

# The role of workplace environments in a post-recessional British economy



With the view across our economic landscape perhaps starting to become a little clearer, but with pockets of increased volatility in neighbouring states continuing, workplace satisfaction and audit specialists Leesman was asked by the British Institute of Facilities Management to research what role our workplace environments will play in a post-recessional British economy.

Research was conducted using an eight-question e-survey with respondents recruited amongst the BIFM membership and those involved in the design or management of workplace environments. The survey was conducted over the six weeks leading up to the Total Workplace Management Exhibition at London Olympia on 6/7th October 2010. Responses were received from 262 businesses.

# > Context

The role of the “workplace” is changing in the way it supports business activities. With technology advancements slowly but surely cutting the tethers that have previously defined from where employees can contribute, a new cross-generational nomadic employee is challenging the established protocols. As increasing numbers of European employees do not consider that they even need to be in an office setting to be productive, 60% suggest that they would choose positions with a lower remuneration if the position had greater leniency and flexibility on the choice of work location.\*<sup>1</sup> Work is no longer a place you go, it is a thing you do.

But to what extent is British business prepared for what a post-recessional recovery might bring? What shape will that real-estate structure take and who will be the key players in defining that landscape? And

how many have a workspace strategy that provides environments that seek enhanced productivity?

The British Institute of Facilities Management see its membership increasingly responsible for managing value services to specific organisational areas, but to what extent are they involved in the development of these highly responsive corporate real-estate new working practices that are clearly emerging and what role will they play in moulding a post-recessional workplace strategy?

The impact of the economic slowdown is evident in numerous parallel property strategy reports, but we were keen also to see if these

experiences were reflected amongst those responsible for the ongoing operation and management of those workspaces.

The survey posed a series of questions that sought to examine which factors were most likely to impact on business and to understand if the attitudes and experiences of Facilities Management professionals differed widely from those outside the profession, but who were concerned by the same subjects.

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# > Research

Survey responses were received from 262 businesses who were asked to what extent they agreed or disagreed with the following statements;

1	My organisation views its workplaces as strategic assets in the development of the organisation.
2	My organisation recognises that the quality of a workplace impacts on the productivity of its users.
3	My organisation is committed to improving the experience of its workplace occupiers / users.
4	My organisation is taking steps to reduce the environmental impact of its workplaces.
5	My organisation considers the different workplace needs of its oldest and youngest generations within the workforce.
6	My organisation is actively promoting remote / flexible location working for all staff.
7	My organisation is actively trying to reduce the space it occupies by increasing occupant densities.
8	My organisation recognises the strategic contribution of the Facilities Management professionals it employs.

# > Findings

The results showed clearly that the management and design of workplace environments remain high on the agenda and that their efficient and effective management will become increasingly critical to organisations spring loading their preparations for emergence from present economic constraints.

71% of respondent organisations positively supported the notion of the corporate workplace as “a strategic asset in the development of the organisation”, with the attitudes of those within the Facilities Management profession just slightly ahead of those outside. Clearly the operating costs associated with the workplace will always ensure it ranks highly on most organisations’ agendas, but we were keen to understand to what extent workplace might be seen an asset rather than a liability. The strength of this

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result would suggest that the majority of businesses value the contribution of the workplace in supporting organisational development.

This was reinforced with 85% of respondents positively supporting that “the quality of a workplace impacts on the productivity of its users”. Clearly the interpretation of what might constitute “quality” is entirely subjective, but the response at least supports that a great many understand that an improvement in the quality of a workplace can have a positive impact on the outputs and productivity of those it houses. Here, those within the Facilities Management professions were

greater supporters of this notion with an averaged response [in the range +3 to -3] of 1.36 as opposed to 0.84 for those outside the profession.

It was also extremely positive to see that 82% of respondents were committed “to improving the experience of its workplace occupiers / users”, again with those within the Facilities Management professions leading the way with an averaged response [in the range +3 to -3] of 1.27 as opposed to 0.77 for those outside. Collectively, these three findings would suggest that much is being done to realise the true potential of workplace occupiers, by

providing environments that allow them to fulfil their true potential.

However, the results to our question probing whether organisations were considering the different workplace needs of its oldest and youngest generations within the workforce, exposed an area where much greater effort and education will be required. Here, just 52% of respondent organisations replied positively to the question, with 18% stating that their organisations were not considering the differing needs. It was interesting to note that the vast majority of these negative responses came from Facilities Management professionals.

An increasingly ageing working population is going to apply new pressures and bring new challenges for those responsible for designing and managing workplace. So whilst 84% of respondents recognised that the quality of a workplace

impacts on the productivity of its occupiers, only 52% recognise the differing needs of the oldest and youngest users suggests a substantial knowledge gap amongst Facilities Management professionals.

This knowledge deficit will need addressing, as the percentage of upper age demographic employees looks set only to increase. And at the opposite end of the age range, the younger so-called Generation Y's will have different skill sets and vastly different working methods and philosophies, which organisations

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will need to consider how best to dovetail and optimise.

