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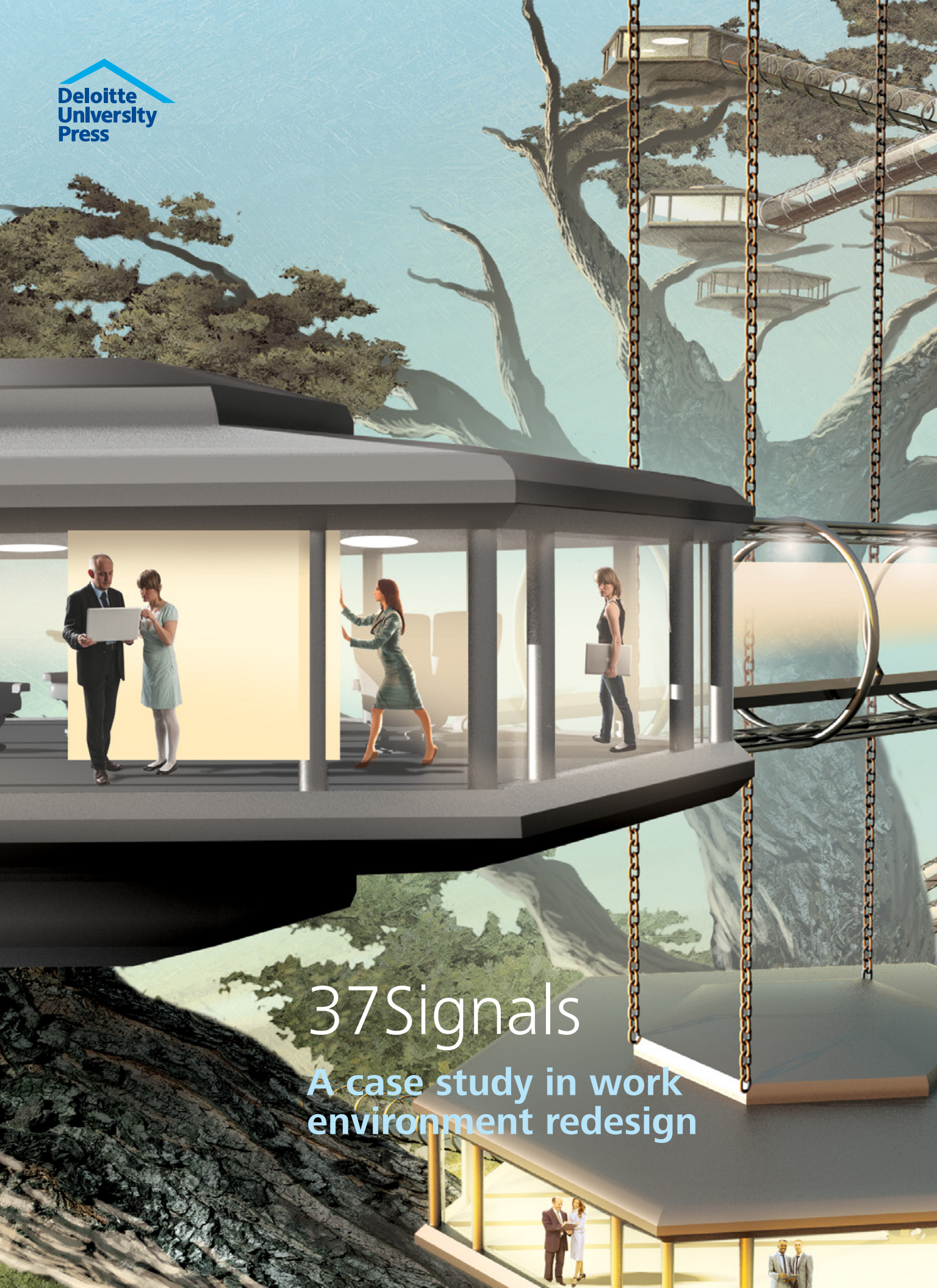

37Signals

A case study in work environment redesign

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Can the way the workplace is constructed—physically, virtually, and managerially—affect employee performance? The Deloitte LLP Center for the Edge report *Work environment redesign*, based on a study of more than 75 organizations, argues that the work environment can have a critical impact on employee productivity, passion, and innovation. The study outlines nine design principles that can help employers gain more value from their people.

