Flexible Working Benefits
Collated Evidence and Case Studies

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Executive summary

Despite a focus on space and associated cost savings by the property community, there are many more worthwhile benefits to implementing flexible working (also referred to as agile, alternative and new ways of working). Indeed, flexible working is more successful when the driving force is not space and cost savings but emphasis is placed on these other benefits. Furthermore, the best flexible working projects tend to be ones where the business is leading the project, based on a change in culture or work-style, rather than being promoted by the property team as a means of simply saving space.

The benefits of flexible working have been well documented before and can be categorised as: Productivity, Personal, Sustainability, Business Continuity, Staff Enticement and Efficiency. The purpose of this paper is to provide evidence, through collated case studies, of where these potential documented benefits have actually been realised.

The case studies illustrate clear, objective space efficiencies and associated property savings. However they also support claims of the less-tangible (readily measured) benefits. For example, organisations such as BP, DTI, EC Harris, GSK, PwC, Rolls-Royce and the Treasury Solicitors all reported that flexible working enhanced knowledge sharing, communication, team interaction and collaboration. In some cases this resulted in better joined-up services, more cross-selling of services, and ultimately increased profitability. GSK and EC Harris believe their flexible working environments contributed towards increases in profit in the order of 12%. Decreases in travel time between the office and client sites, and reduced absenteeism (from appointments) etc associated with flexible working have resulted in further increases in productivity.

Many of the case studies presented here also report increases in staff satisfaction, despite initial reticence towards flexible working. The staff also welcomed the increased choice, trust and autonomy related to working in flexible working environments.

Whilst implementing flexible working is easily justified by the property savings alone, the additional benefits are considered a more significant driver for flexible working – they are just more difficult to demonstrate.
1.0 Introduction

Despite a focus on space and associated cost savings by the property community, there are many benefits to implementing flexible working. Indeed flexible working (also referred to as agile, alternative or new ways of working) is more successful when the driving force is not space and cost savings but emphasis is placed on other benefits. For example, Nik Robotham of Morgan Stanley encourages a shift in emphasis from space and cost to people and business:

"As head of the space planning team, my typical approach was always to figure out how to make the space as efficient as possible. The most important lesson that I have learnt is the change of focus from space to people. By that I don’t mean how many people can I fit into a space as a opposed to desks, I mean what is the space that most suits individual, team and departmental work styles. Simply squeezing desks in does not give any opportunity to enhance business processes or staff satisfaction."

The benefits of flexible working have been well documented before, for example in the relatively recent BCO report on flexible working¹. The key benefits can be categorised as:

- **Productivity** – reduced absenteeism, extended business hours, improved personal performance, enhanced team-working;
- **Personal** – reduced travel time and cost, improved work–life balance, better office environment;
- **Sustainability** – reduced organisational and personal carbon footprint;
- **Business continuity** – reduced business disruption due to weather, security issues, travel problems;
- **Enticement** – reduced staff attrition and increased staff attraction, more enticing to next generation of workers, reduced training costs.
- **Efficiency** – space savings, reduced property costs and churn.

The purpose of this paper is to provide evidence, through collated case studies, of where these potential documented benefits have actually been realised.
2.0 Benefits

2.1 Productivity

Although the productivity benefits associated with flexible working are often quoted, there are fewer quantified examples. However, BT, EC Harris and GSK have provided evidence linking flexible working to improved business performance, illustrated through embedded business metrics.

- **AA**² – the AA has offered its call centre employees the option of home-working since 1997 and now has around 300 flexible workers spread across the country managed by remote team managers. The AA believes the initiative has resulted in absence rates falling compared to other call centres and flexible workers show exceptional performance.

- **ABN Amro**³ – in their flexible working pilot, the space was refurbished to accommodate 220 staff at 140 desks (a 1.5:1 staff to desks share ratio). ABN Amro reported that occupant satisfaction increased by 14% and their “productive state” increased by 5%.

- **BP**⁴,⁵ – consolidated the property portfolio from 12 to five locations with a strong focus on the Sunbury campus. The user population of 4,445 is supported by 3,600 desks and 100 touchdown stations; typically, the desk allocation ranges from 1:1 for administrative staff to 1.5:1 in some highly mobile areas. BP reported enhanced communication and collaboration, plus flexibility for project-based teams leading to increased team performance.

