



# **Federal Facilities Council Forum for Alternative Work Arrangements: Private Sector Practices**

## **Implementing Alternative Workplace: A Change Management Approach**

Martha O'Mara PhD, CRE  
Managing Director, Corporate Portfolio Analytics

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## Today's Discussion: It's About the "How" rather than just the "What"

### "Alternative Workplace" no longer alternative

*Most Fortune 500 Companies pursuing in one form or another.*

*Federal government "Telework Act of 2010" mandating agencies enable telework policies.*

### However, viewing AWA as a "real estate" solution is misleading

*It is more about **process**, less about "design".*

*Why don't we see more success stories?*

*Why don't we see any good pictures?*

### Forget about the what, what about the "how?"

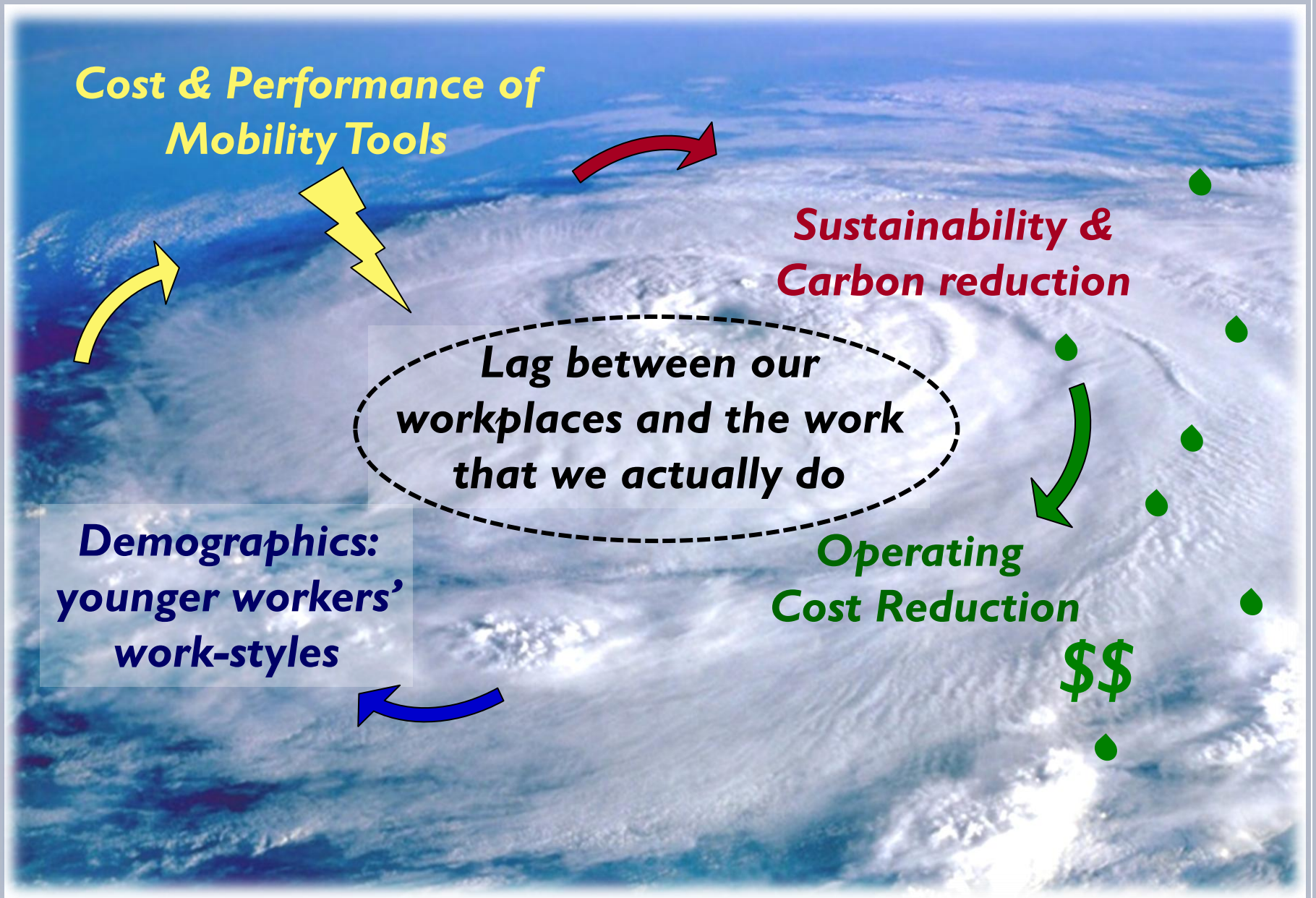
Gathered senior corporate real estate managers from five Fortune 200 companies and a dozen Federal agencies to share experiences implementing AWA – one day workshop

