

A business-centric approach to workplace productivity



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Reductio ad absurdum

The naturalist Edward O Wilson once said that he knew of biology students who thought that string theory had something to do with the music department. His serious point was that academia's drive towards ever greater specialisation was leaving students bereft of the ability to look at the world in an holistic manner – a particular problem in his own area of interest, ecology. It might be that this is inevitable given the demands of complex subject areas, but one danger is that increasingly specialist knowledge discourages contextual thinking.

Specialisation is not confined to academia: it is also apparent in the planning and development of the built environment, where seemingly countless specialist skills operate with little apparent interaction. At a high level we have the separate but parallel worlds of property, construction, facilities management and design, each containing myriad specialist skills. For example, within property alone, there are those who work with property simply as a financial asset, who share little in common with those for whom property is an operational resource. And then there are further specialisations by property type, such as health, education, office and residential.

The practical consequences of this specialisation are amply demonstrated in workplace planning and management. All too often highly specialised skills are used to try to explain issues or solve problems that actually require “cross cutting” thinking in order to provide workable and sustainable solutions. One important example is the recent burgeoning interest in workplace productivity – particularly in the office workplace – which forms the subject of this paper. Although there is neither a generally accepted definition of productivity, nor a commonly-used method of measurement, there are plenty of specialists measuring narrow variables, which are then stretched almost to breaking point to explain broader issues of organisational performance.

This paper seeks to provide a robust, business-centric framework within which to evaluate workplace productivity, using broader-than-normal definitions of both *workplace* and *productivity*. The following definition of workplace productivity is adopted:

workplace productivity is a measure of the degree to which the performance of people, the systems and processes that support them, and the environments in which the people, systems and processes are housed, all work in concert to support the overall objectives of the organisation of which they are part.

Thus we are concerned here with the whole workplace – not just aspects of the office fit out – and our focus is on productivity at the organisational level, not the individual. This broader-than-normal definition of productivity has been adopted in order to provide a tool which corporate real estate management teams can use, in conjunction with other organisational resource areas, to align property strategies with business strategies.

The growing importance of workplace productivity

The measurement of workplace productivity can be traced back over a hundred years to the well-documented Frederick Taylor (2009 is the centennial year of his seminal work, *Principles of Scientific Management*¹) and to the Hawthorne experiments of the 1920s and 1930s.² Reflecting the dominant economic structure of the time, the early work concentrated on factory workplaces where productivity is relatively easily measured in

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terms of units of output. However, the study of workplace productivity failed to evolve into a widely applied discipline: while the social impact of work on people has been researched extensively, the economic impact of people on work has not been.

Some thirty-five years ago, the American social commentator Studs Terkel, made a plea for a different approach to the concept of work, arguing that work should be:

*about a search for daily meaning as well as daily bread, for recognition as well as cash, for astonishment rather than torpor, in short, for a sort of life rather than a Monday through Friday sort of dying.*³

This plea for a different concept of work pre-dates the computer era and reflects a time when a higher proportion of worker output was a good deal more tangible than is the case today. At this time even much office work was process-oriented, often physically arranged around Taylorist, production-style work processes and layouts.⁴ For a good deal of the next thirty five years, the harsh reality for most workers was *more of the same*. Indeed, as recently as 1996 management gurus John Micklethwaite and Adrian Wooldridge made the rather sobering comment that “*the most horrifying thing about the future of work may be just how similar it will be*”.⁵

While the workplace changed little, work certainly did. The past thirty or so years has witnessed the transformation of many economies from predominantly “production-based” to “service-based” economies, where over three-quarters of jobs are in “non-productive” industries. Take London as an example. Manufacturing employment fell there from over one million in 1971, to 245,000 in 2004, and is expected to reach around 130,000 by 2026. By contrast, at the same points in time, businesses services employment grows from 457,000, to 1.07m and 1.7m, respectively.⁶ Estimates suggest that over ten million people (nearly one-third of the workforce) are now office-based. But despite the structural changes that have occurred in the economy, and the huge contribution now made by office-based organisations to national output and wealth, arguably we still do not have a generally accepted approach to office workplace productivity.