Between these two demographic extremes, sit a generation of young leaders and middle-managers who find themselves increasingly having to surrender more than any other group whilst being expected to implement the very “new ways of working” projects that bring about the change.

*workplaces” says BIFM Strategy Director Stephen Bennett. “So those responsible for workplace are going to have some big issues to address in the way that they create effective office spaces for an increasingly diverse workforce, not to mention an increasing mobile one.”*

But the question that exposed greatest difference in attitudes was in regard to the

There may be many factors effecting this difference that are worthy of further investigation – it may be that Facilities Managers are indeed leading the way toward lowering the environmental impact of the spaces they manage, but it may simply be that they are closer to these efforts and are thus better informed about what their organisations are doing.

With the survey conducted just weeks after confirmation of further severe public sector spending cuts, it was rather unsurprising to see that 58% of respondent organisations are actively trying to reduce the office space they use, by increasing workplace densities. This suggests that businesses are following Chancellor of the Exchequer, George Osborne’s lead in compressing more Treasury staff into his existing Whitehall office spaces.

*“We are clearly seeing a trend amongst those organisations responding to our survey. Each square metre of the workplace is having to work harder,” says Ian Fielder, BIFM Chief Executive. “It will have to both house increasing numbers of staff and act as the ‘mother ship’ to those nomadically*

Young leaders and middle-managers find themselves surrendering more than any other group when implementing the “new ways of working” projects that bring about change

As the oldest and youngest employee groups look for very different things in their workplaces, those responsible for designing and managing workplace are going to have to look increasingly carefully at what particular features come together to create effective office spaces for an increasingly diverse workforce.

*“The oldest and youngest employee groups look for very different things in their*

efforts being invested to reduce the environmental impact of the organisations’ workplaces. Here rather positively, 84% of respondent organisations agreed that they were taking steps to reduce their environmental impact, with those within the Facilities Management profession standing out as leading the way, with an averaged response of 1.51 compared to 0.79 for those outside the profession.

*displaced to home or elsewhere, when they do need to return for face-to-face activities or a simple corporate re-charge.”*

*“Businesses are quite obviously looking at ways to reduce expenditure on office space. But compressing occupant densities and or dispersing teams with remote or flexible working strategies bring with it new challenges in terms of infrastructure and workspace design” says Tim Oldman, Managing Director at Leesman. “At Leesman, we have seen whilst most employees accept the trend for the loss of their solo office, or the increase in occupant densities, they expect a range of other spaces that they can seek out to support their varying work. Therefore it is patently no longer acceptable to throw in some unallocated desks to a plan and refer to them as the ‘hot’ or ‘hotelling’ desks and think your dispersed teams will be catered for.”*

This also echoes recent studies by leading corporate real estate specialists, pointing towards a substantial third-quarter drop in confidence amongst those looking for new office space \*2. The volume of space “under offer” dropped

back to levels of November 2009, after showing encouraging signs of growing confidence earlier in the year. The two figures point to occupiers preferring to stay put and explore more efficient ways of using the existing space they have, rather than venture into a market where rents remain strong, but economic stability remains uncertain.

Clearly with the sweeping trend for open plan spaces, there are savings to be made in space allocation, but do “activity-based low-enclosure” environments work for all? Is the

With numerous individual studies reporting peak utilisation of workplaces of c. 65%, more organisations will focus on how to see more of their real-estate utilised for more of the working week

de-cellularisation of workplace impacting on satisfaction, engagement and productivity? Much greater research is needed in this area.

But this trend may not simply point to higher occupant densities, as more and more

organisations implement “new ways of working” strategies that allow dramatic increases in the ratio of occupiers to one desk. With very many individual studies reporting peak utilisation of workplaces of c. 65%, more organisations will focus on how to see more of their real-estate utilised for more of the working week. Over 60% of organisations in a recent “Alternative Workplace” global study reported moving away from an assigned 1 person per desk ratio <sup>\*3</sup>, suggesting, desk allocations of between 1.4 and 1.6 persons per desk will soon not be uncommon.

But the key driver in a new ways of working strategy, is allowing workers considerably greater freedom in choosing the location best suited to the task they are undertaking. This may be in an office location at a fixed position, or it may be in an “elsewhere” location, away from the office. Increasingly employers are also developing workplace environments that provide a mix of settings that allow users to move more freely around the workplace so that a new ways of working strategy is a “flexible location strategy”, not simply a “home working

strategy”.