### Focus on the "Change Management" challenge –

*"Eight Steps to Transforming Your Organization" by John Kotter, Harvard Business Review*

*Facilitated discussion of each step, share the highlights with you today.*

# The Perfect Storm



# Getting the Story Straight



**Not “telework”**  
*Not fuzzy slippers*  
*Not all “butts in boxes”*



## Space

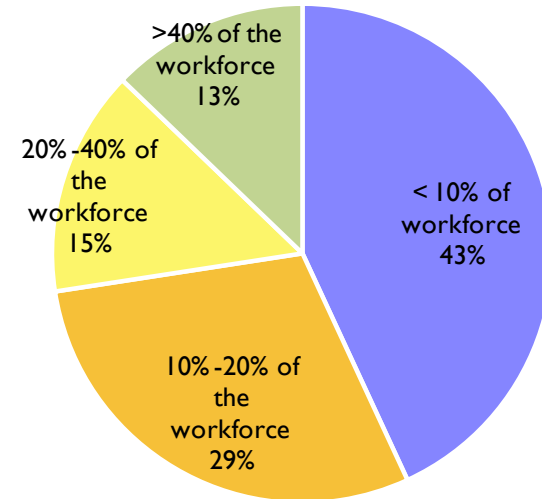
Time	Individual Space	Group Space
Pre-assigned	<ul style="list-style-type: none"> <li>• “cave”</li> <li>• “personal harbor”</li> <li>• benching/clustering</li> <li>• sequential “shared” offices</li> </ul>	<ul style="list-style-type: none"> <li>• “commons”</li> <li>• “group address”</li> <li>• flexible conference rooms /libraries</li> <li>• lounges, nooks</li> </ul>
Assigned as needed	<ul style="list-style-type: none"> <li>• hoteling</li> <li>• “just in time” offices</li> <li>• telecenters / satellite offices</li> </ul>	<ul style="list-style-type: none"> <li>• same options as above</li> <li>• contingent spaces: hotel rooms, client premises, etc.</li> </ul>

**Individual office**

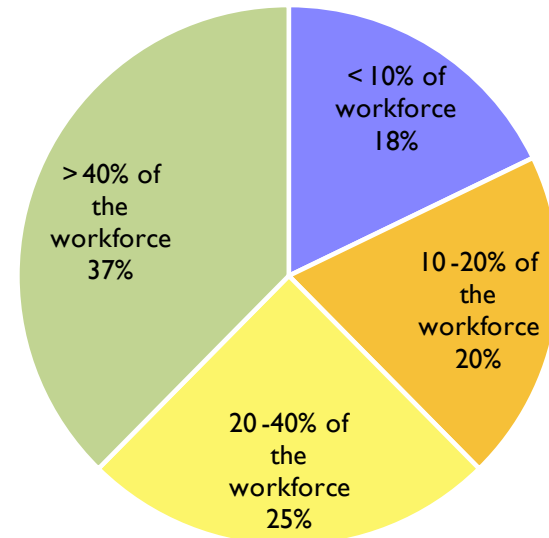
Ca. 1990

## AWA utilization expected to greatly increase

*Alternative workplace strategies (where a range of flexible workplace settings are provided for an employee's work in places that are not assigned individually) are available for:*