The structural change in the economy described above has seen the rise of the knowledge worker and the growth of jobs with increasingly less tangible outputs. Together with the fundamental developments in technology that have occurred over the past decade, the traditional Taylorist environment within which most people worked simply had to yield to a different model. And it has begun to do so, leading in turn to workplaces that go some way to meeting Terkel’s vision. Many organisations have introduced major change programmes to deliver workplaces appropriate to contemporary social and economic conditions. Thus, in contrast to Micklethwaite and Wooldridge’s rather pessimistic outlook, by 2001, Cynthia Froggatt was able to make a more radical set of proposals, outlining “*eight essential principles for peak performance in the virtual workplace*”.⁷ These are paraphrased by this author in Figure One.

The point here is that these principles recognise the convergence of interests between *people, technology and place*. In doing so they highlight the inappropriateness of a continuing reliance on a myopic approach to workplace analysis and design.

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Figure One
Eight principles for peak performance in the virtual workplace

The principle is...	To promote this we need to shed ...
Initiative	The status quo and a fear of change.
Trust	Outdated performance measures.
Joy	Images of work as stressful drudgery.
Individuality	The “one-routine-fits-all” mentality.
Equality	Status symbols reinforcing hierarchy.
Dialogue	Layers of office politics.
Connectivity	A reliance on face-to-face interaction.
Workplace options	The home office-corporate office dichotomy.

Most organisations in the modern, service economy have very few physical assets: they largely trade in knowledge. Increasingly, short-term leases are replacing long leaseholds and freehold assets as the preferred tenure for most; and capital intensive plant has yielded to rapidly depreciated and quickly obsolete desk-top equipment. As a consequence of these trends, the single greatest asset (and cost) for many organisations today is their people. Estimates suggest that for typical office-based organisations, people costs can represent over 75% of total business costs.⁸

Just as airlines need to ensure that their aircraft are working at full capacity, and as hotel chains seek to maximise occupancy, so office-based organisations need to ensure that their “assets” are working to optimum effectiveness. And it is within this context that the role of the workplace in supporting organisational effectiveness has relatively recently come under the spotlight. Whereas in the past the workplace, or property, was seen by senior management simply as a leaden, inflexible cost of doing business, it is now coming to be recognised as a strategic resource that can be actively managed to improve the effectiveness of the valuable and costly assets on which it depends.

The problems with current approaches to workplace productivity

The relatively recent focus on the workplace as a lever of competitive advantage for business has led to an almost frantic search to demonstrate how this or that aspect of the workplace experience can affect a person’s productivity. Aspects of furniture, space planning, environmental quality and office services are all routinely cited and measured. Furthermore, most empirical studies rely on self-reporting studies that record whether individuals feel that their productivity is affected by furniture, space planning, environment, and so on. Figure Two lists some of the more commonly used variables against which workers are asked to report their perceived productivity levels.

Whilst such an approach is not wrong, *per se*, its limitations must be recognised. For example, it limits the definition of *productivity* to that of the individual, and it tends to limit the *workplace* to the physical aspects of the fit out. The approach focuses on the work environment as a physical entity, largely ignoring the business, social and systemic influences on performance.

A further problem with the current approach is that it fails to recognise the far more fluid, interactive and collaborative nature of many modern offices. It relies on the traditional model of a relatively sedentary individual, undertaking generally solitary tasks, instead of

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one making choices between different work environments to perform varying tasks with a wide network of other individuals.

Because of these limitations, the extent to which such an approach is reliable as evidence upon which to base much broader change management decisions is questionable. Influences and symptoms often get confused, and as a result, solutions can be short-term palliatives. Leaman and Bordass⁹ recognised the difficulty of defining a productivity measure for office occupiers, suggesting instead self-reporting on workplace factors as an acceptable surrogate. Indeed most practitioners and academics seem to take the view that in the absence of anything else, this approach will suffice. However, something more broadly-based, and which is systematic, replicable and objective, *is* required in order to address the complexity of modern office environments.

