

From performance to experience: the new workplace



From performance to experience: the new workplace

1.0 Context

Economic and technological change are driving changes in business which, in turn, are driving changes in workstyles and the workplace. Corporate organisations are becoming leaner, more agile and networked. The rise of knowledge work and rapid innovation in new digital technologies, mobile devices and ubiquitous connectivity are forcing organisations to ask what their workplaces are really for.

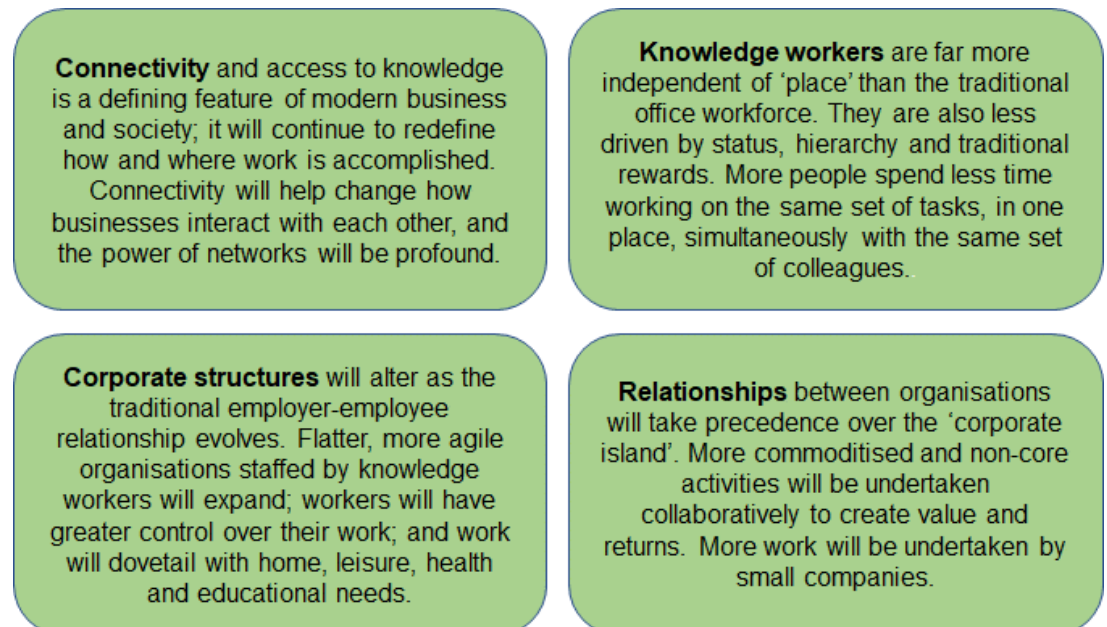
Real estate today is a strategic corporate resource, to be managed and deployed like other corporate resources – people, capital and equipment. Managing the workplace as a resource (rather than as an asset) shifts the real estate focus from property to occupation. In this context, the drive for higher specification and performance needs to be balanced with a greater emphasis on experience.

2.0 Business change

Occupiers today operate within short-term planning horizons, responding to an ever-changing economic landscape. They need to maximize their flexibility to adapt. The power of networks, involving collaborative production and multi-disciplinary skills, is coming to be realised. More commoditised and non-core activities are being undertaken by supply chain specialists; more work is being undertaken collaboratively, and more work is being undertaken by small companies.

The critical nature of connectivity, changing corporate structures, the priorities of knowledge workers and the importance of supply chain relationships are altering the nature of demand for space (Figure 1).

Figure 1 The evolving corporate landscape



This changing corporate landscape is helping to re-shape occupier businesses and change the nature of work. And all of this means a different approach to real estate, and to the role of the workplace, and its design and management.

