It’s time for a workplace intervention
Real estate and office space
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It’s time for a workplace intervention

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Introduction

We need to talk

Our workplaces need a real estate intervention.

The traditional office – designed to locate workers in dedicated spaces where they can be easily monitored – is no longer functional. Advancements in technology have changed the way people work. We no longer need to process paper, for example. We interact in new ways, many of which won’t require us to be physically present in the future. Laptop computers, mobile devices, and digital technology platforms allow employees to work anywhere, anytime.

We need to redefine the role of the office in today’s world.
The traditional workplace is increasingly out of sync with the work styles of today’s employees, including the millennial generation, often called “digital natives,” who thrive on enhanced networking and mobility.

Because of technology advances, digital disruption, and demographic changes, traditionally configured workplaces have become a drain on both productivity and the bottom line. Workspaces are sitting empty, sometimes to the tune of 40–70 percent of a company’s office real estate.¹

Focus on employees
Deloitte’s 2017 Global Human Capital Trends report found that an overwhelming 80 percent of organizations rate employee experience as “very important” and one of their top challenges, while only 24 percent say their organizations can help employees balance personal and professional life/work demands. This comes as no surprise, given that absenteeism is at an all-time high: recent reports showed 72 percent of employees are disengaged at work.³

Global organizations are recognizing the need to refocus on employee engagement as they face looming crises in productivity and employee retention.

Which is why we need to talk. We can embrace a new vision for our workplaces, and reconfigure them to positively affect employee engagement, productivity, innovation, and profitability. Companies can actually reduce their real estate footprint by as much as 20–30 percent² and benefit from the associated cost savings. This hinges on the concept of “agility,” or the use of unassigned seating, where employees move freely around the workplace. Flexible, agile environments can foster intergenerational collaboration and position companies to better recruit and retain the talent they need.

As the job market becomes increasingly competitive, the power is shifting from employer to employee. Workers around the world have a variety of tools at their disposal with which to compare notes on employers, including websites like LinkedIn, Facebook, Glassdoor, and others. Past and present employee reviews and other employer focused information – all of which are now easily available through a simple Google search – not only increase the transparency of a company’s culture but also increase employees’ awareness of new career opportunities.

Not surprisingly, appropriate job design and the physical environment are strong contributors to higher employee engagement. Google Inc. is a hallmark – the organization is consistently rated a “best place to work” because of its strong focus on culture.⁴ Other companies whose cultures are characterized by meaningful and impactful work, appropriate organizational fit, and excellent leadership typically outperform their peers – and are likely also more attractive to top talent than their competition.

Technology and digital disruption are delivering a tremendous opportunity to transform our workplaces and office environments for the benefit of employees and companies, ultimately improving profitability.

Put plainly, the future of work promises greater return on asset investment and new simplicity in managing the costs of real estate.

¹ Focus on employees
² Focus on employees
³ Focus on employees
⁴ Focus on employees
The traditional workplace fails to meet today’s requirements

The workplace as currently configured is no longer the most effective way to accommodate employees. The modern office’s roots can be traced back to the Industrial Revolution, which produced not only more material things but also the paperwork to account for those things. With the move to more knowledge-based work, more space was needed. So came the office – where all the clerical work was done under the watchful eye of the office manager. As the clerical class grew in size, they came under the further scrutiny of management theorists, who were quickly becoming a powerful voice in how offices were evolving.

Cubicles emerged in the 1950s as the “Action Office,” the brainchild of a designer at the Herman Miller Company named Robert Propst. The Action Office was intended to provide some privacy for workers (who were otherwise housed in open bullpens) while giving them some ability to move around in their own space.

Propst’s version of the cubicle, and facsimiles of it, became the standard. But by the 1990s, studies were showing that a strong majority of employees wanted a different kind of workspace. Cubicles were no longer cutting it. Two decades later, however, the office configuration has not changed, nor has employee sentiment toward the cubicle.
Traditional work environments are sitting half empty

Today, when we assess the utilization of office space across organizations – otherwise known as a “bums in seats” analysis – most companies find that over half the workplace is sitting empty. This is because workers are using mobile devices and other technologies that allow them to move around the office or to different workplaces, no longer feeling tied to their desks and their paper files.

Traditional workplaces:

- Are typically 40–70 percent vacant
- Dedicate 85 percent of their space to individuals and only 5 percent to teams
- Are territorial and hierarchical by design (giving senior employees the exterior offices and placing more junior workers in interior cubicles with minimal daylight)
- Lack collaborative and teaming space
- Offer minimal community or socialization space
- Have inferior air quality systems and aging infrastructure
- Are out of balance with needs and trends
- Require a large footprint with increasing costs

This is largely because office leases tend to span 10–20 years, and changing office design requires significant capital costs – so many companies avoid it.

We need to recalibrate the workplace as a business enabler

Real estate often represents the second or third largest expense on a company’s financial statements, and companies are now looking at it very carefully. Is their real estate investment delivering the right value for employees and productivity?