*“Within the next five years what proportion of employees at your organisation could be utilising alternative workplace arrangements.”*



**Corporate Real Estate Impact on Enterprise Success. 2010 survey of 40 global corporations representing 3.6 m people supported and 2.2 billion square feet**

<http://www.regus.presscentre.com/White-Papers/Corporate-Real-Estate-Impact-on-Enterprise-Successs-20de.aspx>

# Eight Stage Change Management Process

- Establish a Sense of **Urgency**
- Form a Powerful Guiding **Coalition**
  - Create a **Vision**
- **Communicate** the Vision
- **Empower Others** to Act on the Vision
- Plan for and Create **Short-Term Wins**
- Consolidate Improvements and Produce Still **More Change**
- **Institutionalize** New Approaches

Based on John Kotter's work

## Step 1: Establish a sense of urgency

What problems or issues can be solved by AWA? Current and potential crises and opportunities.  
How can AWA help the organization perform better?

### Cost focus

*Show we pay for space we do not use*

*Lease turnovers provide a clear deadline and quantifiable benefit*

*Reduced internal churn*

### Human resources focus

*Wider access to labor markets*

*Greater employee satisfaction and retention*

*Work process improvement*

*Support what is already happening – people work mobile already*

***“It really is about changing the way we work – real estate is just an ancillary benefit.”***

Making the argument:

*Portfolio analytics*

*Surveys*

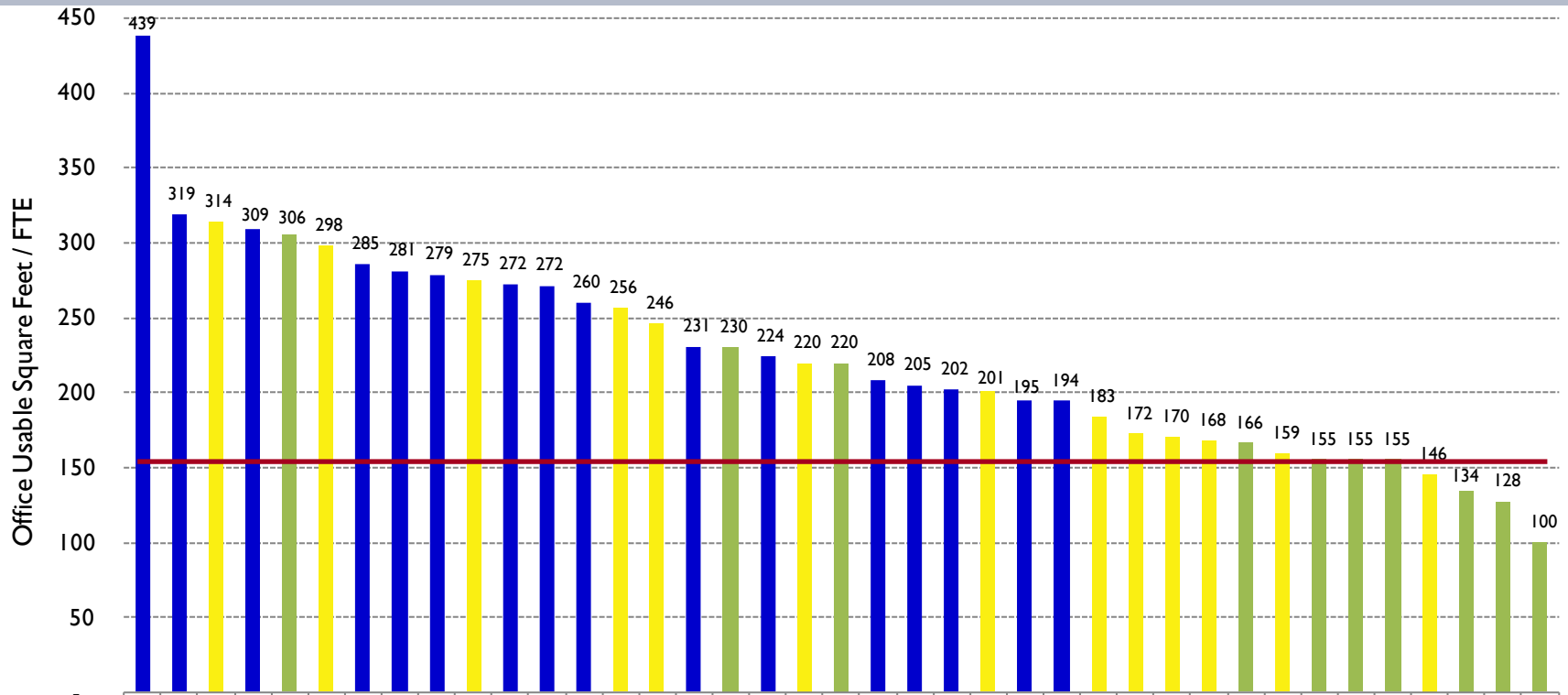
**DATA DATA DATA**



## Demonstrate that assets are currently underutilized

The average utilization of assets in the portfolio is 218 usable square feet per FTE, which is 45% higher than the recommended target of 150 usf/FTE.

Legacy owned buildings are especially inefficient at 261 usf/FTE.