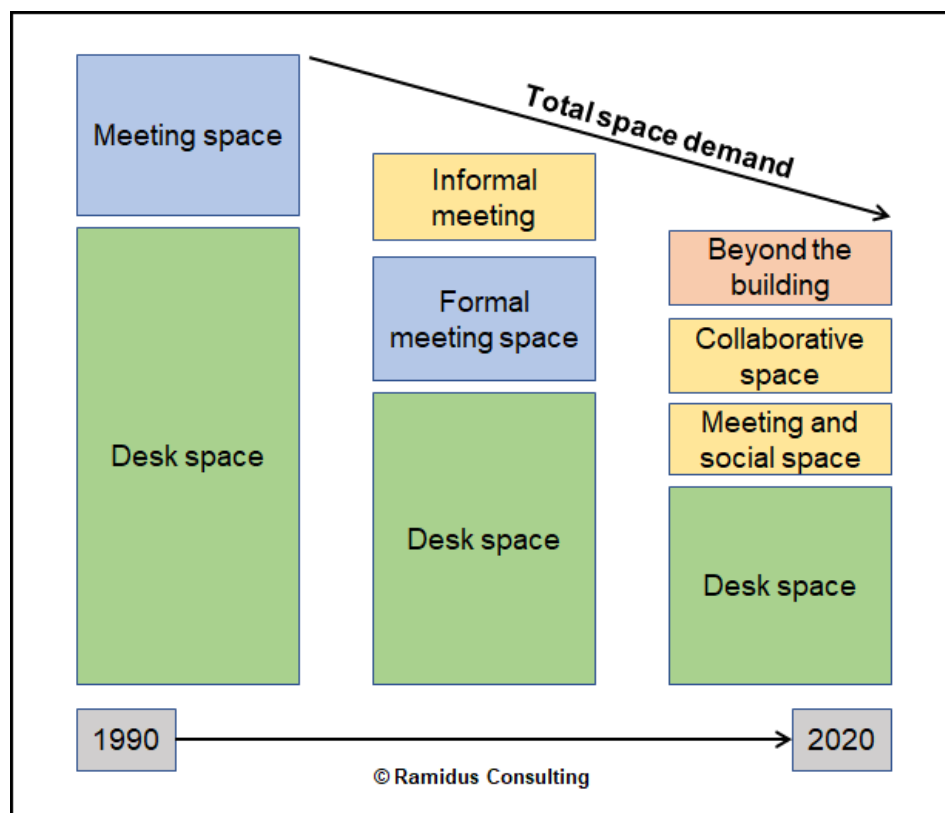
3.0 The role of the workplace

The role of the office is rapidly evolving from a static backdrop for process-based, largely routine and solitary work, to an increasingly actively curated environment, managed more like a hotel than a traditional office, with a high level of service and experience for ‘guests’. The office is increasingly acknowledged as enabling people to interact and collaborate; and it is expected to provide a wider range of settings in which individuals and groups work in a more dynamic way.

A prevalent symptom of the contemporary role of the workplace is the spread of ‘agile working’: technology-enabled; more mobile; more collaborative and using a variety of settings within and beyond the office. Agile working is not a single workstyle but rather an approach that allows work to be undertaken where and when is most conducive to completing whatever tasks are to be undertaken. Most importantly here, it is changing the density and utilisation of buildings.

Figure 2 illustrates the impact of agile workstyles on the nature of space within office workplaces. Where there was once a binary choice of desk spaces and formal meeting rooms, agile working first led to more informal meeting space and then to collaborative space and working beyond the building. At the same time, the total appetite for space has shrunk as space is used far more efficiently.

Figure 2 The changing space budget



The office is thus becoming more of a hub for an increasingly agile workforce that utilises a range of work settings. The emerging priority for today’s workplace is to

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energise and motivate people; make them productive and effective; provide for social interaction and provide a wide range of support services.

The office in this context provides a setting in which colleagues can come together for collaboration, knowledge sharing, mentoring and so on. From the employers' perspective, it is a means of providing a common purpose, ensuring governance and for business process continuity.

4.0 Workplace design

During the past three decades, office buildings have been designed to cope with enormous amounts of ICT hardware – physical space and voids to cope with cables and kit; together with M&E systems to cope with high power demands and heat output. Buildings have been designed with 'deep' space to accommodate technology infrastructure and systems furniture, with raised floors and drop ceilings, and generally highly-engineered systems and infrastructure.