If valuable resources are allocated to real estate costs but the corresponding workplaces don’t engage employees, clearly there is an opportunity to recalibrate. The benefits are several, including organizational performance enhancement, cost reductions, and the redeployment of key resources to business-critical opportunities.

One thing is certain – today’s workspace is not changing fast enough.

The question is how to do it.

We can start by thinking of the office less as a fixed capital cost and more as a business enabler. No one is going to argue that employee productivity isn’t intrinsically linked to engagement, nor that the physical environment isn’t a key factor in that engagement. But the workplace is more than the physical space of hallways and desks, staircases and filing cabinets: it also includes an organization’s virtual network and management structure.

Recent Studies show workplaces are 40-70 percent vacant
While the cube farms of the 1990s have been updated over the years, many places still essentially adhere to the traditional model – rigid organizational structures that segregate workers and impede collaboration. This "command and control" model no longer ensures the kinds of results that allow companies to survive and thrive.

The workplace is also the physical manifestation of a company’s brand and a key tool in attracting and retaining top talent. A thoughtful workplace design can visually communicate a company’s mission and culture, embodying the corporate philosophy for its various audiences. When employees feel a connection to the brand in the workplace, the organization creates a stronger, richer culture and ultimately a more authentic and successful brand. Leadership will need to change, too. With global enterprises expanding, and skills and jobs evolving, businesses are now advancing toward multidisciplinary teams that can deliver on projects as a group. People come together for a specific project, then disband and move on to another project. As this growing trend continues in the decades ahead, the traditional hierarchical working dynamic will need to evolve to a project management leadership style where people are collectively accountable for results. A new kind of leader will need to emerge, one with the ability to influence and collaborate rather than to command.

There’s more. It’s expected that, by 2025, millennials will account for 75 percent of the global workforce. Born between 1982 and 2000, millennials are often called “digital natives.” They grew up working in groups, looking to their networks for answers, and relying on technology. Yet, when they enter the workforce, they often find:

• A constractive suite of software and hardware tools
• A mindset that still links status to office size
• Obviously, cubicles – cubicles everywhere

The traditional office structure is almost completely at odds with how many millennials are used to working. We risk disenfranchising them if we can’t close the gap between how they work best and the physical environments in which they are expected to work.

It’s time for a workplace intervention | The traditional workplace fails to meet today’s requirements
The time for intervention is now

Made possible by technology, our definition of work is evolving to mean only what we do, not where we do it. While some employees may choose to work on specific tasks alone at night in the quiet of their homes, during the day they often want to come together. To meet this need, organizations need to design collaboration and teaming workplaces that enable people to work together.

Technology also enables the big push we’re seeing toward the simplification of work. More than 70 percent of surveyed organizations rated the need to simplify work as an “important problem,” while another 25 percent cited it as “very important.”

Today, only 10 percent of companies have a major work simplification program; 44 percent are working on one.

We need to transition from traditional to agile workplaces

Table 2 shows some of the major items of change and transition in moving from a traditional to an agile work environment. Essentially, workers move from a rigid hierarchical structure with 9 to 5 accountability to a matrix-based ecosystem where results, rather than time, demonstrate productivity and performance. This kind of environment completely empowers the employee to deliver outstanding results – as long as goals and outcomes are clearly articulated.

Differences between traditional and agile workplaces

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<thead>
<tr>
<th>Rigidity</th>
<th>Agility</th>
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</thead>
<tbody>
<tr>
<td>9-to-5 hours, assigned workspaces</td>
<td>Shared use, anywhere, anytime</td>
</tr>
<tr>
<td>Command and control hierarchy</td>
<td>Trust and collaboration</td>
</tr>
<tr>
<td>Paper dependent</td>
<td>Paper independent, electronic document storage</td>
</tr>
<tr>
<td>Linear processes</td>
<td>Constant collaboration on multiple dimensions</td>
</tr>
<tr>
<td>Analog</td>
<td>Digital</td>
</tr>
<tr>
<td>Hard wired</td>
<td>Wireless, networked</td>
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<tr>
<td>Hierarchical, linear, siloed</td>
<td>Integrated, collaborative, agile</td>
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</tbody>
</table>
As with any paradigm shift, certain myths abound – that the workplace of the future is all “open concept” or telework, for instance. But not so. It’s about state of mind first, then state of place. An alternative workspace, therefore, is one that increases the capacity of an office floor without downsizing individual work areas, providing activity-based settings and increased room for collaboration. A fully agile one eschews formal workstation assignments and in fact decreases the amount of space reserved for individuals; it assumes people are frequently mobile and therefore makes private office space available on the basis of need rather than level. Finally, agile technology use and change management reduces the need for paper, enhancing sustainability as laptops and smartphones drive independence of location.

Recalibrate the workplace as a business enabler

- Real estate and workplace strategy
- Human resources strategy
- Technology strategy
- Sustainability and wellness strategy
The fundamental idea behind the workplace intervention is to liberate employees and give them choice in where, when, and how they work. They might choose desks with treadmills or study carrels for reading. When teamwork is required, they may choose to work in technology-enabled collaboration centres. Or maybe they will telework.

