FROM FOOTPRINT TO FOOTFALL

HOW THE EXPERIENTIAL WORKPLACE IS SET TO TAKE OVER THE WORLD

WHITEPAPER BY BOSS DESIGN
The culture within which we work determines how effective, successful, fulfilled and well we are in both our professional and personal lives. The organisations for which we work – on whatever basis that might be – the physical surroundings they create, and the other places in which we choose to work are now woven into the fabric of our lives as never before. The technological immersion that allows us to work in new ways also means that each day becomes a series of experiences. Because we are free to work wherever and whenever we choose, we are increasingly able to determine the nature of those experiences.

For those who design and manage offices this represents both a great opportunity and an unprecedented series of challenges. The most important of these is firstly creating a cohesive organisational culture within the framework of a fractured sense of time and place. The second is offering the sorts of choices that people are used to in their everyday working lives. While the workplace must fulfil its usual objectives, not least in the way it adds to the bottom line, it must also acquire a new role that meets wider organisational and personal goals and integrates seamlessly with the other backdrops to modern work life.
There is a symbiotic relationship between the office and the homes, cafes, hotels and public spaces we have colonised as workplaces. So, just as those other spaces adopt some of the functionality of the office, so too has the office adopted the form and function of the other places we choose to work.

This white paper outlines the complex forces that are redefining our relationship with work and the places and ways in which we do it. It draws on the lessons from the two most important workplace models of the 21st Century - coworking and tech palaces - and describes how the lessons from those models are applied in other types of workplace. Most of all it describes how organisations can strike the right balance between the traditional and still vital functions of the office as a resource for the business, while also creating the sort of working culture and experience that makes the organisation and its office attractive to employees.

**drivers of change**

**TECHNOLOGY**

The great catalyst and source of all change and so beyond the scope of this report. In his new book The Wealth of Humans, the economist Ryan Avent writes: “we have all found our working lives altered by [the digital revolution]. Older workers might recall a time when factory work was still good work, easy to find, even for those without much education. Or they might remember a time when offices were jammed with clerical staff hammering at their typewriters and shuffling piles of paper around. But the pace of change is such that even the youngest members of the labour force can remember a different world.

Services such as Uber and Airbnb, virtually unknown at the beginning of this decade, are fundamentally transforming industries that employ millions of people. Products such as Slack, a chat service designed to make it easier for colleagues to collaborate, are altering communication within workplaces, and clever bots that can email your contacts or order you lunch participate in the conversation just like human colleagues.” This will be the defining characteristic of the new technological revolution with humans working alongside the machines rather than using them.
AGILITY AND COST

Cost and productivity remain two of the core concerns of the building owner. That will never change while organisations continue to focus on the bottom line, although what we mean by both with regard to workplace issues has changed markedly in recent years. Once office design and management focussed on Taylorist notions of churn, space efficiency and the need to express hierarchy through the size of dedicated workstations and ownership of private rooms. Leases were long, time and place were fixed.

For some time now, there has been downward pressure on both lease lengths and space allocations. Driven in part by the last recession and in part by changing ways of working, both are seeing a long term decline, according to various reports from major organisations such as CoStar, Corenet, RICS and the British Council for Offices. Although average lease lengths in the UK increased slightly during 2015, according to a study by the British Property Federation (BPF), the overall trend was still for shorter leases. This apparent anomaly was explained by the BPF itself in the report. It found that flexibility remains key for many tenants, despite the lengthening of commercial leases. 73 percent of total leases signed in 2015 were for a term of between one and five years. Larger tenants, who pay the lion’s share of rent collected by professional investors, still opt for longer lease terms according to the BPF.

This distinction is important, especially in the world’s tech and creative enclaves. The drive to increase agility and minimise costs that is common to all organisations plays out differently for startups, freelancers and small businesses than it does for larger established businesses. Not only is it unlikely that a small business would commit to a long lease, it makes commercial sense to look at alternatives.

These days that is likely to mean a serviced office or – increasingly a coworking space or one of its related manifestations such as a makerspace, incubator or innovation centre. The cost savings can be game changing. For example, start-up tech firms in one of London’s tech hubs can save 57% of their property costs by using a coworking space rather than a traditional office according to Knight Frank’s 2017 Global Cities Report. Based on the overall cost of leasing and fitting-out 600 sq ft of office space in Shoreditch, a typical firm can expect to cut its annual costs from £55,000 to around £24,000 and can do so on the basis of an annual membership rather than a lease.