In the same Alternative Workplace global study <sup>\*3</sup>, 40% of organisations reported that they had started their alternative work location programme within the last two years, with some 80% pointing

those facilities? Worryingly, just 56% of respondents reported that their organisation “recognises the strategic contribution of the Facilities Management professionals it employs”. With some 70% of those who responded negatively

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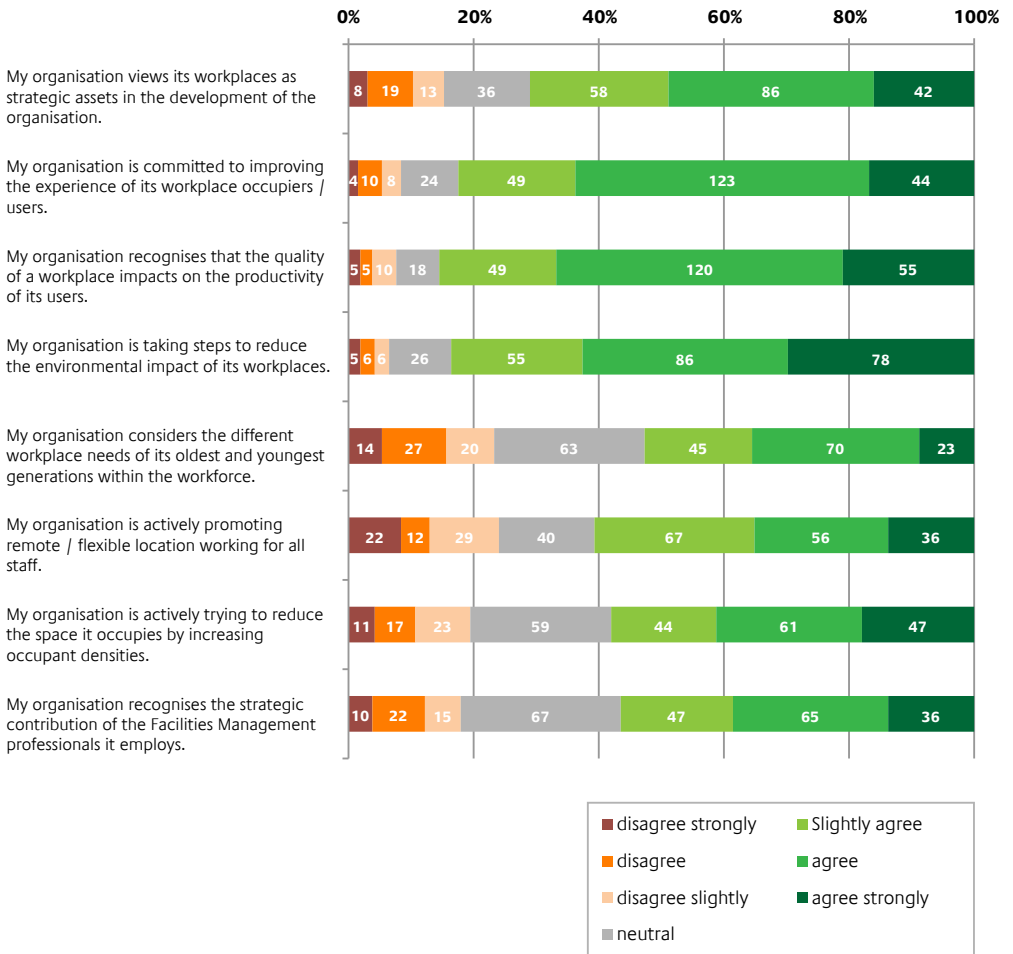
to the recessionary pressure applied to travel and corporate real-estate costs as the reason to an anticipated increase in remote collaboration.

Our own findings support this trend, with 61% of respondent organisations “actively promoting remote/ flexible location working for all staff”. This shows that increasing numbers of employers are looking to displace their teams away from expensive corporate environments, perhaps as a further way of releasing yet more space.

So what does this mean for those responsible for managing

coming from within the BIFM, further work will be needed to support the continued professional development of the role of the Facility Manager within business and to promote the role it can take in shaping these new business workplace landscapes.

# Summary of survey responses analysing the role of workplace environments in a post-recessional British Economy



# > Conclusions

Businesses are quite obviously looking at ways to reduce expenditure on office space. But compressing occupant densities and or dispersing teams with remote or flexible working strategies brings with it new challenges in terms of infrastructure, workspace design and management style. Increasingly managers will have to shift from traditional “supervision” relationships to those foundationed in “trust”.

It is generally accepted that this displacement will continue. With rail operators expected to increase fares in to the main metropolitan centres by 8% a year, each of the next three years and with plans for an extra 2,000 new train carriages now on hold, it is expected that more and more employees will grasp at any opportunity to avoid the commute in to the office if it is offered to them.

This may result in a new breed of corporate workplace environments where there is

considerably greater need to create workspaces that capture a significant sense of spirit and act as brand beacons, not just to customers, but also to their nomadic staff. These spaces will need to engender collaboration and interaction and will undoubtedly require a dramatic

organisations will look for a different skill-set in those they recruit in to senior Facilities positions, pointing possibly to a new breed of more customer oriented, front-of-house roles, more aligned to hotel concierge than traditional built asset manager?

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increase in spaces that support these activities. The Facilities Management professionals who manage these spaces, may well then see their roles developing in a new direction, as they are expected to act increasingly as “hosts” as well as asset managers. As these spaces start to resemble hotel lobbies or airport business lounges, it may also perhaps be that savvy

\*1 CISCO 2010 “Global Workplace Trends” survey commissioned by Cisco and conducted by InsightExpress.

\*2 CB RICHARD ELLIS Q3 2010 “Market View Central London Offices”

\*3 NEW WAYS OF WORKING LLC April 2010 New Ways of Working Benchmarking Study



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