



GREAT EXPECTATIONS:

Factors Driving the Workplace of the Future

January 2016



Introduction

The iconic corporate office is a sea of cubicles surrounded by private offices and oversized conference rooms. While such traditional offices have served a purpose, today they are obsolete.

- **Traditional offices are inefficient:** Three-quarters of meetings involve just two to four people, while more than half of conference rooms hold more than seven people.¹ Almost half of employees waste up to thirty minutes a day finding a place to hold a meeting.²
- **Traditional offices are underutilized:** Office desks are used less than half the time. Meeting rooms are rarely used more than half the time.³
- **Traditional offices are costly to maintain:** Real estate ranks second to payroll as the top business expense. Office space costs increase every year, and in hot markets, increases more than 10% every year.⁴

Traditional offices are obsolete because the very nature of work has changed.

- **Most work is now knowledge-based:** Knowledge-based work has surpassed task-oriented work 2:1.⁵ Knowledge workers require a workplace that supports collaboration and innovation rather than isolation.
- **The '9 to 5' workday is dead:** Employees desire flexibility over when and where they work. In exchange for a flexible workplace, 45% of Millennials would accept a lower salary. Further, 87% of people say flexibility is important or very important in their workplace.⁶
- **The workforce is multi-generational:** Today, three generations make up the workforce: 29% Baby Boomers, 34% Gen X'ers, and 34% Millennials.⁷ Each generation has their own work styles, preferences, and expectations.

Office inefficiencies, under-utilization, and real estate costs are forcing employers to re-evaluate their real estate strategies. Additionally, workforce trends are causing employers to adapt their workplace to the changing needs of their employees. Because of this, organizations are implementing Workplace of the Future strategies to increase productivity, attract and retain people, reduce costs, and differentiate their brands.

1 HOK, [HOK Workplace Benchmarking Report: Financial Services](#), 2014

2 Steelcase, [RoomWizard II Scheduling System](#)

3 Knoll Workplace Research, [The Workplace Network](#), 2015

4 Cushman & Wakefield, [Office Space Across the World](#), 2014

5 Distance Consulting, [The Shift from Manual Work to Knowledge Work](#), 2012

6 Forbes, [Why Millennials Are Ending The 9 To 5](#), 2013

7 Pew Research Center, [Millennials surpass Gen Xers as the largest generation in U.S. labor force](#), 2015

Converging Trends, Shifting Expectations

For decades, the traditional corporate office remained largely unchanged because there were few reasons to do things differently. Yet over the last 20 years, huge advances in technology — such as the rise of the Internet, email, Wi-Fi, and smart phones — have changed every aspect of work. At the same time, employee expectations have shifted, necessitating a Workplace of the Future strategy.

THE NATURE OF WORK HAS CHANGED



*Organizations must think of their offices as one of the places where their employees work, not **the only** place where their employees work.*

In the past, the majority of office jobs were processing oriented, with workers spending their time on tasks like data entry and number crunching.⁸ Today that work is automated and employers' expectations of what they need from their employees have evolved. Organizations now look for professionals who are capable of non-routine, cognitive work, valuing employees for their ideas and creativity.

Importantly, non-routine, cognitive work requires a significant amount of collaboration. As a result, employees need to easily interact with their peers, which traditional offices are not very well set up to support. For that reason, cube farms and conference rooms should be replaced by innovative new workspaces that are better designed to foster collaborative, activity-based work.

THE RISE OF THE MOBILE, ALWAYS ON DIGITAL WORKFORCE

Employees no longer work from '9 to 5'. They are highly mobile and don't need to be in the office to do their jobs. They are willing to work wherever they are, such as other office locations, coffee shops, airports, and from home. They also work outside of traditional office hours to collaborate with co-workers, customers, and partners around the globe. As a result, employees spend significantly less time in the office and even less time at their desks.

Organizations must think of their offices as one of the places where their employees work, not only the place where their employees work. That requires a mindset change and a new approach for an effective Workplace of the Future strategy. Organizations need to make it simple and easy for employees to work wherever it is they want and need to work.

THE MULTIGENERATIONAL WORKFORCE

The emergence of the evenly-split, multi-generational workforce presents new challenges. Millennials desire workplace flexibility and engaging, social environments that fits with their blending of work and personal lives. They prefer a variety of open-concept and activity-based workspaces. In contrast, Baby Boomers prefer more formal office spaces and are apt to separate their work and personal lives.^{9 10}

Employers looking to win the war for talent must adapt their Workplace of the Future strategies to appeal to every generation in the workforce.

⁸ Distance Consulting, *The Shift from Manual Work to Knowledge Work*, 2012

⁹ CNN, *'Generation Y' set to transform office life*, 2012

¹⁰ Knoll, *Generational Preferences: A Glimpse into the Future Office*

Implications for Your Workplace of the Future Strategy

The trends listed above catalyze organizations to develop Workplace of the Future strategies. They realize that to increase productivity, attract and retain people, and reduce costs, they've got to change their thinking for office design. This means embracing the idea of reducing their real estate footprint, adopting hoteling, and creating activity-based workspaces — environments that allow employees to choose from a variety of different workspaces to meet their needs.