The assumptions therein are now changing. Thin client terminals and centralised computing power have already begun to cede to cloud-based technology; with smart phones, laptops and tablets, together with wireless technology such as 4G and Wi-Fi, removing all the physical limitations of the past. The technology has left the building: people now connect with each other rather than with a physical space.

Tomorrow's workplace will be shaped more by the people that choose to occupy it on a particular day for a specific task, interaction or activity than has been the case in the past. Rather than the 'one-size-fits-all' uniformity of the paper-factory era, a less rigid, multi-function, multi-setting workplace is now emerging. Technology is a key enabler to this trend, but it is happening in response to business and social change, and a resulting demand to create more stimulating, experiential environments that provide choice, support and wellbeing through the working day.

Workplace design will continue to evolve, working towards more hospitable, supportive and experiential places than ever before. A key element in achieving this will be an adaptable fitout, with physical design and floor plans that allow spaces to be configured and reconfigured. Today's fitout must integrate technology, place and people in a more seamless manner, convey the organisational culture and brand, and act as a hub for corporate life.

Workplace design will increasingly (but not exclusively) be about simpler design: 'loose fit buildings'. Shallower floorplates, lower structural heights, natural ventilation and natural light will all become more common. In short, the importance attached to workplace 'hardware' (or performance) needs to be balanced with a greater focus on the workplace fitout and 'software' (experience). Emerging office needs focus consistently on addressing the following issues.

- Less space, used more efficiently, and more effectively.
- Space being a medium for expressing corporate culture and values.
- Evolving workstyles and a diverse and discerning workforce.
- Design for continuous adaptability and diverse usage patterns.
- Activity-based workspaces providing for collaboration, concentration, communication, creativity, confidentiality and contemplation.
- Use of shared spaces as a means to facilitate collaboration.

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- Provision of amenities and services (food, wellbeing, events etc.).
- Creating and managing memorable experiences to attract talent.

Smart buildings Tomorrow's office will integrate intelligent building management systems and the Internet of Things (IoT), connecting all devices in a building, providing ultra-fast connectivity and cloud computing, and enabling the detection and tracking of workers and control of environmental systems, including light levels, temperature and humidity. Real estate, technology and people will thus become tightly connected and managed through integrated, 'smart' systems.

Elements of 'smart buildings' are already evident in new buildings, including intelligent building management systems, sensors that interact with mobile apps and RFID chips and intelligent lifts. However, these are the beginning of much more fundamental advances integrating smart building systems *within* buildings and enabling communication *between* buildings.

The building will become an integrator and controller; it will anticipate the needs of its diverse occupants *and* manage the interactions between them. It will connect and integrate them to a network of on-demand space and services that will keep pace with their changing requirements and those of their businesses, while providing them with access to digital services that transform the workday experience.

Workplace management will thus increasingly be about using building automation and data to manage experience. This is because real time data will create a building that can report on how well it is aligning space and services to the activities being undertaken. In the medium-term, the building will become self-learning and able to make autonomous decisions with, for example, adjustments to the workplace environmental conditions.

5.0 Flexible workplace

Three decades ago, the property industry offered, essentially, two contractual options to occupier businesses: freehold or long (25 year) leasehold, complete with onerous obligations. However, high vacancy levels in the early-1990s saw lease lengths shorten, and serviced offices arrived from the USA as an alternative to long-term commitments. Since the turn of the century, average lease lengths have shortened further and other forms of occupation have emerged. Together, these various products comprise the flexible space market.