This case study explores ways that 37Signals, a technology and design company, is applying these design principles to enhance its own corporate environment.

Company background and results

37Signals is a technology and design company that primarily makes Web-based software. While based in Chicago, it has a remotely distributed workforce of approximately 40 people. It is best known for its marquee product, Basecamp, a Web-based tool for project management. Although small, 37Signals has over 7 million users, and 60 percent of the Fortune 500 companies use its products.[1]

Rapid experimentation

Management at 37Signals tries to improve the work environment on an ongoing basis. In 2008, 37Signals executives decided to launch a series of workplace experiments in order to encourage innovation.[2] One of the company's most successful experiments was to provide employees with discretionary time to pursue work-related projects. While many companies have similar policies, 37Signals opted to give employees an entire month away

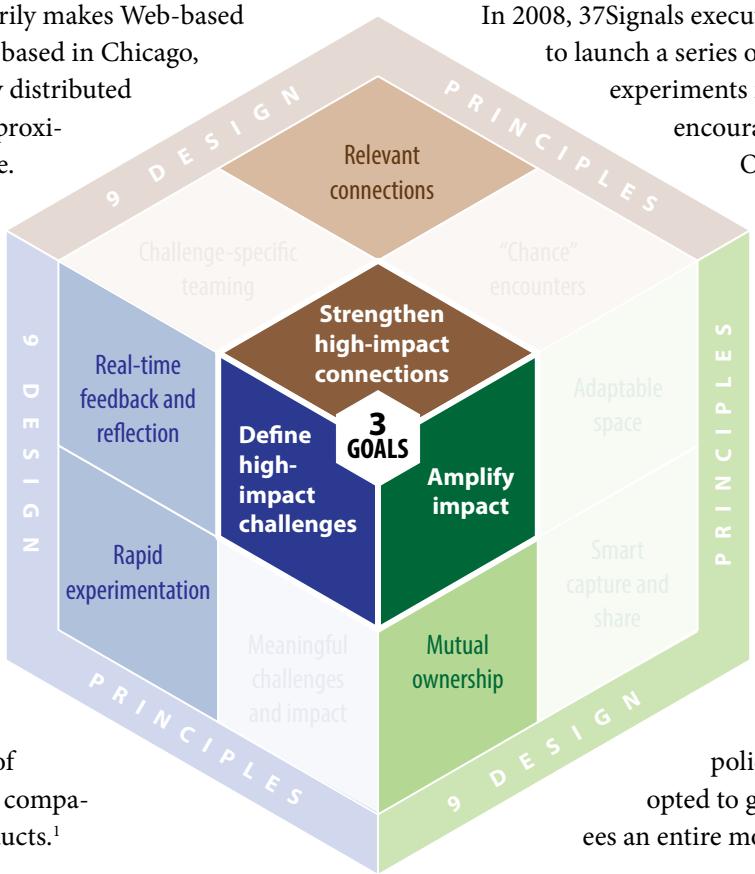

Figure 1. Work environment design principles used at 37Signals

from regular work activities. In June 2012, all employees were given this freedom to pursue new ideas on a work-related project of their choice, individually or in teams. Employees spent the month rapidly prototyping projects. At the month's end, employees shared their projects at a company-wide "Pitch Day" and received feedback from their peers. The most promising projects were then chosen for further development.

Pitch Day projects produced a high volume of innovative ideas in a short time, enabling 37Signals to launch new projects and product improvements more quickly. One such improvement was a tagging feature for software, which was quickly adopted by customers. Another well-received idea was "Basecamp Delivered," a program that allows developers to meet Basecamp customers face to face to learn more about each customer's experience.

