

A Solid Business Case and Recruitment of Partners is what FM Needs Most for Workplace Transformation

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Summary

Issue

On November 24, 2016 Telstra held an Executive Roundtable in Sydney to discuss workplace transformation from the perspective of facilities management (FM). Workplace transformation is the idea that employees no longer 'own' desks, have assigned seating or even work in a traditional office environment. Instead, work is set up around specific tasks or activities carried out through the day. It is also typically built around the notion that more employees will be remote-based, mobile-enabled and will need better tools for collaboration. Delegates came from a number of industries including automotive, energy, financial services, healthcare, pharmaceuticals, real estate and retail. There was also in attendance an external presenter from a financial services firm who presented on her personal and professional experiences around change management.

This evening was the second in a series of three roundtable events on workplace transformation. Telstra hosted an event with HR leaders two nights earlier and followed by a roundtable of CIO and IT leaders to conclude the thought leadership series. One of the underlying objectives was to get different perspectives around workplace transformation from the lines of business (LoB). This session also included questions and answers after each session, two moderators and a healthy debate throughout the evening. This was an opportunity for FM to speak directly with each other, under

Chatham House Rules, to share thoughts, views and common experiences around workplace transformation. Attendees were at different phases. Some have completed several successful projects; others were in the middle of a project or even at the very early stages of evaluation.

GlobalData kicked off and spoke on flexible working through smart and connected office designs. The session offered insights on how innovative building and workspace design, integrated with next generation technology and flexible work policies can lead to improved business outcomes. GlobalData interviewed over 200 facilities management professionals across Australia, some attendees in the room prior to event and shared a number of key findings and insights. The key message was that for a successful transformation HR, facilities and IT need to work together, converge and integrate people and culture, property and assets, and technology.

A Telstra CIO presented on his experiences in the property executive director role, leading the transformation of Telstra's flagship 400 George St. location. He provided key lessons learned in how to manage transformations. Some central messages included the need to keep transformation people-centric, the benefits of task oriented work spaces in encouraging productive employee behaviour, the importance of "trial periods" to acclimate workers to new environments and find out what works. He also stressed the importance of leadership throughout the change to keep employees focused and engaged throughout the process. Telstra discussed the importance of employee KPIs measuring engagement, satisfaction and overall wellbeing, which was tracked before and after the process. Some of these findings gave a view of what success looked like at Telstra.

In the third presentation, the external presenter from a leading financial services company fielded questions from GlobalData in a moderated Q&A session before responding to questions from the wider delegation at the event. She discussed a central theme on how the challenges of transformation were like a Rubik's cube. After sorting out one side (or area of the business) the others can often be in disarray. She brought up the example of how installing a next generation IT system may be a desirable goal; it can also be a disruptor to change if employees do not know how to engage with it properly. Her main takeaway was that successful transformations bring together disparate business silos with people at the centre. Similar to the HR sessions, she also spoke of the need to 're-stack the deck chairs, start over, and look for ways of continuous improvement.' This seemed to be the view shared by the majority of delegates.

Perspective

Current Perspective

Workplace transformation is alive and well in FM. Some 75% of FMs surveyed see promotion of flexible working practices as a corporate goal and 60% want to derive innovation through room/building design. From the perspective of FM, there are many cost-savings to be achieved, but it was certainly not the end game. True, cost savings is a major component. FM is keen to increase building utilisation, reduce the building footprint and reducing paper. They want to lower service charges and getting churn costs under control is also important. A highly dynamic organisation may see 100% churn per year with employees moving desks and locations. But cost savings was not at all the only discussion point. FM is on a journey. It is on a mission to improve customer satisfaction, drive collaboration and even play its part in helping the company to attract and retain the best talent. It was clear that FM believe in the requirement for more agile workforces. Unlike the run of the mill cost saving exercises, FM sees the need for workspace transformation to change the corporate culture and reinvesting back into

its people. It is a part of the company that is also looking to manage the supply chain through the use of technology to deliver the best customer experience it can.

Nearly all delegates saw workplace transformation as a way to deliver new business outcomes defined by LoBs and senior management. Improving employee satisfaction, health and wellbeing were common for FM specifically, only the engagement models varied. HR, FM and IT typically work as separate business units, but these departments are converging. There was even one company that offered an integrated helpdesk for all of these functions in recognition of their interdependence. There were considerable variances on defining success. Some of metrics shared by the presenters included customer satisfaction using an NPS methodology, employee access to meeting rooms, availability of senior leadership, improvements in well-being through to workforce diversity.

Agility is Key

Workplace transformation is never about getting something 'first time right' or a project with a start and end date. It is about small implementations, extracting data, insights, defining success metrics and reapplying to other parts of the company or continuous improvement to an existing project. FM needs the ability to predict usage patterns (e.g., which employees or departments will access what areas of the building at which times). They also need to report back to the business in near real-time.

Remaining agile, flexible and adaptable to a very dynamic environment was a key theme discussed at great length on the night. This had many dimensions from the design and layout of the physical office to the need to deliver collaboration of teams, drive productivity of the individual and changing the culture in a measurable way. FM cannot predict how space will be used – often employees will define this for them. One attendee commented how employees are shifting from one role to the next, using the facilities in different ways than what they were designed. She found a higher level engagement and productivity. At the end of the week, there were some examples of desks being retrieved between floors. One attendee referred to this as 'restacking the chairs' which seemed to highlight the

dual-use uses of space in activity-based working environments. Creating configurable offices prevail over the designed and prescribed ones. Technologies to increase engagement, productivity and efficiency follow.