- **BT**²,⁵,⁶,⁷,⁸ – in their roll-out of flexible working practices, under the Workstyle 2000 programme, BT found that absenteeism reduced by 63% when employees worked flexibly. They also found that flexible employees were on average 20% more productive than their office-based counterparts, where productivity was measured using internal business metrics such as absenteeism, sick leave and maternity return rates.

- **Centrica**²,⁷,⁹ – project “Martini” (later renamed Work:Wise) was the cornerstone of their property strategy. A post-implementation review of Work:Wise found that 55% of mobile workers felt their productivity increased and that 96% of them outperformed office-based workers.

- **Department for Children Schools and Families (DCSF)**¹⁰,¹¹,¹² – implemented a desk sharing ratio of 10:7 staff to desks resulting in a building capacity of 2,250 staff as opposed to the original 1,600. Survey results revealed that: the quality of workspace has improved which reflect a modern and professional organisation, staff satisfaction improved slightly (from 62% to 67%), the number of regional visitors to the office has increased, and collaboration and interaction has increased (from 21% to 32%).

- **Department of Trade and Industry (DTI)**⁵,¹⁰ – a desk sharing ratio of 10:8 has resulted in an *increase in joined-up working resulting in customers perceiving increased responsiveness* (measured through pre and post project customer survey). A staff survey also revealed better team working and enhanced team spirit.

- **EC Harris**¹⁴,¹⁵ – when moving to their new Headquarters office (ECHQ) and implementing flexible working, the building was demonstrated to have had a positive impact on how staff and clients view EC Harris, and they believe that the building helps the business to win work. The new working practices also increased integration, flexibility and transfer of knowledge between teams. EC Harris report that their net profit margin increased by 13% from pre-move levels and the fee turnover per head increased by 7.5%. They also found that overhead costs as percentage of staff costs reduced by 14%. The success at ECHQ had a business-wide impact on transforming EC Harris.
Ernst & Young⁹ – recognising the growing mismatch between its out-dated and dispersed real estate and its future business vision, Ernst & Young decided to modernise their working methods and accommodation. The new desk-sharing arrangements, combined with effective technology created the flexibility for the firm to co-locate more fee-earning employees per floor. The large floor plates also provide high visibility between employees, enabling good communication and collaboration.

GSK¹¹ – desk sharing is being implemented across GSK’s offices, including the Innovation Hub at GSK House. The new space had clearer lines of sight and more collaboration space which facilitated co-location of project teams and cross-function selling. GSK report that after moving to flexible working, profit growth increased from 2% to 14%, with $50m increased sales, and believe this is partly due to the success of the new workspace strategy. They also report that the speed of decision making increased by 45% and the daily time wasted decreased by 67% (40 minutes/day).

HSBC¹ – Peter Hawkins of HSBC commented that “Our staff feared the worst but the POE shows that they are much happier working in the new environment and management believe this is being reflected in increased productivity. Our people now want to move into the flexible working environment rather than the old style”¹.

PricewaterhouseCoopers (PwC)¹⁵,¹⁶,¹⁷ – PwC implemented flexible working in their Birmingham office. Desk sharing was introduced at 1.8:1 staff to desks overall (with highly mobile workers sharing at 5:1). PwC believe their flexible working strategy and the co-location of different teams has resulted in an increase in profit of 15% due to cross-selling of services between teams.

Rolls-Royce¹⁸ – on moving from Ansty (Coventry) to a business park in Warwick, flexible working (at 1.3:1 staff to desks) enabled more collaboration space to be introduced and the group to be co-located on one floor of the building. This is believed to have improved team-working and cross-team collaboration plus promote a new brand and way of conducting business.

Scottish Natural Heritage (SNH)¹⁹ – although it is difficult to make any direct correlation between staff productivity and the flexible working strategy, there have been positive impacts on occupants’ performance; SNH believe that communication, collaboration and information sharing has improved. The space is felt to have contributed to a new open culture which has also created flexibility in terms of working space, making team changes and reorganisations easier to manage. This is linked to a work anywhere culture in which the ‘office is your workspace, not your desk’.

