both Internet and intranet access will be necessary but may still challenge security of intellectual property. Over the next five to ten years, as telecommuting grows, greater numbers of employees will need to access company files from anywhere instantly. Data acquisition from remote locations will be key to the mobile worker. In the office of the future, digital rights management technology would make documents traversing the airwaves more regulated and encoded with specific viewing rights to protect proprietary information and copyrights.
- **Organizational Structure:** is becoming more nimble, customer focused and team-oriented. A few major trends include the continuation of the headquarters/main campus approach to facilities, the diversity of workplace and real estate portfolios and the virtual/adaptable corporation.

Most companies today are grounded with a headquarters approach that provides an identity and team base for customers and employees. In our client’s case, the main campus was the focus as it housed all of the amenities

that supported the users. Employees not located there felt distanced from decision-making and social interaction, which creates culture. A short-term goal was to finalize the master plan and bring everyone together. The work environment promoted a uniform, universal approach to planning to reduce churn and promote flattened hierarchy. But if the trend is to move toward an increasingly mobile and technically connected and virtual workforce is one site the answer? How can a company address change and uncertainty if there is only one solution? The trends for the future seem to indicate that diverse solutions for an integrated and responsive real estate portfolio will be necessary to respond to business cycles. This diversity may be accomplished through policy and/or the physical environment. Looking toward the future, it seemed as though the campus community may become a 'Hub' of activity where the virtual, remote worker would come to reconnect and collaborate with fellow workers, and access the company amenities but not necessarily work on a daily basis. The headquarters hub would still promote and provide the corporate identity and sense of place necessary for a successful business model.

- **Workforce:** is multigenerational, more diverse, getting smaller and undergoing rapid professionalism. Key trends in this area include a multi-generational workforce and the aging of the boomer population, more women in the workforce, the global economy, cultural and physical diversity, and the contingent workforce.

For the first time in corporate America, four generations will be working simultaneously – Traditionals, Boomers, Gen X'ers and Gen Y'ers. Boomers will begin to retire over the next few years and the impact on business in general will be profound. Boomers will live longer and healthier and will redefine retirement. They will stay on in different work arrangements to reduce the phenomenon known as brain drain. Each of these generations works differently due to influences in their lives and the workplace, therefore, will have to be responsive to their needs in order to retain the best and the brightest.

Additionally, women continue to join the workforce at increased rates. Women currently outnumber men in earning bachelor's, graduate and law degrees. Work-life balance considerations such as flex-schedules, alternate career paths and telecommuting will be more and more influential.

- **Workplace:** is becoming re-conceptualized as a tool as is perceived as such. A few major trends include workplace as ecology, workplace strategies to support business drivers as well as work styles, workplace as the social center, the increase in collaborative work, and the pervasiveness of technology.

Workplace is becoming more and more of a living ecology of four major components – work process, culture, physical work settings, technology and workforce. In order for a company to provide the most successful work environment, they must consider its culture, how the work is performed, and the technology needed to support that work and why they do that work. The ecology of work will dictate which

workplace strategies or arrangements will best provide for innovation and efficiency. E-work, telecommuting, non-territorial offices, hotelling, flex time, and condensed and reduced workweeks will create work life balance while boosting productivity and employee satisfaction. Corporations will provide diversity of work settings to support functionality and work-styles while the HR groups will create individualized work arrangements to accommodate employees' personal needs.

Other Trends

- **Transportation:** there is increasing awareness of the effect transportation has on a company's employees, employees and the communities in which they operate. As a good neighbor and to receive business incentives from the local and state governments, our client had already implemented telecommuting and worker incentives as a way to reduce traffic at peak times, which proved to be successful. The trend was to continue to offer choice in mode, time and location until virtual work and e-work reduced the impact of commuting.
- **Security:** Though physical security is still paramount, security of intellectual property in a global and mobile world provides a significant challenge. Mobile, global workers will continue to challenge security. At some point in the future, physical and data access will be biometrically based, ensuring security.
- **Operations:** increasingly flexible, custom work arrangements will test the limits of a traditional building systems approach. As building operations respond to workplace trends, systems will respond to personal needs through individual occupancy sensors and will be activated by voice or biometrics.
- **Environmental:** More and more companies support the trend for environmentally sound and eco-friendly policies. Currently, corporate America recognizes the need to integrate sustainability with business practice and procedure. As we move toward the future, businesses will acknowledge, address and integrate business and personal sustainable goals with an overall sensibility to personal needs through more natural solutions.

