

Time for Changes?

Should organisations consider increasing flexible working in an economic downturn even when they have space to spare? Nigel Oseland examines the choices open to organisations to turn the recession into an opportunity for change

THERE ARE MANY DEFINITIONS of flexible working but in essence it is 'offering choice of where, when and how to work'. It incorporates non-standard working patterns, remote connectivity (within and outside the office), access to and the sharing of alternative work-settings and the non-ownership of space including workstations. The benefits of flexible working to both the organisation and the individual are well documented. The primary benefits are:

- increased utilisation of space with associated reduction in property costs
- a more satisfied and productive work-force with improved work-life balance and reduced travel time/cost
- facilitating the shift to a more dynamic, team-orientated and proactive work culture
- improved responsiveness to organisational (and economic) change with reduced churn and better team co-location
- reduced carbon footprint by occupying less space and reduced travel.

Fundamental to achieving most of these benefits is the implementation of desk-sharing (hot-desking) where the occupants give up ownership of their desk, or office, and reserve a desk, within a team zone or across the building, for use only when required. The key question is: do these benefits hold true in economic downturn when organisations are likely to have reduced their headcount and thus have empty space within their property portfolio? Furthermore, is morale, company loyalty and associated productivity affected negatively when removing ownership of space in a climate where headcount is in decline?

Analysis of the UK's GDP shows that from post-war to pre-1975 our economic activity cycled from boom to bust and back to boom at regular four year intervals. As we moved away from manufacturing and changed government leading to reduced unionisation and denationalisation in the late 1970s, the frequency and amplitude of our GDP became less predictable. In 1925 Nicolai Kondratieff, a Russian economist concluded that capitalist economies followed a regular long-term cycle of around 40 to 50 years. Spookily, his model broadly aligns with the 1930s, 1970s and current recession.

The key point is that although the economy may now, arguably, be more difficult to predict it nevertheless will continue to cycle and we should be prepared for this rather than assume the economy will continue growing indefinitely year upon year. Statistically the longer there is growth the more likely there will be downturn.

Space requirement is dependent upon

headcount which in turn is dependent upon economic performance, with admittedly some lag in the relationship. Ideally those of us in the property industry would examine GDP and use it to help determine future space demand. This is not as easy as pre-1975 so our only practical option is to build in flexibility to even out the peaks and troughs in occupying business's space demand. One option is to carry surplus space and mothball it when not in use, but this space offers little financial benefits - unused space is a non-performing overhead. The alternative is to implement desk-sharing and adjust share ratios (of staff to desks) to control the demand on space.

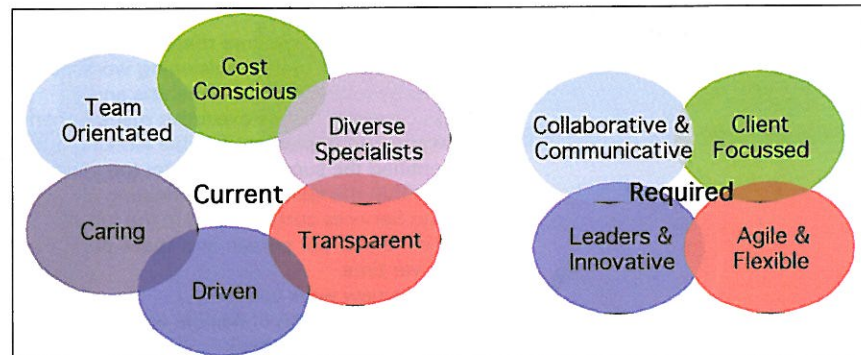
In the current market it is likely that organisations have surplus space and at first glance there is little benefit in implementing desk-sharing whilst other space remains empty. A London based investment bank was recently posed with the dilemma of whether to consolidate its Corporate Services group into to a smaller space, only possible by introducing flexible working, or to occupy a larger (available) space where the staff each have an allocated desk (or office).