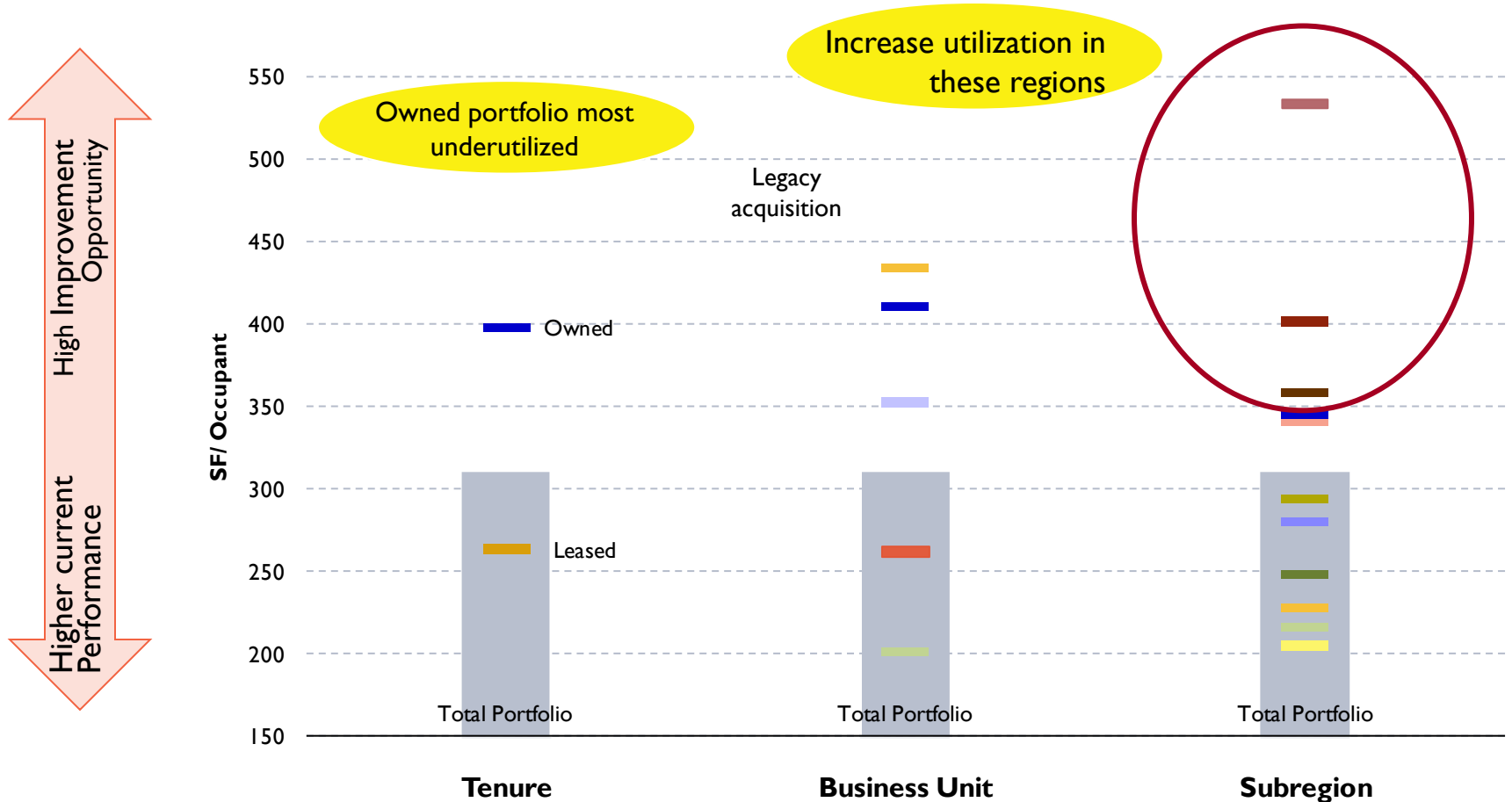
*A simple histogram can tell the story*

Note: CPAnalytics' experience with private and public sector clients in North America and Europe, which has been confirmed by industry reports, has found that a building utilization metric of 150 USF/FTE or lower is achievable.



# Differences across Lines of Businesses and Regions

Internal benchmarking of portfolio performance highlights where the biggest opportunities to add value through AVA may be.



Density = Area / Total of assigned contractors and employees.

## Survey employees to understand how and when they use their assigned office

Develop a survey program early to guide workplace and process decisions.

Document pre and post AWA implementation impact.

Compare employee satisfaction and performance measures to type of work-style used, controlling for basic demographics.

*In a typical work week, how much of your work time is spent in the following locations?*

*(Include commuting time as work time)*

*Please estimate a percentage of your time so that it totals to 100%*

	In my assigned Company office location
	In my car commuting to and from work or to and from a customer or vendor
	At a customer or vendor's location
	Working from home
	At a Company location other than my assigned location
	Working from a location that is <u>not</u> a Company office, customer or vendor, or home
	Other ( _____ ) please indicate
100%	

## Step 2: Form a powerful guiding coalition

Powerful representatives from many parts of the organization that lead the change effort.  
A diverse team of champions from varying stakeholders that need to be involved in the change.

***“If support is centralized, you have a bigger hammer”.***

Companies who have already successfully implemented AWA programs included members from corporate real estate, human resources, and information technology.

IT participation is critical because technology enables AWA.

If you have unions, involve them in the process early and have a representative in the guiding coalition.



When senior  
management  
“walks the talk”,  
change is  
accelerated.

## Stakeholder impact analysis

How will offering alternative workplace strategies help build and maintain competitive advantage? What is good for the business?

	Real Estate Factors	Human Resource Factors
Strategic	Redeploy capital to core business	Greater geographical access to labor markets
Financial	Operating cost reduction	Cost savings to employees from commuting
Operational	Locations based upon use, function	Access to a more diverse workforce through flexible schedules
Individual	Work settings that support the way work is done	More personal choice regarding schedule, work-style

## Step 3: Create a vision

The vision must be flexible enough to appeal to different motivations, allowing each part of the business that is affected to see what is in it for them.

### Policy vision:

*Do we provide financial support for mobility tools?*

*Supervision, performance measurement, communication norms*

### Physical vision:

*“If you can’t explain it in less than five minutes, you’re losing”*

*Use multiple strategies to communicate*

*“What will it look like?”*

*“Day in the Life” video.*

*“Pilot” demo space featuring the new workplace design*



## Step 4: Communicate the vision

Respond to the question: “What is in it for me?”