Summary

The office of the future – we all want to know what it looks like. Unfortunately, no one has a crystal ball, but by understanding the trends, we can begin to paint a picture. The Office of the Future will be a highly mobile, increasingly adaptable, personalized and customized workplace supported by technology. In order to respond nimbly to change, diversity in real estate holdings, work environments, workplace practices and work settings will be required to stay ahead of the pack. The workplace of tomorrow will support evolving work practices by providing the right type of workspace at the right time, leverage and explore technology, and capitalize on a diverse and technically savvy workforce.

Next Steps

Our recommendations to our client were primarily to help them focus on next steps. These included: identifying current cultural and workplace practices that should be challenged, creating road maps to get to the future, working that plan and embracing the future. We all agreed that the biggest challenge would most likely be “stepping back” or taking an introspective outlook to avoid company blindness.

Areas that were identified for further evaluation included a few cultural aspects that had previously directed workplace design. These included the current goal to bring everyone to one site, existing assumptions on amenities and service, private office as entitlement and the universal planning approach, which successfully reduced the cost of churn but did not address the needs of a variety of workplace styles and lastly, confronting the needs to secure intellectual property while promoting access by all.

Creating road maps

In order to move toward the future, a map for getting there would be vital. After identifying a few topics to map, an evaluation process would begin to test alternative ways to achieve new goals. Pilot studies for each topic were identified and some of these included: expansion of work-life balance programs for more employees, diversifying work-settings and use of common support areas, expansion of the existing wireless technology pilot to more end users, and more flexibility in the work environment.

What Happened Next

Near the end of the white paper process, our client moved forward with one of the recommended road maps, which was to design and implement a pilot that redesigned the existing workplace neighborhoods to facilitate a change in work process as well as ensure better utilization. The catalyst for this pilot was two-fold. First, there was a common belief that the client had outgrown their new facility, that they lacked conference space, and that the amenities had reached peak capacity. The company needed to proceed with phase two of the master plan and build the next buildings. On the other hand, Senior Management challenged the idea of expansion because the neighborhoods seemed to be vacant most of the day and the work environment seemed underutilized.

As part of our benchmarking process, we learned a few vital pieces of information that began to bring clarity to these issues. Conference spaces were provided within the neighborhoods, common areas and conference/training area at a ratio of 1 seat for 1 employee to make certain there was plenty of conference space when the new facility was designed. Every employee had two seats. Additionally, the neighborhoods were designed to promote open collaboration and teamwork. The enclosed conference rooms were kept to a minimum in the neighborhoods and the enclosed rooms were located in the public realm. In interviewing staff, we learned that it was not part of the culture to talk openly due to the confidential nature of their work. We also learned that our client has a culture of meetings. Staff scheduled private conference rooms away from their neighborhoods and would be gone all day – in meetings.

We also learned as part of the interview process that our client promoted telecommuting and though only 20–30 percent had a formal telecommuting arrangement, 90% of the staff participated in an informal way. These informal participants tended to telecommute on Mondays (sometimes) and Fridays (always!). No wonder the conference rooms were jammed mid-week and the facilities seemed vacant on Fridays.

The hope for the pilot was to restructure the work environment to allow for a moderate increase in density focused on ‘touchdown’ spaces and formal restructuring of the telecommuting program so that the buildings were not burdened on those core days and that space usage was better distributed to all days of the week.

In summary, though the pilot was tabled just after focus groups were conducted, the process thus far had been very enlightening and provided road maps to guide the process when it was started again. Our client and its employees wanted to embrace the future, were bold and innovative, and were willing to be introspective and challenge their norms in doing so.