South Essex Partnership Trust (SEPT)²⁰ – those staff who had adopted the WorkSmart programme were generally found to have higher clinical visit rates, lower occurrences of error and a higher overall availability for patient visits.

Treasury Solicitors (TSol)²¹ – implemented flexible working to save space and money. Their flexible working programme resulted in cultural and behavioural changes with an increase in communications between teams.

2.2 Personal

Personal benefits are mostly related to savings in travel time and cost or an improved working environment. Changes to occupant satisfaction are also included in this section, but may also be considered a business benefit.

AA² – from a personal perspective, flexible working means that doctors/dentists appointments are never a problem plus there are very low stress levels (no traffic jams and being late).
• BAA\(^5\) – implemented flexible working to reduce accommodation overheads and consolidate from three into two buildings at Heathrow Point. *The “me and my desk” culture was replaced with a new approach based on open plan, desk sharing, and “moving people’s minds rather than walls”*. A post-occupancy survey compared the accommodation and services at Heathrow Point before and after the fit-out. Satisfaction increased cross the board in particular with furniture, image and informal meetings. There were also perceived improvements to productivity.

• Centrica\(^2,7,9\) – a post-implementation review of Work-Wise showed that average of 90 miles per person saved in business travel equivalent of 13 return trips to the moon, plus work–life balance improved by 38%, and the number of flexible workers increased from 0.5% to 12% (indicating success).

• EC Harris\(^14,15\) – when moving to their new HQ, EC Harris found *an increase in visibility of leadership and increased access to most experienced staff, which benefited new junior staff*.

• Ernst & Young\(^9\) – recognise that many consultants and audit staff work in other locations, especially client sites. Flexible working reduces travel time between client sites and the office.

• Morgan Stanley\(^1\) – the flexible working pilot in their Canary Wharf offices was aimed at saving cost and changing culture. Despite desk sharing being implemented at 1.5:1 (staff:desks) the overall satisfaction with the space increased from 51% to 93%. *Staff commented that “it’s the best office I’ve ever worked in”, “I’m actually enjoying coming to work” and “I don’t want to go home, I’m enjoying the office too much”.*

• National Grid\(^11\) – in their flexible working pilot National Grid accommodated 242 staff in 167 desks (1.4:1 desk sharing). This enabled the alternative work-settings and support areas, such as staff social space, to be increased to 42% of the floor plan compared to 12% in the old space.

• Reuters\(^22\) – consolidated 2,500 London staff into one building and introduced Smart Working Desks. The new workspace embodies their FAST branding: Fast, Accountable, Service-driven, Team. Flexible working allowed them to increase the support facilities: café, quiet rooms, brainstorming rooms, 60 minute rooms. This resulted in 68% overall satisfaction and 71% satisfaction with meeting rooms.

• Scottish Natural Heritage (SNH)\(^19\) – their new flexible corporate office has had a positive impact on perceived well-being, partly due to saved space being used for occupier facilities such as a gym and restaurant. The building also had a positive impact on job satisfaction in general and staff felt that physical and mental health has improved and that SNH is a less stressful place to work.

• South Essex Partnership Trust (SEPT)\(^20\) – saw travel to client times and distances reduced and clinical “face time” increased.

• Unilever\(^23\) – flexible working enabled Unilever to efficiently consolidate their UK & Ireland business into one building. desk sharing at 1.3:1 allows released space to be used for staff facilities such as a fitness centre and club, which link in to their Vitality programme. Some 63% of the staff believe the space supports a better work-life balance.

### 2.3 Sustainability

Flexible working can reduce the businesses and personal carbon footprint. An old adage is that “the greenest building is the one you never build”. Implementing flexible working means that organisations will occupy less space, possibly reducing the need to build but also saving in operating energy and utilities. Less travel between the home, office and client sites can also reduce CO\(_2\) emissions.
• **British Council**\textsuperscript{24} – in their Guangzhou office flexible working reduced travel time plus a smaller better utilised office reduced their energy consumption, embedded (building) energy and carbon footprint.

