

FUTURE OF WORK

Real estate - enabler or constraint?

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Pick up any business article, podcast or blog by an economist, social scientist, business strategist or human capital expert and each appears to be offering their own perspective on “the future of work”;

the re-emerged “war for talent” following the global recession, the rise of the virtual worker and global talent networks, the collision of talent with fast-moving cognitive workplace technology, or the challenges of managing a Millennial generation that will rapidly become the majority of our future workforce. Images of modern, innovative, flexible, and creative workplaces serve to fuel our imagination as to how “the future of work” could look from a real estate perspective.



The latest global research by Deloitte suggests that this corporate focus on the fast-changing world of work is both long overdue and also increasingly high up the executive agenda of many of the world's largest corporations. So what is driving this?

Advancing technology and automation is undoubtedly a trigger, with Oxford University research of the U.S. market and joint Deloitte/Oxford University research of the UK market indicating that 47 percent of U.S. and 35 percent of UK jobs could be replaced by automation within two decades. This is potentially a depressing picture, until one realizes that economic history has proven time and time again that economic adoption of technology invariably lags its innovation. It has also proven that industry and humankind has actually adapted to, and often thrived on, equivalent major change in working practices ever since the industrial revolution.

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The more positive perspective is that the adoption of exponential technological change and the shifting skill sets required by many of tomorrow's businesses—indeed by today's businesses if they are to survive for tomorrow—presents a huge and positive opportunity to every business at a corporate and, more importantly, at a functional level. And many of the most forward-thinking organizations are grasping this opportunity.



It is the sourcing, managing and retaining of the fast evolving skill sets required by many of tomorrow's businesses that presents perhaps the largest opportunity and most current challenge for many businesses. Yet many corporates, worryingly, appear to be behind the curve in their readiness to attract, retain and manage tomorrow's workforce, supported by evolved working practices and technology, and the right working environments in the optimal locations.

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According to Deloitte's 2015 Global Human Capital Trends survey—a survey of more than 3,300 organizations across 106 countries—the new world of work is changing the way employers need to engage people: employees today work more hours and are nearly continuously connected to their jobs by pervasive mobile technologies. They work on demanding cross-functional teams that often bring new people together at a rapid rate. Flexibility, empowerment, development and mobility all now play a big role in defining a company's working culture. One in three workers surveyed reported that being able to flexibly integrate work and life is the most important factor in their choosing a job. Recent entrants to the employment market no longer talk about the work-life balance; they talk about work-life integration. They expect their work and the other parts of their lives to connect seamlessly.



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For the emerging workforce generation, the work-life fit is valued more than compensation growth or skill development; with more than half believing that increased mobile working would improve their personal productivity. And when this workforce is actually present in “the workplace”, their expectations on the environment, the functionality, the flexibility, and the experience that the workplace provides them is fast evolving.

The growing influence of Generation Y—or the millennial workforce born between 1982 and 2004—is proving critical. By 2025, they could represent 75 percent of the workforce. But equally, rapidly changing expectations around employees’ career lifespans sees the potential for up to “four generations” working side-by-side in the future workplace, driving an accelerating need to cater for a multi-generational workforce with an age range spanning up to five decades.

Deloitte research firmly points towards a material shift in employee motivations, suggesting that workers today have a new focus on purpose, mission, and work-life integration. The unrelenting pace of technology raises both expectations and potential performance by allowing people to work in different ways.

Five years ago, office space was all about cost reduction, hot-desking and ensuring resources were fully utilized. Now, it is increasingly about using space creatively for collaboration, teaming, learning, and socializing. And the demand for this new way of thinking is coming from employees. If employers want to attract talent, they have to evolve every aspect of their employee proposition; where people work, how they work, with what technology, how they are managed, developed and measured. Offices are moving away from “factory” functions where employees gather to carry out transactional roles. It is less of a place to go and do work and is moving towards being a place to collaborate, work as a team, socialize, and share knowledge. There are frankly a lot of jobs that could, and indeed should, be automated. The workplace and working practices have to evolve to reflect this.

When people think of innovative workspaces, it is often the “radical” or “quirky” that catches the imagination. But beyond the sleeping pods, the slides between floors, the in-house yoga space or the AstroTurf on the walls, it is actually the unseen intelligent use of the workplace—how the space is being used and the technology enabling it—that should be receiving the plaudits.

The future of work is far from being “just” about the workspace. Highlighting the supporting changes in corporate culture, attitudes, management models, and processes that will be necessary to succeed in this new world of work, Deloitte’s research also identified that fewer than one in ten organizations believe they currently have the performance management practices in place capable of managing a flexible workforce.