Given that many buildings could undergo a 15-year lease cycle, a number of delegates thought it was important to engage property managers early on and build in the right sets of 'legal clauses' allowing for flexibility before moving into a new location. Technology must be part of the fabric. However there are also some drawbacks to this approach, especially in heritage buildings. Another commented difficulties in 'moving people around when change is happening.' While several delegates agree that the future is definitely with the Agile Workforce, open questions were around what the implications will be for facilities in 2025. Facilities and real estate in many ways are the slowest adopters of change 'as we are dealing with property and assets' and there is a sentiment that FM need better tools to predict what the office of the future might look like.

People at the Centre

People need to be at the centre of any successful transformation. This included factoring in the diverse backgrounds and needs of all the individuals at an enterprise; finding a solution that can accommodate as close to everyone as possible will be best. Diversity across different categories encourages innovation, which is driving the push for enterprises to focus transformations on CBDs across Australia; being close to as many people as possible, while advance mobility solutions empower employees who want to work or remain remote to integrate with corporate headquarters

or the branch offices. Some delegates suggested aside from tracking traditional cost saving KPIs, look at the softer side of things by engaging employees in before and after surveys to build a more holistic business case to management. People, productivity, culture and collaboration are almost never considered in a business case, but need to be as this is what defines a successful outcome.

Top-Down Transformation

Some delegates cited confusion around ownership of responsibilities between LoB; one common feature of workplace transformation is the blurring of lines between HR, facilities and IT. Other FM delegates spoke about the frustration of being tasked by corporate to deliver a successful workplace transformation without a clear vision of what success looks like. Further the need for strong leadership was a theme throughout the presentations and discussions. This points to a need for corporate leadership to be clear in the assignment responsibilities and encourage cross business collaboration as HR, FM

and IT roles come together. A strong vision from upper management enables LoB leaders to instil the desired corporate values and behaviours. Establishing KPIs and expectations that go beyond next quarter's bottom line will enable more successful transformations and empower change managers to be more effective as they are not tied to the bottom line. Individual departments are typically not the sole budget holders and cannot go at it alone.

Change is Never Easy

While much of the night was focused on the benefits of workplace transformation, everyone agreed that it comes with plenty of challenges as well. A building does not care when it is gutted and redesigned, but the people who work in the building do. Many delegates cited employee angst over "depersonalisation" and adjustment periods as one of the main challenges to successful transformation. For years, employees personalised their space with photos, coffee mugs, books and other memorabilia. Assigning lockers, for example, and other policies like losing your space if you are away longer than one hour will face some resistance.

Further issues around how people interact with common or shared property were discussed. It is harder to instil responsibility into an employee for a piece of broken equipment when they can just move on the next room. Also, as transformations are often led by change management that leaves an office shortly after a transformation is complete, some delegates worried about maintaining momentum after project completion. Solutions like trial periods in new work environments, concierge desks and push to reports systems were suggested, but it is clear that unexpected challenges will arise during any major transformation and what FM needs to brace for in any project.

GlobalData Essential Guidance

Don't boil the ocean.

It is more critical to get the formula right than to get it done fast. Use trial periods, a floor by floor approach and gradual roll-outs for best outcomes. This allows employees to get acclimated to new environments, reducing shock and helping new behaviours stick more easily. It also allows flaws in the initial transformation plan to be identified and corrected for before they are rolled out to the wider organisation. Further it limits disruption and churn caused by a larger full scale office move or renovation.

Don't be too prescriptive.

While designing for activity based working is an admirable goal, building too much rigidity into new workspaces can limit potential as work processes evolve. Further, no workforce is uniform and employees with the same role don't always work the same way. While a strong corporate vision for culture and behaviour is important, choosing employee values that encourage collaboration and flexibility will be more effective than building around predefined "personas". Facilities need to work together with HR to ensure the proper culture and behaviour is still encouraged in a flexible design. The IT department is a key enabler and should be seen as the third leg of the stool.

Focus on outcomes.

While reducing energy, maintenance and even paper costs are key goals for facilities managers during workplace transformation, it is important to measure the softer side of things as well. Tracking employee engagement through surveys or measuring employee turnover can indicate the level of success of a transformation. A well designed environment will increase space utilisation and worker productivity, enabling this will require input not only from facilities but HR and IT as well.

Expect ongoing management to be a challenge.

Once a transformation is complete, FM needs to ensure the employees continue to engage new workspaces, new work processes and technology. Some delegates suggested continued IT training, while other suggests building adaptive flexible leadership into criteria for hiring everyday managers.

Next Steps for Facilities Management

FM ensures the efficient functioning of buildings through the integration of people, process, technology and space. While FM agrees that workforces are embracing agile working, it is an imperative that this group is engaged first. Buildings and physical assets move slower than IT. Heritage buildings, for example, have extreme limitations on what can be done in terms of a redesign. Contracts are often long, often extending a decade or more, and embedding IT into the underlying fabric of a building will take upfront negotiation and amendments to contracts. Working with IT, there are a plethora of tactical cost savings that can be achieved – from lower printing and paper costs to the consolidation of suppliers to energy efficiency. FM will also need to work with IT for other areas such as the use of building analytics to report current usage patterns and predict future trends. Cost savings are always an important driver for workplace transformation, but these savings need to be made back into the business and people.

FM will need to co-create and define continuous KPIs with other LoBs to define and refine what success looks like. This will be a mixture of hard factors (e.g., employee satisfaction, workplace diversity, employee retention rates) and soft factors (e.g., culture, collaboration, productivity) which have yet to be quantified in the classic business case. The successful outcome will be a company that has an FM department working alongside HR, IT in separate streams, but working towards common business outcomes. While there are always great examples of local champions, strong executive sponsorship is the main reason behind the successful implementation of a workplace transformation strategy.

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