Figure 2. Noah Lorang's internal analytics dashboard

Members of the pilot Basecamp Delivered team traveled to Austin, TX, to hold one-on-one conversations with customers about their experiences and their needs. This allowed 37Signals to form strong relationships with its customers and gain valuable feedback to incorporate into product improvements.

In addition to product improvements and new ideas, Pitch Day has boosted employees' skills, allowing them to explore and develop various professional interests of their choice. For example, one team of employees began using iOS, a capability that had not been developed before. During their month away, several designers at the company also started programming in Ruby on Rails, which has helped them become better and faster designers.

Mutual ownership

In addition to dedicating a month of employees' time to innovation, 37Signals conducts experiments to enhance the work environment. Many of these experiments foster a sense of trust between the company and employees, as well as a sense of ownership on employees' part. For example, 37Signals provides employees with a corporate credit card for use without approval for individual items: The company trusts that employees will use company money as carefully as they would use their own. Another experiment aims to boost autonomy by providing employees with funds to explore their personal passions, under the condition that they share what they learn with their colleagues. While some experiments have been more successful than others, they all demonstrate to employees how much the company values them. At 37Signals, this sense of mutual ownership drives autonomy, which spills over into day-to-day work to improve performance.

This ability to operate autonomously has improved business performance. Noah Lorang, an employee at the company, decided to build an internal analytics dashboard to enhance company performance (see figure 2). He completed the project without needing to secure approval from a more senior colleague. This dashboard, which displays operations and support data, is now a tool that more than half of the company uses every day. Because of the dashboard, the customer support team was better able to manage work and email, decreasing turnaround time for support requests from several hours to several minutes in approximately one year. In January 2013, the average wait time for customer support was only 13 minutes.[3]

Real-time feedback and reflection

37Signals also demonstrates a commitment to real-time feedback and reflection with its customers. The company publishes the last 100 customer happiness ratings on its company website in real time (see figure 3).[4] 37Signals believes that full transparency improves customer service. Although baseline levels of customer satisfaction were already high, customer happiness ratings increased by several percentage points—into the low 90 percent range—after the public launch of the report in early 2011.[5]

Relevant connections

37Signals uses its own flagship product, Basecamp, as a platform to coordinate employee work conducted remotely, sometimes on an ongoing basis or for extended time periods. One benefit of Basecamp is that it allows for relevant connections to occur

Figure 3. Customer support happiness report

because information about projects and activities is transparent. Any employee can easily learn what another employee is working on and ask questions. This is an especially useful capability given the company's distributed, asynchronous workforce. Because 37Signals employees work in 12 time zones, knowing whom to connect with about any particular issue becomes even more critical. The Basecamp platform improves performance by making knowledge easily accessible and providing a structured way for distributed employees to collaborate efficiently.

Lessons learned

- Intentionally experimenting with the work environment provides valuable insights and can yield performance improvement.
- Helping workers feel that they own the company encourages autonomy and a better work product, as employees take the initiative to lead the work that matters to them.
- Transparent information about activities and feedback supports rapid information sharing, learning, and performance improvement.
- Platforms that connect workers and teams, such as Basecamp, can facilitate relevant connections, which is particularly valuable for distributed workforces.

Endnotes

1. Noah Lorang (business analyst, 37Signals), phone interviews with Neil Tambe from the Center for the Edge, November and December 2012.
2. Jason Fried, "Workplace experiments," Signal vs. Noise, http://37signals.com/svn/posts/893-workplace-experiments, accessed March 14, 2013.
3. Lorang interview.
4. *"37Signals customer happiness report,"* http://smiley.37signals.com, accessed March 15, 2013.
5. Lorang interview.

About the author

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Since joining the Center for the Edge, **Neil Tambe** has worked on a variety of initiatives, including the launch of a survey profiling worker passion, the development of a lab that brings the Center's Scaling Edges methodology to life, and the preparation for conducting this lab with a leading print media client. Before joining the Center, Tambe helped large companies across a variety of industries and functions successfully engage employees in embracing change. He has also co-developed publications about federal Gen Y talent issues and people strategies in the consumer products sector.

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