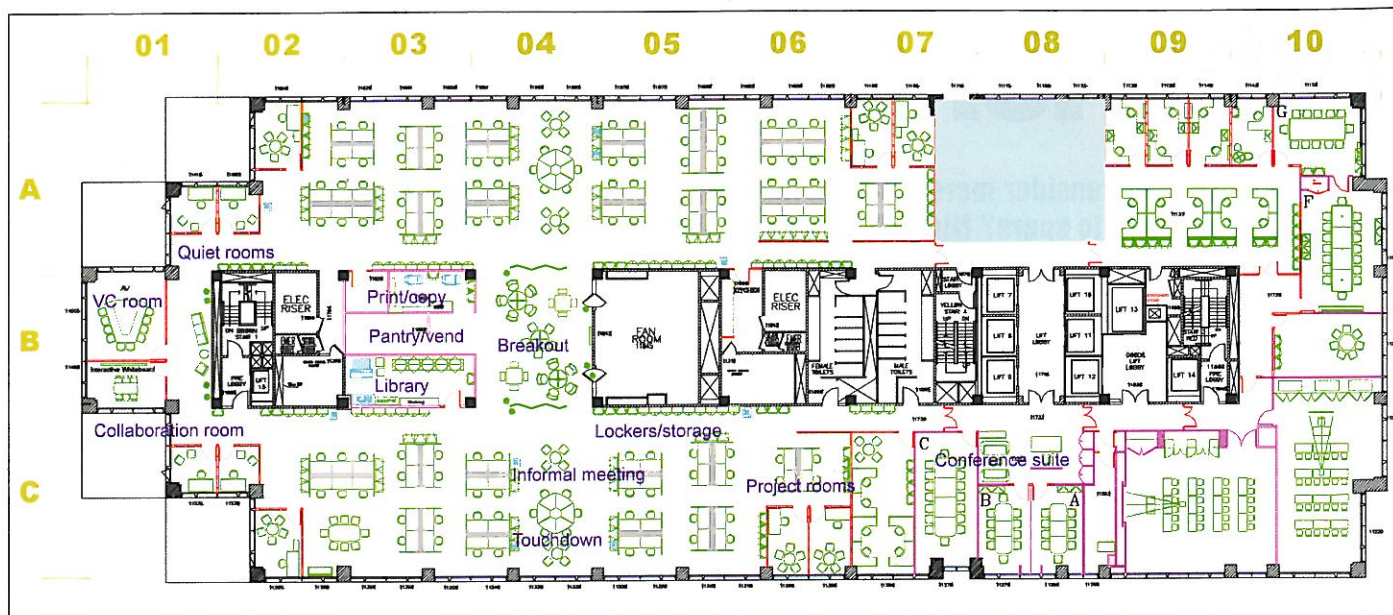
The bank opted for implementing flexible working for a number of good reasons. Primarily they considered the consolidation as an ideal opportunity to demonstrate the benefits of flexible working in a live setting so that when the market picked up they had hard evidence and a showcase for convincing other groups to adopt flexible working, and thus reduce their property costs. In banking terms, the flexible working project was an investment for the future. Furthermore Corporate Services have responsibility for managing the bank's property portfolio, so have a vested interest in reducing property costs.

Like most organisations with a large property portfolio, lease breaks were due on some of their buildings. By introducing desk sharing and

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Culture mapping was conducted at a leading London-based investment bank before consolidation





The new flexible working environment

reducing the space requirement they were able to consolidate and take advantage of a lease break. As a consequence of releasing a building they are getting closer to maximum capacity and intend to contain future growth without the risk of taking on more space.

It is a common adage that recession fosters innovation. Microsoft was born during the mid-1970s recession, for example. Innovation is certainly fundamental to a competitive advantage, whether in recession or not. For some time we have seen a shift from the knowledge economy to a more creative and innovative one. We believe that interaction is an elementary part of the process of innovation and with Peter Drucker who commented that intermingling is important for innovation. Innovation is not only relevant to the creatives and consultants, it is also relevant to the support staff interested in providing a higher quality, more efficient and successful service.

The executive management team of Corporate Services group of the bank recognised the need for changing the delivery model and work culture of their group from one that was predominantly team-focussed and specialist towards one that was provided a more joined up and client-focussed service through cross-team collaboration and innovation. A summary of a culture mapping exercise carried out during an envisioning session at the start of the consolidation project (see page 21).