Fittingly, in any event, the workplace of the future is not a one-size-fits-all paradigm, as it was in the past. It’s many things at once, not one thing for many.

**Use advanced, user-friendly technology – enhance mobility and get rid of paper**

That said, strategic investment in technology is, of course, critical to the success of agile work environments. An organization looking to “go agile” should complete a readiness assessment to gauge its current technology situation versus its desired state. Obvious requirements include laptops, wireless connectivity, and other mobility enablers, such as those listed below. Collaborative tools like video conferencing and remote network connections are also important. Ultimately, you want to incorporate a balance of advanced and user-friendly technologies. Perhaps the most crucial element, however, is throwing out the paper (i.e., hard-copy files and documents) whenever possible in favour of electronic distribution and cloudbased storage solutions. This component, while relatively straight-forward from a technology perspective, is monumental from a change-management and behavior modification perspective. Employees must learn how to access, review, and store documents online – a tall order for someone who’s been filing things in desk drawers for years.

**Improved technology “office in a box”**

Incorporates a balance of advanced user-friendly, intuitive technologies to facilitate higher productivity, internal mobility, and collaboration.

- **Video conferencing**
  Easy and quick set up

- **Wireless**
  Office-wide connection

- **Team presence Awareness**
  Know who’s in and who’s available

- **Flexible printing**
  Follow-me wireless printing

- **Digital storage**

- **Remote network Connection**
  Similar experience to office

- **Mobile telephony**
  Within the office

- **Display**
  Project and learn

- **Mobile computing**
  Work everywhere
In general, office space use needs to shift away from individual territory to more team-based spaces. At the same time, a shift to virtual document handling will allow for a decrease in physical storage requirements.

Again, the goal of a workplace intervention is to optimize space utilization so that the entire office is available to employees, not just their personal space and a handful of meeting rooms that may or may not be available when needed. As an organization moves toward an agile environment, individual spaces are reduced, while teaming, social, and collaboration spaces are increased. All those space-hogging file cabinets can be replaced by electronic storage options.

A diverse agile work environment provides workers with choice about how and where they work. Interior architects have taken to classifying individualized spaces as "me" spaces and teaming and collaboration as "we" spaces.

"Me" spaces are areas of focus and include:
- Private offices
- Work stations
- Libraries and quiet rooms
- 60-minute or touchdown areas

"We" spaces foster socialization, teaming, and collaboration and include:
- Large and small meeting rooms
- Cafés, lounges
- Project rooms
- Touchdown areas
- Casual reception/lobby seating
- A wide range of areas designed to inspire creativity

Of course, the proportions of these spaces in any particular office environment will be unique to the organization. The key is in having the range.

Increased focus on sustainability and responsible design drives performance and helps attract talent

Not surprisingly, thoughtful workplace design can be a powerful tool for supporting employee performance, and it can also be used as an effective talent acquisition tool.
Steps toward a workplace transformation

Many workplace strategies miss the bigger opportunity for a workplace intervention by focusing on a single factor, like real estate or technology. But companies can make considerable strides through a complete workplace intervention involving these steps:

• **Create a comprehensive real estate and workplace strategy.** It’s important to consider the range of alternatives available, both in the commercial real estate market from a site-selection and building-performance perspective, along with the organization’s requirements. When looking for a new space, organizations can no longer afford to simply reproduce their existing office environments with better furniture and paint colors; it’s crucial to plan an environment that fosters teaming and collaboration, engages employees, and drives workplace transformation with an eye toward productivity gains.

• **Understand how your people work.** An effective study will “bucket” workers and tasks to inspire a redesigned work environment that closely fits the ideal environment for each situation. One size does not fit all and careful analysis is necessary to properly design transformational work environments.
- Allow employees to test out an agile approach through pilot programs. Design spaces for collaboration and develop pilots so people can try out the new approach in the current office. This allows employees to “live the change” within their current work environments. Embrace alternative work strategies to allow employees to work from a place of their choosing – within organizational guidelines and performance measurements. Some organizations have found that accelerating alternative workplace strategies within their current work environments can indeed help accelerate the transformation.

- Lead from the top. If a manager oversees employees in different locations and/or time zones, it’s critical to redefine the expectations around availability, work hours, and preferred communication styles. Make output the measure rather than time. Ensure that leaders also embrace the new workplace, going agile along with everybody else. Transforming how we lead people within these new work environments is an important element of success that cannot be underestimated.

- Ensure that the workplace strategy becomes a fully integrated program. Ensure that the new workplace is properly planned with adequate resources and is embraced across the organization. Many organizations that have already undergone a workplace intervention like this have found that their new work environments require a full program management and execution platform.

The workplace is an extension of corporate culture and strategy
To effectively engage a 21st century workforce, businesses must view their offices not merely as places but as extensions of their corporate culture and strategy. When technological tools are combined with innovation, progressive teleworking policies, and cultural changes in management styles, companies can realize even greater improvements in productivity, innovation, and profitability. Let’s get this intervention underway.
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02. Ibid.
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