• **BT**\textsuperscript{2,5,6,7,8} – in their roll-out of flexible working practices, BT found that CO\textsubscript{2} emissions are reduced significantly providing a lower carbon footprint. BT reported that staff travelled 178 miles per week less, totalling 150,000,000 miles per annum. Thus they avoided the purchase of approximately 12 million litres of fuel per year, resulting in 54,000 tonnes less CO\textsubscript{2} being generated in the UK. Teleconferencing has eliminated the annual need for over 300,000 face-to-face meetings, leading to savings of over £38.6 million a year. This has also removed the need for over 1.5 million return journeys saving BT staff the equivalent of 1,800 years commuting – with further environmental benefits.

• **Department for Children Schools and Families (DCSF)**\textsuperscript{10,11,12} – implementing a desk sharing enabled the DCSF to release a building. Vacating a complete building has reduced the DCSF’s carbon footprint in London by around 50%.

• **EC Harris**\textsuperscript{14,15} – when moving to their new Headquarters office, EC Harris increased recycling and reduced paper consumption resulting in an improvement in their Carbon footprint by 251%. Flexible workers tend to reduce printed copy and rely more on soft copy filed electronically.

• **Hewlett Packard**\textsuperscript{25} – Chris Hood commented that “Regarding efficiency metrics, the results from the Melbourne Woodvale project were impressive. Energy costs were reduced by 70%, and CO\textsubscript{2} emissions were reduced by 70% as well”.

• **Microsoft**\textsuperscript{2} – Theo Rinsema commented that “This program will reduce our carbon footprint and improve people’s behaviour towards the environment”.

• **Philips**\textsuperscript{26} – Ron Blanken commented that “New workplace standards allow us to get the best solutions into the office sooner, which allows us to deliver better workplace solutions while lowering the use of resources needed to support our space.”

• **Treasury Solicitors (TSol)**\textsuperscript{20} – flexible working environment has improved their sustainability and reduced carbon emissions by occupying and servicing less space.

### 2.4 Business continuity

Employees equipped to work from home or on the move means that they can continue working when there is no access to the office. There are limited specific case studies reporting business continuity benefits but they are reported in general.

• **BT**\textsuperscript{2,5,6,7,8} – in times of potential disruption the ability for 70% of BT staff to access networks away from their headquartered offices has meant that restrictions in travel (such as in the immediate aftermath of the 7/7 London emergency) had little or any impact on the running of the organisation.

• **UK Plc**\textsuperscript{27} – The severe cold spell came in the run up to Christmas and was estimated to cost the UK economy up to £1.2 billion a day. Retailers reported lost sales with footfall down nearly 20% compared to the same period the previous year. On average one in five employees are unable to reach work on snow days (and this is likely to be higher in the south-east were commuters depend more on public transport), implying that flexible working could improve productivity by at least 20% on snow days, but further savings will made by reducing unnecessary long and disrupted commutes. For example, 10 snow days when one-third of the workforce cannot make it to work equates to a 1.5% loss in productivity.
• **US Federal Offices** – In his Whitehouse address on flexible working Obama said "I do not want to see the government close because of snow again". An example of business continuity benefits was provided in the issued report Work-life Balance and the Economics of Workplace Flexibility (2010). In February 2010 the Washington D.C. area was covered with over two feet of snow over a 12-day period. The snow shut down major roads and transit systems in the area, preventing employees from reaching their offices safely. As a result, the Office of Personnel Management closed federal offices for four days, and yet more than 60% of their employees logged on remotely to continue their work. It was estimated that the snow closures would cost the federal government approx $100 million per day in lost productivity but the home-working saved over $30 million per day; equivalent to $150 million over the five snow closures in December and February.

• **North-East Lincolnshire PCT** – this Health Trust saw a much reduced disruption of service in the severe winter conditions in early 2011 for their mobile workforce, who could continue to do much of their work away from the office rather than attempting to struggle in under very poor travel conditions.

### 2.5 Enticement

The average cost of recruitment and training varies between organisations, but the CIPD (Chartered Institute of Personnel and Development) puts the average recruitment cost of filling a vacancy per employee at £4,333, increasing to £7,750 when organisations are also calculating the associated labour turnover costs, such as vacancy cover, redundancy costs, recruitment, selection, training and induction costs. This figure rises to £11,000 for senior managers and directors (CIPD, 2007). Clearly retaining staff and attracting staff more readily has financial benefits.