This degree of flexibility and the potential for cost saving is still primarily the focus of smaller firms, start-ups and freelancers, but that won’t be the case for long. A report by CBRE predicts exactly how this will transform the property industry as well as individual workplaces. Many larger firms are already using coworking spaces to offer themselves a degree of flexibility not always evident in a fixed real estate portfolio and many of the design idioms and functions of on demand offices are already finding their way into mainstream workplace thinking. Firms will still want and need main offices, but they will be part of an organisational ecosystem.

Among the large companies that have already taken this step are KPMG, HSBC and Menlo Innovations. KPMG has taken out space in the Interchange coworking space in Camden Market to accommodate staff who work in functions that they think will thrive in such close proximity to entrepreneurs in the creative and tech sectors. HSBC has recently taken out membership of a coworking space in Hong Kong for 300 staff. And software giant Menlo Innovations is so enamoured with the idea that it has set up a coworking space in its headquarters building and invited entrepreneurs to come work alongside its workforce.
the shift
FROM FOOTPRINT TO FOOTFALL

For some time now, the global property research giants such as BCO, CoreNet, IPD and CoStar have tracked a general and substantial reduction in the space allocation of office buildings. The regular BCO specification guide provides a useful way of tracking these changes. Its 2014 edition advised developers of a space provision in the range of 8 to 13 sq. m. per workstation, down by around a fifth since the 2005 edition. The pattern is repeated across the world. In the US, CoStar data shows a precipitous reduction in the amount of space allocated per worker in the two years to 2013.

But as with the case of lease lengths, the raw data masks something more complex and profound. It would be easy to assume that firms are simply cramming more people into the same space, and while that may be a factor the main change is the greater use of flexible working and shared space. Where once an office could be defined by the footprint of the desks allocated to individuals, it is now more indicative of footfall.

The co-opting of language from the retail and hospitality sectors is no coincidence, for these are the models for the new era. Specific spaces for work become available on demand just as they are for eating, drinking, socialising, relaxation or travel, either in a corporate headquarters, coworking space, café, hotel, home, client’s office or elsewhere.

changing
EXPECTATIONS

Change is not only coming from the changing attitudes of organisations. Workers too are looking at their careers in new ways. Although Millennials are seen as the touchstone for this shift, it appears that people of all ages now value greater work life balance and a varied working experience and flexibility over traditional, linear career progression. According to a global study published by the Top Employers Institute, a new generation of workers is seeking diverse work assignments and flexibility and are taking greater responsibility for their own career management, resulting in less loyalty to employers and less interest in the traditional step-by-step climbing of career ladders.
This presents its own challenges in terms of recruitment and retention and so demands that employers create working cultures and environments that meet them. Flexible working is now offered by more employers than not, according to the Work Foundation, which suggests that many employers are already ahead of the game on this one, even if there is still the potential to do more. Quite how much workers value flexible working is apparent in a new study by researchers at Princeton University and Harvard University which found that if given the option to work from home, many workers would take an 8 percent wage cut to do so.

For a growing number of people, pay is increasingly a factor that should be traded off against other considerations. It is an attitude that is growing in prevalence as people value experiences more than possessions. A recent study conducted by Harris claimed that “…this generation not only highly values experiences, but they are increasingly spending time and money on them. For this group, happiness isn’t as focused on possessions or career status. Living a meaningful, happy life is about creating, sharing and capturing memories earned through experiences that span the spectrum of life’s opportunities.”

The great news for organisations is that this means employers are interested in interactions and experiences. Far from spelling the death of the office, this is likely to focus attention on what it is good at - bringing people together.

coworking exists today, in part, because of the prevalence of coffeehouse culture. Indeed, if you ask people what they want from an office, they are likely to describe something very like a coffeehouse, with WiFi, drinks in comfortable (and not very corporate) surroundings and the chance to bump into people and start conversations. This is, by no coincidence, exactly one of the things that companies want from their own offices. The challenge will be to entice people to come into the office.

By 2040 knowledge workers will decide where and how they want to work, according to a 2015 report from Johnson Controls’ Global Workplace Solutions business. The Smart Workplace 2040 report claims that work will be seen as something workers do, rather than a place to which they commute. According to the study, work patterns will be radically different as a new generation of what it terms ‘workspace consumers’ choose their time and place of work. Most workers will frequently work from home, and will choose when to visit work hubs to meet and network with others. There will be no set hours and the emphasis will be on getting work done, while workers’ wellness will take priority. Technology will bring together networks of individuals who operate in an entrepreneurial way, with collaboration the major driver of business performance.