1. REDUCING REAL ESTATE TO LOWER EXPENSES

A single workspace costs \$8,000 to \$14,000 per year.¹¹ Repurposing unused and underutilized meeting rooms, offices, and desks impacts the bottom line. The amount of square footage per employee has been steadily declining, from 225 sq ft in 2010 to 176 sq ft in 2014, and to a projected 150 sq ft in 2017.¹²

Organizations that execute a Workplace of the Future strategy that replaces permanent desks with hoteling and collaborative, activity-based workspaces will achieve sizeable real estate and operational cost reductions.

2. IMPLEMENTING HOTELING WITH CARE

Hoteling can reduce real estate costs by as much as 30 percent.¹³ Yet hoteling can also lead to problems. Many companies have viewed hoteling solely as an opportunity to maximize real estate utilization, not thinking through the employee experience. When done poorly hoteling tends to have a negative effect on employee satisfaction and morale, citing lack of privacy among their chief complaints.¹⁴

Fortunately, many companies have become more strategic and thoughtful about hoteling by thinking more holistically about employees and offering a wider variety of workspaces designed for the type of work being performed. Done well, hoteling empowers employees and improves their productivity. A key element for hoteling to work well is to provide the ability for employees to simply and easily reserve workspaces from anywhere and for all office locations.



The amount of square footage per employee has been steadily declining, from 225 sq ft in 2010 to 176 sq ft in 2014, and to a projected 150 sq ft in 2017.

¹¹ JLL, [Workplace Strategy](#), 2015
¹² [Newtimes, Property Rounds: Square footage per employee shrinking](#), 2014
¹³ BBC, [Is Hot Desking All Good?](#)
¹⁴ BBC, [The pleasures and perils of the open-plan office](#), 2013



Employees within an activity-based work environment are 16% more productive than those in traditional offices.

3. CREATING A VARIETY OF ACTIVITY-BASED WORKSPACES

Organizations that want to be employers of choice will offer a variety of workspace options to fit their employees' needs. Workspaces should be defined by the activities employees need to do their work and by their generational preferences.

- Collaboration spaces like coffee bars allow people to have informal discussions about projects or to provide team updates in a casual setting.
- Hubs are designed for teams to work together, collaborate, and brainstorm. They can be as simple as a gathering spot with beanbag chairs and white boards, or dedicated space with chairs, sofas, and video conferencing.
- Informal meeting areas located out in the open are designed to spark impromptu conversations and meetings with a few comfortable chairs and a coffee table.
- Assigned private offices, cubicles, and carrels allow people to work privately and independently in their own space.
- Quiet areas are essential for work requiring deep focus and concentration, such as software development or financial analysis.

Organizations that execute a Workplace of the Future strategy that reduces real estate and replaces permanent desks with hoteling and collaborative, activity-based workspaces will increase productivity, attract and retain people, reduce costs, and differentiate their brand.

The Business Case for a Workplace of the Future Strategy

The business case for a Workplace of the Future strategy is compelling, with objective and quantified benefits:

- **Increase productivity.** Activity-based workplaces allow employees to get their job done in the most productive ways. Employees within an activity-based work environment are 16% more productive than those in traditional offices.¹⁵
- **Attract and retain people.** 87% of people say that workplace flexibility is highly important.¹⁶ Employees of every generation want to work for organizations with office environments that accommodate their individual needs and work-styles. Providing workplace flexibility is a differentiator for attracting candidates and is critical for retaining existing employees.¹⁷
- **Reduced costs.** Consider the example of one company that found that 49% of its 1,665 workspaces weren't being used on a daily basis — totaling \$17.8 million in unnecessary annual expenses. The company was able to eliminate six of 34 floors, saving \$85 million over five years.¹⁸
- **Differentiate your brand.** A Workplace of the Future is directly tied to brand differentiation. Customers, prospects, and partners are greatly impacted by employee morale and productivity. They also form impressions based on office design and their on-site experiences.

15 Telsyte, Samsung, [Activity-Based Working is driving business outcomes](#), 2015

16 Forbes, [Flexible jobs = happy worker bees?](#), 2011

17 Forbes, [Why Millennials Are Ending The 9 To 5](#), 2013

18 EMS Software, EMS Big Four Accounting Firm Case Study, 2013

The Way Forward

It's a tall order to deliver an effective Workplace of the Future strategy. The first step is to customize your approach to meet the needs of your employees. This means understanding them: their generational makeup, their personalities, their mobility needs, the types of work they do, and the way that they do it. When you understand your employees, you can create a Workplace of the Future strategy that allows you increase productivity, attract and retain people, reduce costs, and differentiate your brand.

DEVELOPING A WORKPLACE OF THE FUTURE STRATEGY ISN'T EASY. HAVING THE RIGHT PARTNERS CAN HELP.

Top organizations use EMS Software meeting and room scheduling solutions as an integral part of their Workplace of the Future strategies. Meeting and room scheduling software provides insight into real estate utilization, helping organizations to make informed real estate reduction and repurposing decisions. Meeting and room scheduling software also provides employees an easy way to find and book the hoteling and activity-based workspaces they need from any device. EMS provides the greatest depth and breadth of functionality and the fastest and easiest way to schedule a meeting. Organizations realize an average 8x to 12x return on their EMS Software investment. Visit emssoftware.com to learn more.



ABOUT EMS SOFTWARE

EMS Software™ helps millions of people create great meetings. AIG, Yale University, Accenture and thousands of others rely on EMS to increase productivity, attract and retain people, reduce costs, and differentiate their brand. EMS offers the greatest depth and breadth of functionality, the fastest and easiest way to schedule a meeting, and an exceptional customer experience. For more information, visit www.emssoftware.com.