Figure Two
Commonly used variables for self-reporting on productivity

Space	Circulation Condition Layout
Workstation	Chair Desk PC Storage/Filing
Facilities	Break out areas Meeting rooms Printing/copy Restaurant Room booking
Services	Cleaning Network Post Security Telecoms
Environment	Air quality Glare Lighting (natural) Lighting (electronic) Noise (equipment) Noise (people) Privacy Temperature Ventilation

In short, current approaches fail to give a sufficiently broadly-based, robust framework with which the real estate manager can engage with senior management and the wider business to bring about integrated change and a sustainable improvement to worker productivity. One example will serve to illustrate this point. Current prevalent methodologies fail to take account of how closely aligned the individual feels with the

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management, culture and direction of the business. No matter how well planned and responsive the work environment is, if an individual is not comfortable, or aligned, with the organisation, then his/her productivity/satisfaction will suffer. Conversely, an individual who is highly aligned to an organisation will put up with all manner of workplace discomforts and shortcomings while at the same time being highly productive.

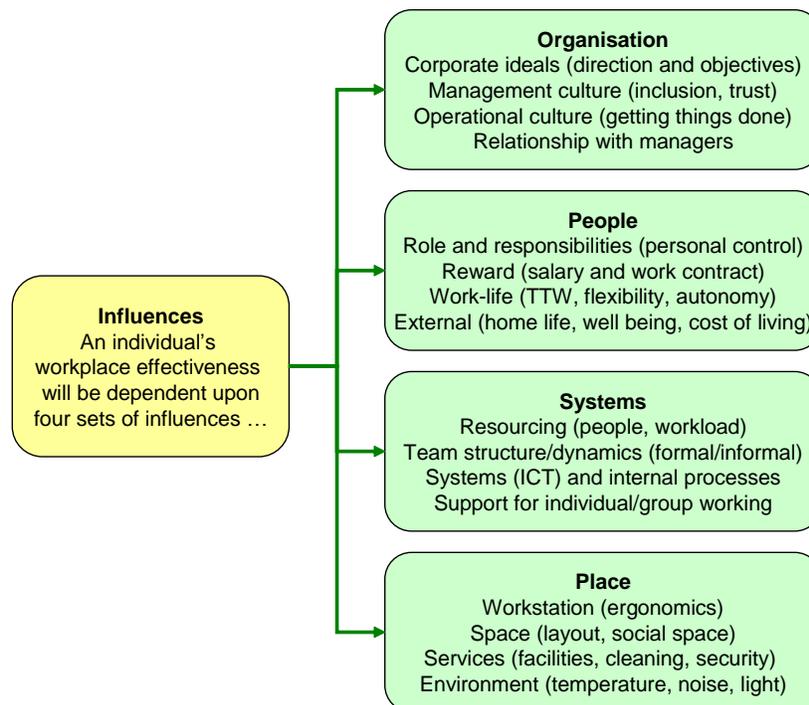
Towards a business-centric framework

In moving towards a business-centric model for measuring workplace productivity, we need to *identify* the factors influencing productivity, *describe* the symptoms of improving or falling productivity and *define* the metrics for measuring workplace productivity.

The first stage in moving towards a business-centric framework for evaluating workplace productivity is to recognise the range of influences on productivity. Setting aside purely personal factors – which are in any case often beyond the control of a workplace manager – a person's productivity will be the outcome of a range of interacting factors relating to the organisation itself (eg: culture, management); people issues (eg: satisfaction with role or work-life balance); systems (eg: business processes and technology support), and the physical workplace (eg: comfort and temperature).

Figure Three shows a framework for identifying influences, each of which is then broken down into sub-categories of influence. The sub-categories are not exhaustive, but illustrative of a principle, and they will vary according to the specifics of place and time. The mix of organisation, people, systems and place factors, however, attempts to capture a set of variables that extends beyond a list of environmental influences to a business-centric set of measures.

