Offices At Work

Uncommon Workspace Strategies that Add Value and Improve Performance

Franklin Becker, Ph.D.
Professor and Director

International Workplace Studies Program
Cornell University
Definition of Facility Management

“Facility management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology.”

“Globally, IFMA spots trends, conducts research, provides educational programs, and assists corporate and organizational facility managers in developing strategies to manage human, facility and real estate resources.”

Source: IFMA Web Site

Mission

“EuroFM’s Mission is the advancement of knowledge in Facility Management in Europe and its application in Practice, Education and Research.”

Source: EuroFM Web Site
FM Aspiration:

- Be part of the fundamental business enterprise
- Be proactive not reactive
- Make how physical facilities planned, designed, and managed an organizational asset.
- Move from “order taker” to business partner.
Integrated Workplace Strategies: Winning Through Innovation

- **People**
- **Place**
- **Process**
- **Technology**
- **Cost**
- **Innovation**
- **FM**
“Who sets the tone here?”
“You don’t get an office. You get cargo pants.”
Understanding What Business Leaders Care About

- Don’t care about the HVAC system: Do care about employee comfort and health.
- Don’t care about architectural form per se: Do care about branding, attraction and retention of staff.
- Don’t care about space allocation: Do care about communication and collaboration.
- Don’t care about details of a card access system: Do care about real and perceived security.
- Do care about costs….but in service of broad business objectives.
Organizational Dilemmas: 7 Wicked Problems With No Easy Answer

- Unpredictable organizational change
- Sudden shifts in employee population size
- Launching a new team fast
- Securing funding in a marginal location
- Facilitating cross-unit interaction and collaboration
- Constructing knowledge networks within and across units
- Developing models that consider financial and human resource factors under uncertain conditions
Testing Common Sense

**Conventional approaches**

- Shrink existing common areas
- Shrink existing workstation standards
- Restack Groups
- Lease new space
- Build conventional

**Innovative approaches**

- Telecommute
- Seek Excess Capacity
- Build Time/add Shifts
- Rent Fully Serviced Space
- Build Modular
- Shared Resources

**Integrated physical, organizational, and technological solutions. Win on many levels.**
Dilemma #1: How cope with unpredictable organizational change?

Flexibility

❖ Move people, not walls.
❖ Modular solutions
Dilemma #2: How cope with unpredictable shifts in employee population?

ABN/AMRO Profile

» 4 floors; 675 prefab modules; 115,000 s.f.
» 710 workspaces (closed, open, group)
» 6 month construction
» $17m total cost (design, construction, IT infrastructure)
» Employees don’t distinguish from Class A office space.
» Building removed entirely, or leased, if desired.
Dilemma #3: How launch a new team fast?

The “Bridge” Profile

- 7,200 gross s.f. (usable 7,000)
- Full operational in 25 days
- $264 s.f. (site work, foundations, structure, HVAC, plumbing, general electrical and lighting, interior finishes, furniture, partitions, workstation wiring, telephone, IT)
- Research scientists like it better than conventional “quality” buildings.
Dilemma #4: How secure financing in marginal location?

ORANGE CALL CENTER Profile

- 63,000 Gross s.f.
- 450 workstations; 520 staff
- 12 months to construct
- $15m construction
- High level employee satisfaction
- Strengthen brand
Dilemma #5: How do you promote cross-unit collaboration in a large organization?

What’s the Value of a Corporate Campus?

Key Issues Considered
- Communication and interaction
- Frequency/location/organization/job level
- Cost and flexibility
- NPV/growth change/exit implications; HR factors/uncertainty
- Identity and Community
- Sense of belonging/part of family
Interaction drops sharply beyond same floor

 Minimal interaction beyond own team/dept.

 Mostly scheduled meetings (2-3 days in advance)
Dilemma #6: How do you construct knowledge networks?

Realize “Open” Offices Take Many Forms

Exploit non-verbal behavior

Define effective communication

Distinguish between preferences and effectiveness.
Dilemma # 7: How model financial and human resource factors in uncertain world?

Workplace Strategies for Dynamic Organizations

The Data Dilemma

The WORKSTRATEGY TOOL addresses the difficulties of consistent data collection and the integration of “soft data” in financial models.
### Modeling Uncertainty: Headcount