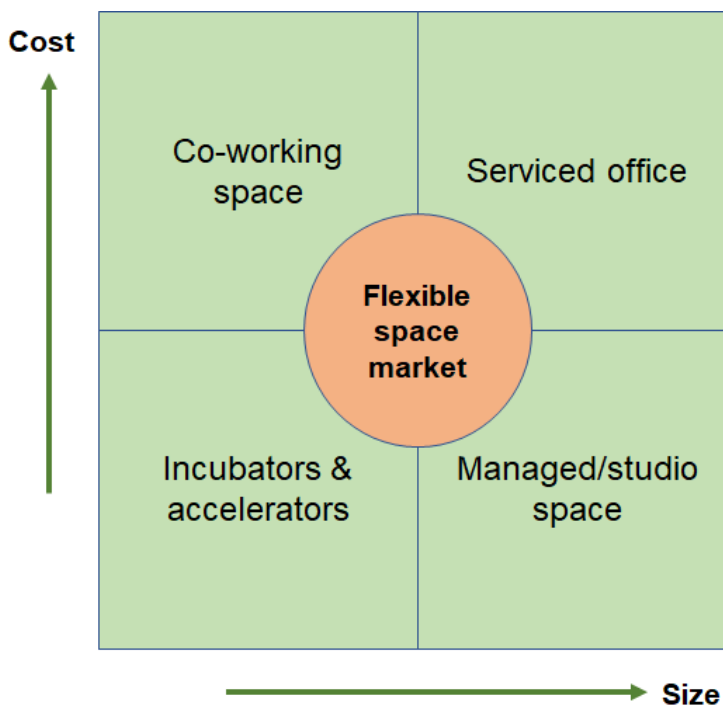
This rise of flexible space represents the 'commoditisation of space' – no longer a long-term commitment with onerous obligations, but available as-and-when needed, on flexible terms. This is a direct response to the disruptive impact of the technology-driven, knowledge economy. Figure 3 illustrates the main products of the flexible space market.

For larger occupiers, flexible space provides agility and flexibility. It offers 'easy-in, easy-out' terms, and allows businesses to avoid the capital costs normally associated with establishing a new office, including fit out, furniture and fixings. Over the next decade, more corporate organisations will migrate towards some form of networked, "hub and spoke" model.

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For smaller businesses, the model means that they do not need to pay for expansion space which might be needed at a future date, nor for space that is used only occasionally such as large meeting rooms or conference facilities. Businesses in flexible space are able to combine their buying power for services such as a reception; ICT; security; telephony and meeting rooms. It gives them flexibility and the opportunity to have a presence at the heart of their market cluster, on terms that suit their business models.

Figure 3 Flexible space typology



Whether large or small, occupiers can now access space in ways that will alter their demand profile, with implications for base build specification.

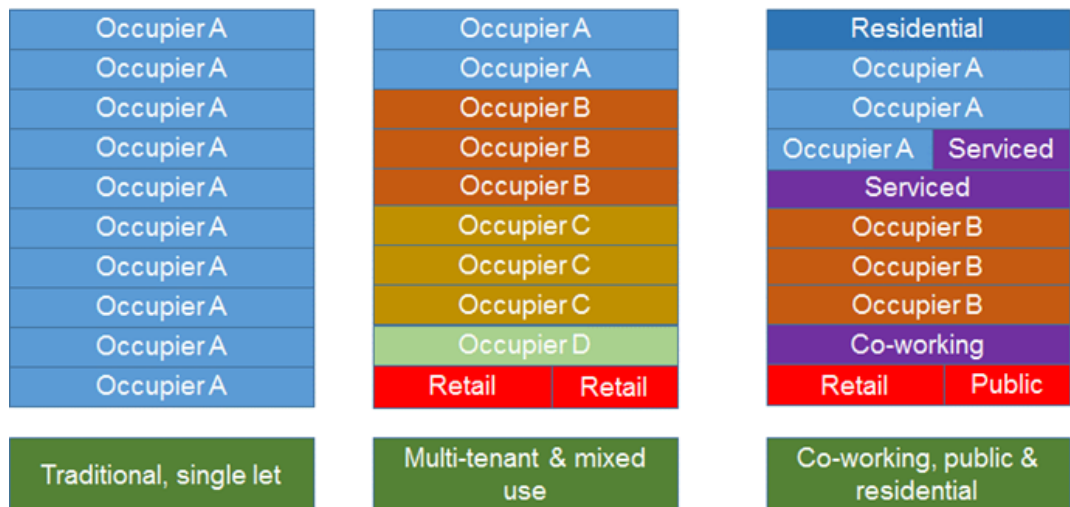
6.0 Summary and implications

The fundamental point behind this paper is that economic and technological change are driving changes in business which, in turn, are driving changes in workplaces and workstyles. The pace of change is likely to quicken; and new digital technologies, mobile devices and ubiquitous connectivity are forcing organisations to ask what their workplaces are really for.