Figure Three
Identifying influences on productivity

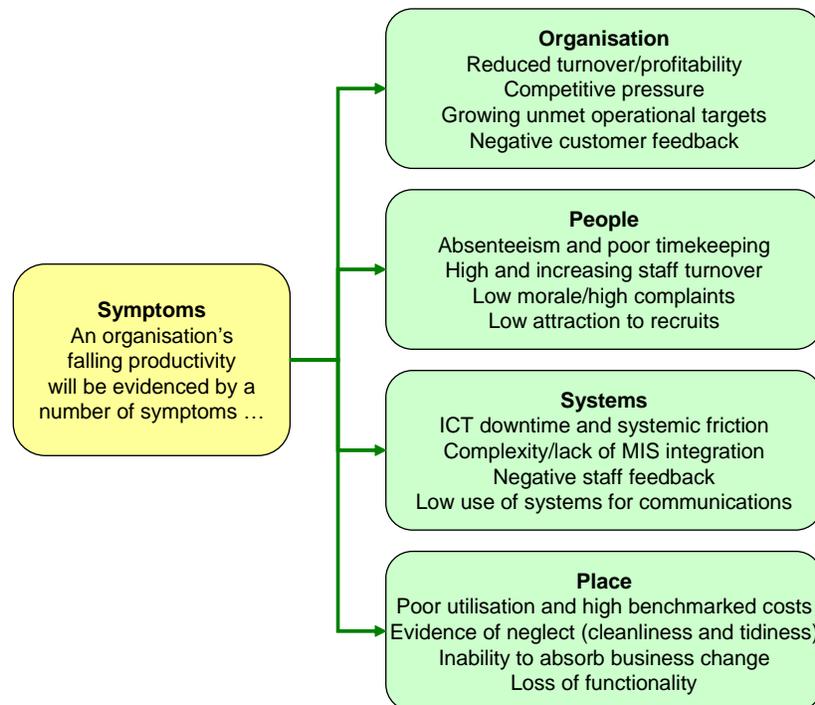


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The model allows a much closer examination of the level of alignment between individual and organisation. For example, while low levels of satisfaction with the environment and layout might hide a deeper dissatisfaction with management or personal responsibilities, by assessing satisfaction with the management culture and team structure, these issues are addressed in a business-centric matrix of influences. The model thus allows for a greater focus on the level of “control” that an individual exercises over their work life; and the issue of control is critical to motivation and productivity.

If the framework shown in Figure Three is accepted, then it is possible to move on to describe how these influences over productivity might reveal themselves as symptoms of workplace productivity, and the metrics that can be put in place to track progress. Figure Four addresses the first of these, the symptoms of workplace productivity.

Figure Four
Describing the symptoms of workplace productivity



Again, the symptoms shown here are not exhaustive, but illustrative of a principle, varying according to the specifics of place and time. Also, the importance, or weighting, attached to each will vary according to context. For example, the figure refers to “ICT downtime” as a system symptom. This is clearly critical in broadcasting and call centres, but “Low use of systems for communications” might assume greater importance in a media business.

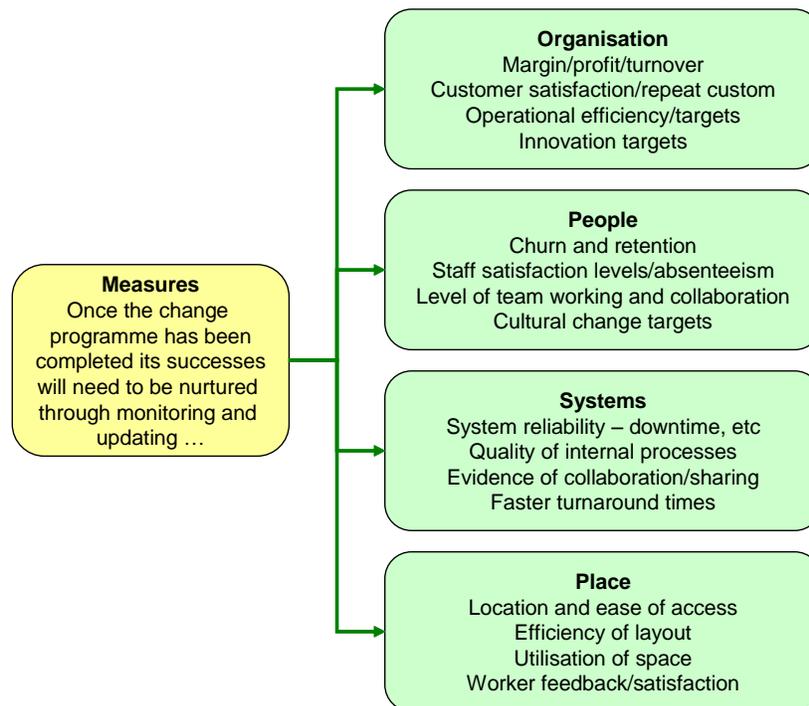
The symptoms described here are written to describe falling productivity (*reduced* turnover, *low* morale, *poor* utilisation, etc). They could equally be written in neutral terms or in a more positive manner to track progress towards increasing productivity.