• **AA** – the AA flexible working initiative has resulted in extremely high morality resulting in them retaining valued and experienced employees.

• **BP** – reported increased career mobility and increased staff retention after implementing flexible working at the Sunbury campus.

• **BT** – in their roll-out of flexible working practices, BT found that employee turnover reduced by 20% for flexible working employees, thus in turn significantly reducing HR recruitment and training costs by approx £3M per annum. In particular, BT found that the retention rate following maternity leave was 99% compared with a UK average of 47%, saving BT an estimated £7.4 million a year.

• **Department of Trade and Industry (DTI)** – flexible working has affected the organisational culture and the new working environment values people and attracts and retains high performers (measured through a staff survey with pre-move baseline).

• **EC Harris** – after moving to their new Headquarters, EC Harris found that staff attrition dropped by 10%, whereas staff attraction improved from 1:1 before the move to 2.5:1 after.

• **PricewaterhouseCoopers (PwC)** – PwC flexible working strategy aligned with the PwC "Lifestyle" programme which combines: work-life balance, diversity and connected thinking. This has aided recruitment and retention such that only 12% of staff asked to leave in one year, the lowest figure on record, and PwC was voted “UK No 1 graduate employer of choice”. Also 95% of staff say they are happy with the new building and services – with 87% agreeing that it is a great place to work. The strategy has been rolled-out on a larger scale at their new London offices.
• **South Essex Partnership Trust (SEPT)** — established six work-styles and created the WorkSmart brand allowing staff choice. They improved their service and productivity and Martin Norton, WorkSmart Project Manager, explained that “flexible working is a vital part of Improving Working Lives and has a demonstrable impact on recruitment, retention and return to work”.

2.6 **Efficiency**

The benefits most associated with flexible working relate to space and cost savings. These benefits are easily quantified, and therefore often quoted, but they are most probably less significant than productivity benefits.

• **ABN Amro** — in their flexible working pilot, the original density was high at 7.5 m² per desk and the original proposed solution to growth was further increased densification. The pilot was more spacious at 9.5 m² per desk but equated to 6.0 m² per person.

• **BAA** — their flexible working strategy resulted in doubling in the occupancy of Point West, property savings of £1.3 million per annum by vacating Point East, and a reduction in churn costs by 80%.

• **BP** — the flexible working strategy resulted in reductions in property operating costs of around 35% (£23 million per annum), savings in occupancy costs of up to £15k per person per year, a halving in the average cost per workstation, and churn costs falling from £1,500 per move to approximately £300.

• **BT** — reduced property costs reduced by 30% (£104M per annum) through the rollout of flexible working practices Workstyle 2000 programme. These were designed to reduce the legacy estate through provision of new, modern networked buildings, aligned to the required employee empowered “culture” of the future organisation.

• **Centrica** — project Work:Wise saved them £10 million per annum in property related costs.

• **DEGW** — in a presentation by the industry recognised leading workplace consultants, DEGW quote typical savings form flexible working to be: 30% space decrease, 35% real estate savings, 80% reduced churn costs and 25% reduced operating expenses.

• **Department for Children Schools and Families (DCSF)** — the desk sharing reduced the space to 9 m² per person compared to the pre-project density of 13 m² per person. DCSF has saved £10 million per annum in property costs by vacating an office which is no longer required.

• **Department of Trade and Industry (DTI)** — the desk sharing ratio resulted in a reduction of the space required by 30%. The working environment can respond quickly to organisational change with minimum disruption, a reduction in lead times and churn costs.

• **EC Harris** — when moving to ECHQ They found the space utilisation increased from 62% to 85% and the total occupancy cost per employee went decreased by 36%.

• **Ernst & Young** — the flexible working strategy resulted in halving in floor area while accommodating the same number of staff, and provided the opportunity for spaceless growth – desk sharing allows the business to grow further without the need for additional space.