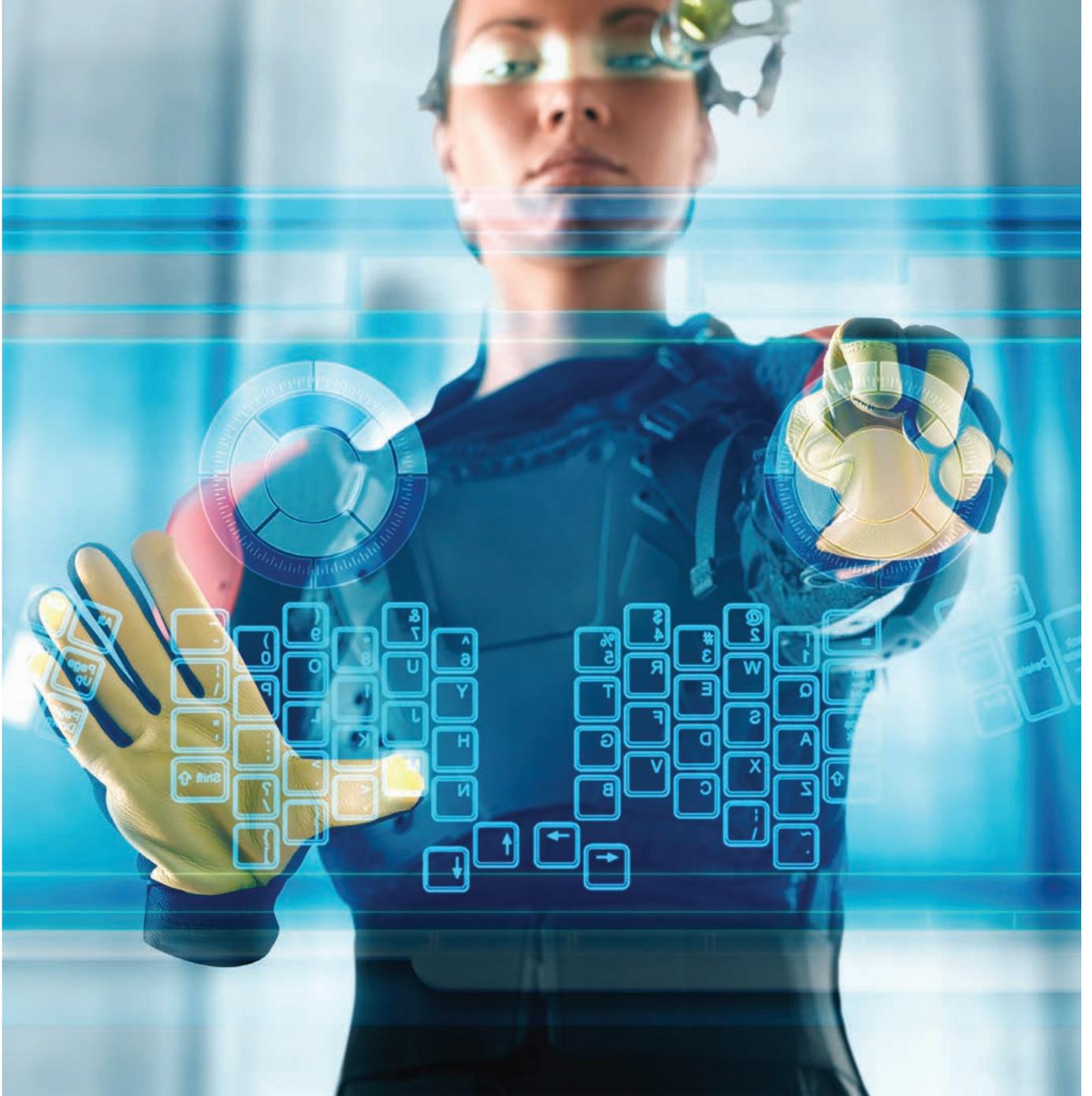
To add to the challenge, the pace of skills change appears to be accelerating. The Deloitte London Futures report showed that 84 percent of London-based employers anticipated some or significant changes in the required skill set of their employees in the next decade, with digital know-how heading the list of fast-emerging priority skills.

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Attracting this new talent is only the start of the challenge. Coupled with the need for a strong corporate culture to drive employee engagement, enable changing skill sets and adapt to the unrelenting pace of technology change and a “24/7 connected” work environment, Deloitte’s Global Human Capital Trends 2015 research concludes that: *“We have also identified a new human capital issue... the overwhelmed employee. Organizations face an imperative to find ways to absorb more technology while simultaneously making it simple.”* We are increasingly overwhelmed by the flood of data in our lives and the researchers observe that we are unfortunately saddled with an ancient computing architecture that has not seen a major upgrade in more than 50,000 years, the human brain!

Many of the positive intentions of tomorrow’s ways of working—technology, globalization, flexibility, mobility, the virtual workforce—are actually adding complexity to work. But technology and workplace design thinking can helpfully converge in a way that offers significant opportunities for businesses to get ahead of the curve.

Enabled by evolving technology in the workplace that could not have been envisaged a decade ago, and a generation of talent that is growing up with new expectations from the ever-lengthening portfolio careers ahead of them, the future of work presents a fascinating opportunity and challenge to every employer. How employers respond to this challenge and manage their interconnected strategies, processes and attitudes around their talent, technology, geographic locations, and physical workplace is going to be key to their winning this war for tomorrow’s talent.



Real estate has the potential to be a key enabler of this success. Workplace design can inspire, attract, and support. Emerging locations can access and enable previously untapped pools of talent. But it will require a real estate profession that typically focuses on the physical asset to increasingly operate seamlessly with a rapidly evolving technology landscape and to recognize that what tomorrow's worker will expect from the workplace, and how it will need to serve them, is changing apace.

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