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What this demonstrates above all else is that a workplace change project revolving around just the physical environment will have limited impact and questionable sustainability. It is necessary to be led by the business (i.e. management) with integral input from all key resources areas – people, technology, finance and property.

Having identified the influences and described the symptoms, the final step is to set up a series of metrics that will, within the organisational context, provide a realistic picture of workplace productivity. The metrics need to be clear and consistently applied within a robust sampling framework, using data collection methodologies that can be repeated over time. Figure Five shows a breakdown of measures for a notional organisation.

Figure Five
Defining the metrics of workplace productivity



Why this approach fits with the evolving CRE function

There does now appear to exist a generally accepted view that corporate real estate management must be aligned to business planning, in a very direct way. In so doing it must increasingly work in tandem with other resource areas. The practical implications of this trend are already being seen in the emergence of business infrastructure managers who take responsibility for multiple resources areas, of which the work environment is simply one. In this more integrated environment, measurement of workplace effectiveness, or productivity, must itself become more holistic. The framework presented here seeks to address this demand and provide real estate managers with a practical tool.

As the focus on the role of the workplace in supporting business improvement sharpens, so there will need to be more sophisticated and responsive approaches to supplying workplace services and supporting infrastructure. And this presents property managers with both a challenge and an opportunity.¹⁰

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- The challenge: to create tangible value for the organisation via improvements in the workplace, and be recognised in the role of “work enablement” rather than service delivery.
- The opportunity: redefine the role and discard the back-of-house image in favour of a core business, or front-of-house role, that is closer to business planning.

Both the challenge and the opportunity underpin the importance of a new approach to measuring workplace productivity. However, there is at least one factor inhibiting this more holistic approach, and that is the separation that often exists between property management and facilities management. The former typically deals with acquisition and disposal of properties and capital projects, while the latter, often seen as a poor relation, deals with the day-to-day management of service contracts. Whilst there are some very notable examples where this *Upstairs-Downstairs* culture has been overcome, it remains the case that the prevalent model is for the two to operate independently.¹¹

With growing organisational complexity and more demanding customers, the need for real estate and facilities to provide an integrated, broadly-based business support service will heighten, forcing the two to work more in tandem rather than in silos. Also, a more integrated real estate function will require greater co-ordination with other infrastructure areas such as human resources and technology. It will increasingly work in multi-disciplinary teams, in an enabling role, providing support to business-critical processes though space and time.

While not comprehensive, nor indeed specific to any type of organisation, Figure Six provides a framework for an integrated workplace management regime.¹² It focuses on value rather than cost and could help re-position the role of property managers within their organisations.