The only quibble you could have with this conclusion is that it may be set way too far in the future. Indeed, you only have to look at the designs of the world’s new generation of tech palaces for the likes of Google and Facebook to see that these are businesses who are creating offices that are the best possible place to work. The end game for these giants is offering people the choice of where and how to work, then creating a culture and working environment that makes the office a very, very good choice.
Sometimes this involves embracing traditional thinking. Facebook’s new headquarters campus, designed by Frank Gehry, is loaded with quirky and colourful design ideas. Yet upon closer inspection some of its underlying office design principles are resolutely mainstream, not least the inclusion of what is billed as the world’s largest open plan office. In fact this has the personal backing of the CEO himself and has long been the core element in the brief because Facebook sees the idea of openness as being an essential part of its mission and business model. In his official statement at the 2015 launch, he explained the thinking behind the design in an interesting way and it bears reproducing.

“Today we moved into our new Facebook building in Menlo Park, California,” he wrote on the company’s Facebook page (obviously). “Our goal was to create the perfect engineering space for our teams to work together. We wanted our space to create the same sense of community and connection among our teams that we try to enable with our services across the world. To do this, we designed the largest open floor plan in the world — a single room that fits thousands of people. There are lots of small spaces where people can work together, and it’s easy for people to move around and collaborate with anyone here. On the roof is a 9-acre park with walking trails and many outdoor spaces to sit and work. The building itself is pretty simple and isn’t fancy. That’s on purpose. We want our space to feel like a work in progress. When you enter our buildings, we want you to feel how much left there is to be done in our mission to connect the world.”

This is the experiential office and is intimately bound up with the organisation’s broad goals to recruit and retain the best people and inspire them to do great things. It will engineer serendipity with different forms of space that offer people even more choices and allow them to interact with new people and in new ways.

It won’t even pay any heed to the roles people have. As a recent study in Harvard Business Review found, working around people doing different jobs may even enhance workers’ identity. Such workplaces gave employees “the opportunity to frequently describe what they do, which can make what they do seem more interesting and distinctive”, claims the report.

The work Tom Allen did at MIT in the 1970s was essential in establishing the principle that there is an exponential drop in the frequency of communication between people as the distance between them increases. Nowadays we might see that in terms of technological as well as physical distance but the central point remains valid.

Indeed the benefits of successful interactions are derived not only from the achievement of quantifiable outcomes but also from the enjoyment of being part of the experience and a knowledge network. Knowledge workers with large social networks tend to perform better than those with small personal networks through better access to information and an attitude that ‘can get things done’. However, knowledge workers who span boundaries tend to perform better through access to different information which may generate new ideas and an attitude that can spin information beyond the obvious and conventional.

“Face-to-face interactions are by far the most important activity in an office; creating chance encounters between knowledge workers, both inside and outside the organization, improves performance.” ...Workspaces that move people, HBR – B. Waber, J. Magnolfi, and G.Lindsay, 2014
We are fortunate that we have so many models of design and culture upon which to draw. What comes next depends on what we would like to create but in each case it is likely to involve the creation of an office that draws on conventional workplace ideas alongside varying levels of inspiration from coworking spaces, the hospitality and leisure sectors, public space, the home and – increasingly - apps.

This marks the final death knell for many of the old certainties of Taylorist scientific management. Productivity will not be equated with presence and the role of employers will be to create a working culture and environment that attracts the best people to first of all work with them and then to come into the office as much as possible out of choice. Here they will be offered even more choice of where and how to work and with whom. They will be encouraged to interact across disciplines and even with people who do not work for the same organisation and in the same sector. Increasingly they’ll also be asked to work alongside robots, apps and algorithms.

Behind the scenes, the demarcations that used to exist between facilities managers, HR managers and IT managers and others will erode and vanish. The complex workplace ecosystem that emerges will make it difficult or impossible to distinguish between the roles of workplace specialists.

We will need new measures of success and a greater ability to access data about how people work and how buildings serve them. The importance of the bottom line will not diminish and, as a result, organisations will look to make better informed decisions about the way they work.

As well as providing different types of space for people to meet their needs, this will also mean a greater focus on their psychological and physical wellbeing. A 2014 Health, Wellbeing and Productivity study from the World Green Building Council (WGBC) sponsored by JLL, clearly identified links between productivity and lighting, temperature, air-quality, workplace design and noise levels. In addition, Dr Paul J. Zak’s research on neurophysiology of office design opened new doors in thinking about office spaces. His data identifies the kind of work settings that improve employee performance, and how different workspaces affect employee stress levels.

The great thing about the experiential office, whatever form it takes, is that it will set out to offer people the choice of how to work. So while the organisation retains the ability to create sophisticated workplaces based on the latest thinking and current research, constantly updated in real time as they gather data, what they will ultimately seek to do is to provide people with the power to thrive within a setting and so allow the organisation itself to flourish at the same time.
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