Increasingly, changes in demand are also influencing approaches to whole buildings, many of which are becoming more multi-use, with greater permeability and connectivity with public realm (Figure 4). More buildings will need to provide for a more diverse use profile, and the efficacy of a single, high, performance measure across a whole building becomes questionable.

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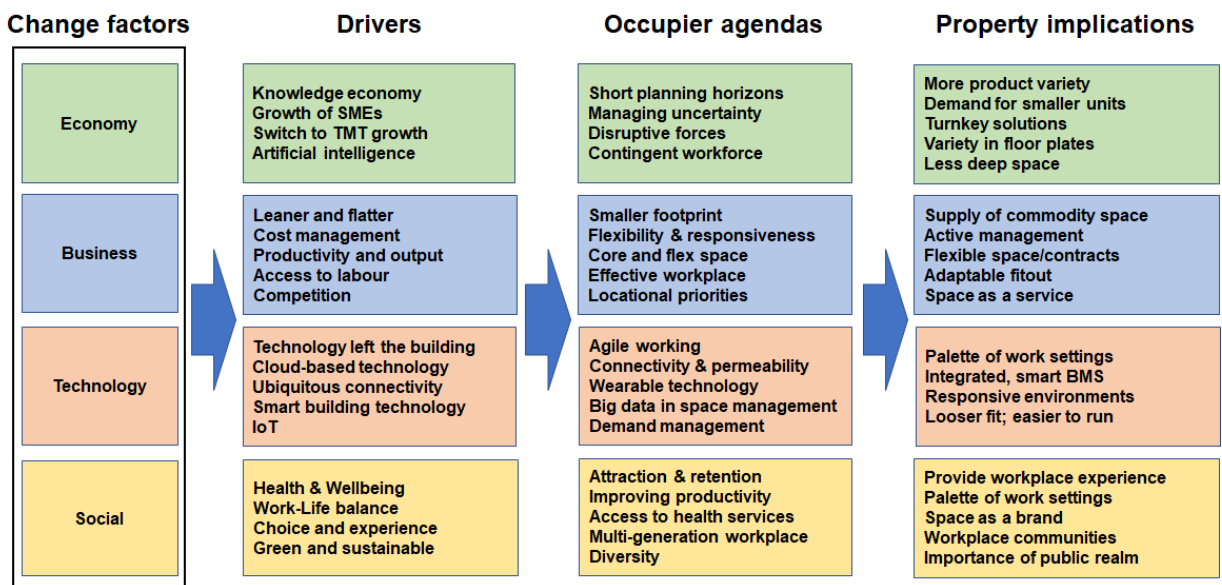
Figure 4 The rise of the multi-use building



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Figure 5 seeks to pull together the strands of thought in this paper and outline the implications for property. The table summarises the four main change factors of economy, business, technology and social; and the key drivers of change within each of those. It then summarises how occupiers are responding and the key implications for the design and management of property.

Figure 5 Drivers of change, occupier needs and property implications



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The design, management and occupation of real estate have evolved. Real estate today is no longer an inert backdrop to work activity and an expensive overhead. Rather, it is a *business driver*, or a strategic corporate resource; to be managed and deployed like other corporate resources – people, capital and equipment.

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The implied shift in priority from *building* (asset) performance to *workplace* (resource) experience means that old style, measures of performance are too narrow. For these reasons, and from an occupier (customer) perspective, the following conclusions can be drawn.

- The market today is highly dynamic; building design and specification is not.
- The market is diverse; single numbers (as with density) do not help.
- There is a need for more choice: more than one generic building form.
- The software of management is as important as the hardware of buildings.
- Need to recognise the variety of products now available.
- Occupiers are looking for experience at least as much as performance.

There is a need to shift design and management focus from seeking incremental improvements in all aspects of specification, to one that places greater emphasis on workplace experience. Our customers are changing, and so must we.