Figure Six
Integrated workplace management

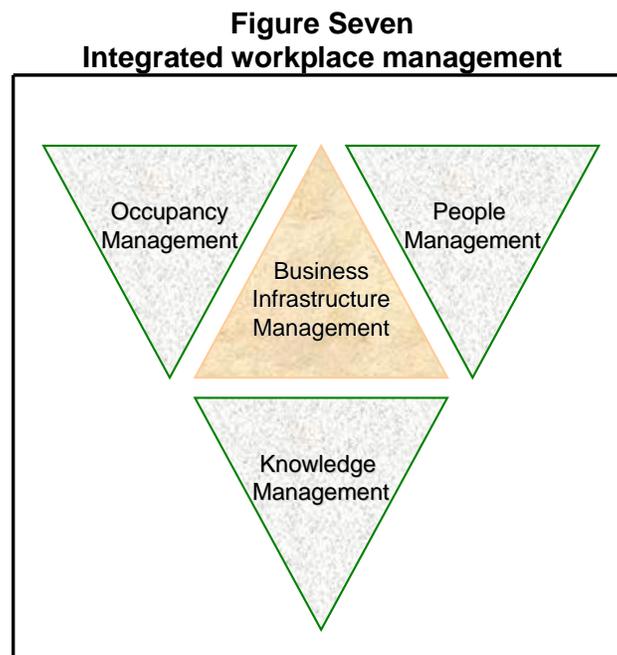
Integrated workplace management: a ten point action plan	
1.	Connect with the business: align property with <i>specific</i> business objectives.
2.	Communicate the workplace as a tool of competitive advantage.
3.	Connect with HR and IT: develop a shared agenda.
4.	Develop a service culture and value-add ethos.
5.	Think concierge rather than static provision.
6.	Connect with users: introduce a simple, <i>relevant</i> performance contract.
7.	Simplify the service and user interface.
8.	Audit the FM team’s skills and identify gaps.
9.	Align external service providers with the new agenda.
10.	Create relevant and accurate management information to monitor progress.

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This approach was spelt out by Wes McGregor who argued that to be effective, the work environment will need to result from collaborative efforts, “where IT and HR along with facilities management are combined to achieve an effective integrated support service for business operations”.¹³ McGregor argued that this new agenda calls for additional skills in facilities managers, who would

need to become ‘multi-lingual’ in terms of their ability to interpret the needs of their customers (individual, group and corporate) and translate facilities related issues into a language that enables them to communicate effectively with managers of the business.

Figure Seven shows a conceptual model of integrated business infrastructure management. ‘Occupancy management’ here refers to an integrated real estate and facilities function. Knowledge management is included within the ICT function to recognise the important role that integrated systems have in linking resource areas in organisational planning.



What the model demonstrates above all else is the reliance of a business-centric approach to measuring workplace productivity on a holistic approach to organisational resource management.

Conclusion

This paper has described the growing importance of the office workplace, both in the context of the economy and its role within the modern organisation. Its absolute cost and its less tangible impact on the performance of an organisation both demand a better approach to understanding its effectiveness than has hitherto been the case.

Surveys to measure “office productivity” are regularly undertaken but, for reasons shown here, prevalent methods do not provide the kind of output needed to make decisions

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with organisation-wide implications. This paper has therefore proposed a more holistic approach. It is not expected that the proposal provides *the* answer, merely suggestions as to the direction in which the measurement of workplace productivity needs to travel.

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References

- ¹ Frederick Taylor (1856-1915) published *Principles of Scientific Management* in 1909, and his legacy was to influence management thinking, both in the factory and the office, for nearly a century. While at the Midvale Steel Company, Taylor studied industrial productivity and methods for measuring output. He introduced piecework, developing systems to maximise the efficiency of men and machines in the factory. His work involved time and motion studies, and his basic thesis was that incentive-based wages were ineffective unless they were used alongside carefully planned and managed tasks, backed up by supportive and co-operative management. He argued for the careful selection and development of people, identifying clear goals and tasks, organising feedback, providing training and encouraging group support. Scientific management was born.
- ² The Hawthorne Experiments at Western Electric's Hawthorne plant, near Chicago, initially investigated the effect of lighting on worker productivity. The work found a direct correlation between lighting conditions and output. Researchers led by Elton Mayo concluded that the change in productivity had less to do with the lighting levels themselves, and more to do with the fact that workers' interests were being attended to, which had a motivating effect. The Hawthorne Experiments have been challenged over the years, but it is generally accepted that the work highlighted the positive impact of social factors such as management interest, group work, control over the work environment and methods of working on productivity.
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