The outcome of the culture mapping exercise and other exercises in the envisioning workshop backed up by lobbying, space analysis and a business case was for the executive management team to agree to implement flexible working and they identified the success factors for the project:

- grow within the space accommodating all Corporate Services currently and in the future
- reduce the cost per person and space per person over time
- develop a new work culture
- interest and adoption of flexible working by other groups within the bank

- acceptance of flexible working by staff
- standardised kit of parts for implementing flexible working including infrastructure, process and policies
- provision of functional space supporting the business
- providing a value-for-money solution which balances cost against quality.

As a consequence the layout of the new space was specifically tailored to accommodate the needs of flexible workers and enhance interaction and collaboration. A key component of this was providing a higher percentage of support space (25 percent) compared to that typically provided at the bank (13 percent). Support space includes meeting rooms, project rooms, quiet rooms, informal meeting areas, a collaboration room, breakout space, a library, personal lockers, team storage and touchdown, all considered part of a flexible working environment (see floor plan example above).

In return fewer desks, and associated desk space, were provided. The new flexible working environment was designed to initially accommodate 1.2 staff per desk which equates to 8 sq m per person compared to 10 sq m per person before the move. The intention is that as the group grows the share ratio will increase to accommodate the new staff, rather than take on more space; as the share ratio approaches 2:1 staff per desk then the space requirement will need to be revisited.

Not all staff are mobile and administrative staff and those with special needs were allocated a desk which is the same design as the mobile desks; the difference is that allocated desks can be block booked and are 'reversed booked' when the usual occupier is on leave.

The process for preparing the staff for flexible working was extensive. A pre-move questionnaire and series of workshops were carried out with the staff prior to the move and any concerns with flexible working were raised and addressed. Key concerns raised were related to occupational

health issues such as special chairs and personalised equipment; the technology infrastructure including the virtual (thin client) desktop PCs and roaming telephony; hygiene of keyboards and headsets; access to storage and team co-location on a desk-sharing environment.

Change champions were also selected, representing the staff, and they met weekly to raise any concerns and feedback solutions. Communications were issued weekly by the executive management to inform the staff of progress. In addition, the project team carried out some 'off-line' lobbying targeting a few individuals who were openly resisting change.

The Corporate Services staff moved into their flexible working environment in May 2009. A full post occupancy evaluation is in progress and the results not in. However the champions continued to meet and initial feedback is positive. The space has a lively buzz to it, the interaction zones are well utilised and staff now move around and meet to make decisions and get things done rather than send out emails or wait for a planned formal meeting.

The Head of Corporate Services, says "We are proud of the new working space that we have created for our staff. We have provided a modern, flexible environment which is better suited to the way that we work. Advantages include more collaboration areas, workstations configured flexibly within zones, touchdown desks and

meeting spaces. There have been some cultural changes: for example our new 'clear desk' policy has led people to re-evaluate how much paper they really need to generate and keep - with some environmental benefits! Overall, I'm very pleased with the results and hope that we can extend to other parts of the bank."

On first appearance it may seem strange for an investment bank to implement flexible working when they have some empty space. What they have done is set a precedent for the future; there may be spare space now but it is far more sensible to manage demand by controlling desk share ratios rather than carry top-up space and introduce flexible working at a conservative desk share ratio with a view that the ratio can be increased as the organisation grows. Staff morale may be at a low in a downturn but good communication and an effective change management programme will overcome any concerns of the staff.

In the current market, property managers need to control and reduce costs. However, with a view to recovery and maintaining competitive advantage it is also important that the property provides spaces that facilitate innovation and helps retain and motivate the best staff. Implementing flexible working offers space efficiency but also means that when in the office the staff have sufficient and high quality spaces that enhance their performance.

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- Nigel Oseland, Director, AMA Alexi Marmot Associates
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- Nigel Oseland presented a paper on *Implementing Flexible Working in A Downturn*, at the CoreNet Global Summit in Brussels held last month in Brussels

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