• **Hewlett Packard** — Hood quoted a space reduction of 62% at HP, and Hood and Tompkin projected an average 37% reduction in cost per person based on flexible working implemented at Hewlett Packard and Sun Microsystems.
• **IBM** – refurbished a three-storey building arranged around a central atrium at Bedfont Lakes. The desk allocation was 62% at 1:1 and 38% at 4:1, allowing some 765 workstations to accommodate a user population of 1,473. This allowed space savings of 26%, while supporting the same number of employees, and associated real estate cost savings of 20%. The building also supports spaceless growth by absorbing future business growth within existing space.

• **Microsoft** – were able to accommodate 30% more people in the same amount of space due to flexible working.

• **Morgan Stanley** – the flexible working pilot allowed the target density of 10 m\(^2\) per desk and 6 m\(^2\) per person was achieved compared to the original 8 m\(^2\) per desk/person. This resulted in a reduction in the space required and reduced churn.

• **Nokia** – in their Nokia House renewal they accommodated 1,235 staff in 950 workstations (1.3:1 share ratio) converting a density of 14.8 m\(^2\) per desk into a more efficient 11.4 m\(^2\) per person.

• **North-East Lincolnshire PCT** – the Health Trust was able to reduce its accommodation from six sites to just two, at the same time enabling its staff to spend more time with client organisations across the area serviced.

• **Philips** – implemented desk sharing at 1.3:1 workers per desk resulting in a 40% space saving and 2-3 year return on investment.

• **Prudential** – the Paddington office the floor space provided is roughly three-quarters of what would be required in a conventional office. Savings in rent, ignoring operating costs such as rates, maintenance, power and utilities, is approximately £1,000 per employee per year. Churn costs were previously £1.2 million per annum and were reduced to almost zero.

• **PricewaterhouseCoopers (PwC)** – PwC implemented flexible working in their Birmingham office. Desk sharing was introduced at 1.8:1 staff to desks overall (with highly mobile workers sharing at 5:1) which resulted in the occupational density increasing from 11.5 m\(^2\) per person to 7.5 m\(^2\) per person. This enabled 1,900 staff in four offices to be consolidated into one regional office resulting in a property saving of approx £30m over the next 10 years. Costs per person have fallen by 41% from £5,780 to £3,400. The capital investment costs of £7.5m were paid back within three years.

• **Shell** – the Retail business was moved from central Brussels to a business park. In the process the staff in open plan increased from 13% to 100% and desk sharing was implemented at a ratio 1.2:1 staff per desk. As a consequence the density increased from 23 m\(^2\) per person to 15 m\(^2\) per person, the staff consolidated onto two floors compared to seven previously, and property costs were reduced from €2.0M per annum to ~€1.3M per annum.

• **South Essex Partnership Trust (SEPT)** – established six work-styles and created the WorkSmart brand allowing staff choice. Thus resulted in disposal of their legacy estate, savings of over £2m per annum for a cost of £410k per annum.

• **Treasury Solicitors (TSol)** – implemented flexible working to save space and money. They managed to release three floors to tenants generating a rental income of 1.5m per annum plus save further costs in facilities management, churn, cleaning and utilities.

• **Unilever** – flexible working enabled Unilever to efficiently consolidate their UK & Ireland business into one building. Desk sharing at 1.3:1 staff to desks resulted in significantly less space per person but a generous space per desk density.
3.0 Conclusion

This paper has provided case study evidence to support the claimed benefits of flexible working. The case studies illustrate clear, objective space efficiencies and associated property savings. They also support claims of less-tangible (readily measured) benefits related to productivity, enticement, business continuity, sustainability and personal benefits. For example, increases in profit in the order of 12% have been associated with flexible working by two of the organisations reported here, and decreases in travel time and absenteeism etc will result in further increases in productivity.

Whilst implementing flexible working is easily justified by the property savings alone, the additional benefits are considered a more significant driver for flexible working – they are just more difficult to demonstrate. *Anecdotal evidence indicates that flexible working projects are more successful when the business is leading the move, based on a change in culture or work-style, rather than as promoted by the property team as a means of simply saving space.*
4.0 References


32. Swanke Hayden Connell Architects Case Study (unpublished).
5.0 Bibliography