Every vehicle possible should be used to communicate the new vision at all levels of the organization.

*Seek trade-offs and focus on the benefits of the program to gain support for AWA.*

*A “calculator” to show how much employees can save per month on commuting and other costs.*

*Specific company incentives include up to \$1,000 in technology purchases and reimbursement for phone and internet.*

*Listening to concerns and responding with creative solutions generates trust.*

*Demonstrating that you have done your homework and explaining the rationale of the program also builds trust.*

*Employees must feel they are stakeholders in the overall change process and achieve their buy-in prior to investing in physical workplace changes.*

Continue communication once the AWA program gains traction.

Provide training on how to work and manage in an AWA environment.

*The more frequently people are exposed to new concepts, the more receptive they are to change. John Kotter’s research observed that buy-in from about 75% of management is required for a successful transformation over time.*



A word cloud featuring various terms related to modern work environments. The words are arranged in a dense, overlapping cluster. The colors of the words include shades of green, orange, red, and yellow. The terms include:

- VirtualWork
- CityWork
- Bluework
- RemoteWork
- TechnoNomads
- ConnectedWorkplace
- WebWorkers
- FlexOffice
- eWorkers
- Neo-Bedouin
- RoadWarriors
- MyWork
- Evolution
- EiWorkers



## Step 5: Empower others to act on the vision

Identify functions that could most benefit from AWA to serve as early adopters.

### **Advice from corporates:**

*A group of 200 to 500 employees is a good target.*

*Early adopters can help make the vision a reality, but expect that the overall implementation process can take two to three years.*

*Job functions in the private sector that are well-suited for AWA include administration, technology, staff support, and engineering.*

*Find a work group that is already asking for more flexible working arrangements.*

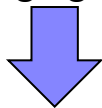
*Labeling early adopters as “pilots” can undermine the overall message of AWA as a permanent change in how the workplace is used.*



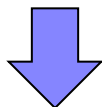
# Demonstrate the potential impact of Alternative Work Strategies

## Implementing Alternate Work Environment Strategies:

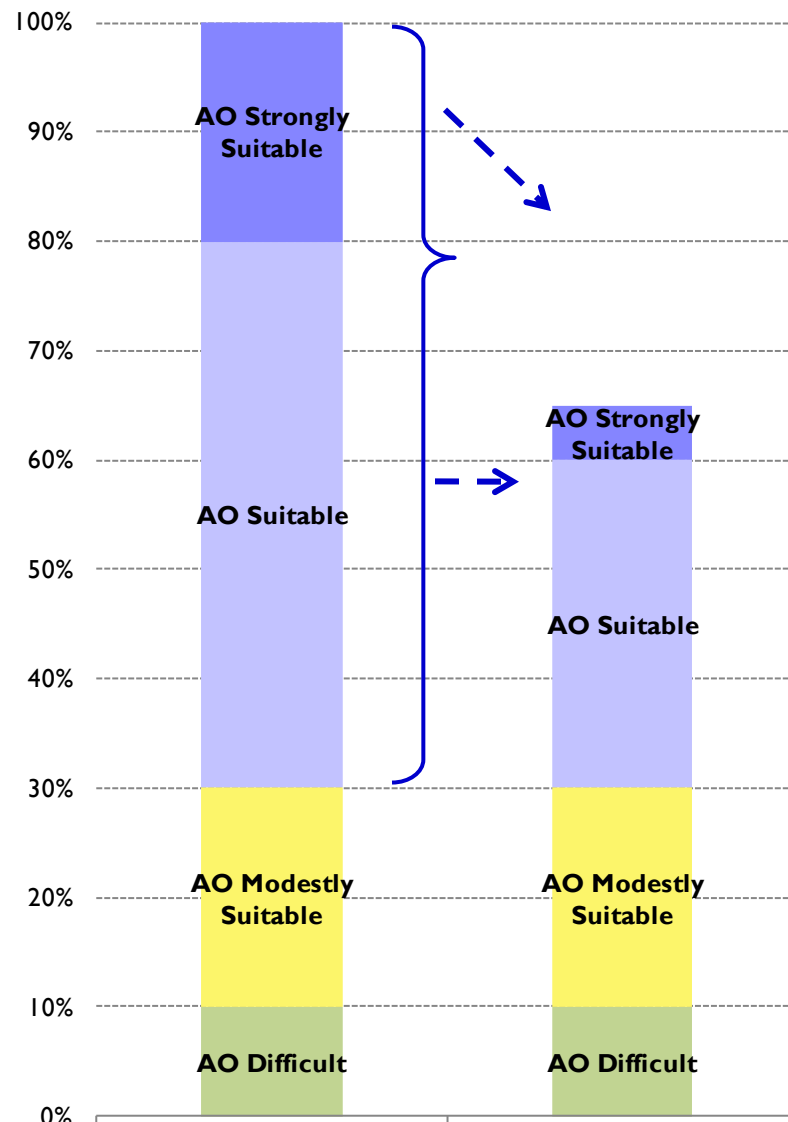
- xx% of SBUs in the portfolio indicate high potential for alternative work environment strategies and are projecting high growth.