## Absorption with Uncertainty

### WorkGroup Growth Rates

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>CorporateSF</td>
<td>26.5%</td>
<td>19.7%</td>
<td>5.6%</td>
<td>4.8%</td>
<td>9.8%</td>
<td>8.5%</td>
<td>9.9%</td>
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<td>Gap/GKmkt</td>
<td>15.9%</td>
<td>14.6%</td>
<td>-0.1%</td>
<td>8.3%</td>
<td>3.4%</td>
<td>5.1%</td>
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<td>GapOutlet</td>
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<td>7.7%</td>
<td>2.4%</td>
<td>5.7%</td>
<td>8.0%</td>
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<tr>
<td>Banana</td>
<td>11.8%</td>
<td>5.2%</td>
<td>10.5%</td>
<td>5.4%</td>
<td>10.5%</td>
<td>4.7%</td>
<td>6.6%</td>
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<tr>
<td>OldNavy</td>
<td>21.3%</td>
<td>17.5%</td>
<td>12.3%</td>
<td>24.3%</td>
<td>6.9%</td>
<td>11.7%</td>
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<tr>
<td>Direct</td>
<td>85.1%</td>
<td>-7.7%</td>
<td>13.8%</td>
<td>0.0%</td>
<td>-1.0%</td>
<td>-1.4%</td>
<td>-1.9%</td>
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<tr>
<td>CorporateSB</td>
<td>27.9%</td>
<td>2.0%</td>
<td>10.5%</td>
<td>9.7%</td>
<td>18.5%</td>
<td>12.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>IT</td>
<td>27.3%</td>
<td>25.2%</td>
<td>8.8%</td>
<td>27.2%</td>
<td>20.8%</td>
<td>8.0%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

| Most Likely (mean) | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Uncertainty (Std. Dev.) | 0.25 | 0.4 | 0.55 | 0.7 | 0.85 | 1 | 1.15 |

### Total Staff: Year End

- 5,974
- 6,845
- 7,376
- 8,519
- 9,675
- 10,505
- 10,856

<table>
<thead>
<tr>
<th>WorkGroup</th>
<th>UnAllocated Staff:</th>
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<tbody>
<tr>
<td></td>
<td>UnAllocated:Absorbed</td>
</tr>
<tr>
<td>Non-Staff</td>
<td>0</td>
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<tr>
<td>IT</td>
<td>165</td>
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<tr>
<td>Total Absorbed</td>
<td>-351</td>
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</table>

### Remaining Unused Capacity

- 5809
- 6581
- 7236
- 7886
- 8492
- 9148
- 9861

### Staff assigned to facilities

- 5,809
- 6,581
- 7,236
- 7,886
- 8,492
- 9,148
- 9,861

### Staff & Capacity by Year

#### Build/Lease Decisions
- Scenario: Build_Nothing
Probability of Insufficient Space

Distribution for UnAllocated Temp. Space / 2004/F17

Distribution for UnAllocated Temp. Space / 2005/G17
Integrating Financial and Human Resource Factors

Combine the detailed hard costs and the probable HR Impact into a single consolidated NPV.

<table>
<thead>
<tr>
<th>Comprehensive Analysis</th>
<th>Status Quo</th>
<th>Status Quo Plus</th>
<th>Option #2</th>
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<tbody>
<tr>
<td><strong>Baseline Campus</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Operating Cash Flows (NPV)</td>
<td>($47,978)</td>
<td>($68,383)</td>
<td>($70,000)</td>
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<tr>
<td>Projected Change in Associate Satisfaction</td>
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<td>5%</td>
<td>15%</td>
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<td>Leads to Customer Satisfaction and a NIPE (Net Income per Employee) Change of</td>
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<td>0.5%</td>
<td>1.5%</td>
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<tr>
<td>Leads to Turnover Change of</td>
<td>0.0%</td>
<td>1.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Discounted Value of NIPE Change</td>
<td>$0</td>
<td>$7,008</td>
<td>$21,024</td>
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<tr>
<td>Discounted Value of Turnover Change</td>
<td>$0</td>
<td>$4,852</td>
<td>$14,555</td>
</tr>
<tr>
<td><strong>HR Impact (NPV)</strong></td>
<td>$0</td>
<td>$11,860</td>
<td>$35,579</td>
</tr>
<tr>
<td><strong>Consolidated NPV (Ops &amp; HR)</strong></td>
<td>($47,978)</td>
<td>($56,523)</td>
<td>($34,421)</td>
</tr>
</tbody>
</table>
Hard Costs and HR Impacts are easily compared for different alternatives.
While “Option #2” was the most expensive when only hard costs were considered, it emerged as less expensive than “Status Quo Plus” when HR impacts were recognized.
Workplace Strategies for Dynamic Organizations

TOOL Benefits

- Consider probability of range of outcomes
- Transform intangible factors to financial outcomes
- Model scenarios in real time
- Generate a structured debate that links work effectiveness, workplace solutions, and financial outcomes.
“Few of the places where we do office work horrify us. Occasionally they energize us. Typically, they simply bore us to tears. We can do better than create workplaces that, as Florence Nightingale advocated for hospitals, do no harm.”

(Franklin Becker, *Offices at Work: Uncommon Workspace Strategies That Add Value and Improve Performance*)
How does FM become a full-fledged partner in making the business enterprise succeed?

Small Wins/Innovate: Do Something

Formative Evaluation: Learn

Joint Initiatives: Collaborate

Triple Bottom Line Accounting: Consider Social, Environmental, Financial Factors

Win on Multiple Levels: Employees, Customers, Shareholders, Community