- xxx square foot reduction of occupied area could be realized if xx% of portfolio space is redesigned to alternative office format.



- Portfolio carbon footprint reduced by xx% through use of alternative work environments!



## Step 6: Plan for and create short-term wins

Deliberately plan for short term wins to create visible performance improvements.

Document and communicate the benefits achieved by early adopters to help generate excitement and momentum.

**Recognize and reward employees involved in the change process at this stage.**

*Several of the companies at the workshop described how their early initiatives produced results that catalyzed their programs.*

*Multiple sources of performance measurement – individual, organizational, and real estate related, must be applied.*

**With more collaborative and less individual space, the new workspace can better meet the needs of how people actually worked together in that group**

*“High utilization breeds collaboration, while high vacancy breeds more vacancy.”*



New York office



Klout,  
San Francisco

## Step 7: Consolidate improvements and produce still more change

Do not be satisfied by early wins.

Continue the change process until it becomes the normal way of doing business.

Look for ways to continually improve your alternative workplace strategies as they expand.

### **Kotter:**

Work to change systems, structures, and policies that do not support the vision.

Consider hiring, promoting, and developing employees that are able to implement the vision.

### **Advice from corporates:**

“One company estimates that about one-third of their workforce is currently eligible for AWA but it takes time to roll out implementation.”

“Group managers always asked for more space than what they end up using. Therefore, we now build-out less space than is actually requested and wait for actual demand to be documented before we build additional space.”

“Mobile workers weren’t fully integrated into the culture so now we are implementing policies such as requiring employees to come into the office a certain number of times per week or for certain meetings.”

Recognize there will be geographical differences in how people use drop-in spaces.

Different issues come up when transitioning new or existing employees to AWA and that policies are need to respond to both types of employees.

“Some employees may never adapt to AWA even though their job fits the profile. Such individuals may still be valuable to the company and must be accommodated.”

“We look for inspiration from our international locations where space and energy is far more costly than in the US today.”



## Step 8: Institutionalize new approaches

Articulate the connections between the new workplace and work processes and corporate success. AWA is a constantly moving target.

As technology and work practices continue to evolve, so will the workplace. Therefore, CRE leaders will have to constantly assess their strategy and adjust their programs to remain relevant.

**“Our ultimate goal is not to have any dedicated work spaces.”**



EBay prototype offices  
**Valerio Dewalt Train  
Associates**

Download

**Alternative Workplace Implementation as Change Management**

at our website [www.cpanalytics.com](http://www.cpanalytics.com)

Also available as a 50 minute presentation.

Martha O'Mara, Ph.D CRE

[\*\*martha@cpanalytics.com\*\*](mailto:martha@cpanalytics.com)

617 938-6464