Strategic Blueprint: Balancing Cost-effectiveness with Support for Corporate Change & Flexibility

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Presented at NeoCon 1999, this paper suggests ways that a flexible balance can be maintained between fixed and adaptable workspace elements.

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Introduction/Overview

Facilities Management (FM) actually represents a relatively new occupation when viewed from the larger perspective of historical trends in business and industry. Although such related endeavors as Building Operations & Management began previously, FM became prominent less than five decades ago, mainly due to a perceived need for increased consolidation in decisions regarding the procurement, specification, and project management related to installation and overview of corporate office environments. Since many of the skills represented within FM integrate well with organizational efficiency and cost-cutting initiatives, FM's popularity continues unabated as we approach the next millennium, particularly since the cost of corporate real estate remains high. However, the traditional approach to FM may need fundamental revision to match steps with the torrid pace of organizational change within our burgeoning knowledge economy.

Influential executives have tended to see FM as a zero-sum game within their corporations. The traditional view has been that in order to improve the bottom line, FM costs must be kept to a minimum. One effect of this approach to FM on interior design has been to increase the density (the number of workers per unit area) within office environments. Quite literally, many FM's measure building performance or efficiency in terms of how many workers they can accommodate with the least amount of floor space or minimal technology support. This serves to maximize short-term ROI and ROA, terms dear to the hearts of executives and upper management.

However, if the impact of employee turnover, absenteeism, and less than optimal productivity are included in the measurement metric, the perspective that FM costs represent mere red ink changes dramatically. If turnover or absenteeism drops (or productivity increases) even a few percentage points, the positive impact on the bottom line can be substantial, depending on company size. Over a ten-year period, just the costs of employees' salaries and benefits will be fully five to 13 times the costs of initial installation (construction, furniture, interior furnishings, and equipment) and building operations & maintenance combined, depending on proportion of leased to purchased real estate. The fact that personnel costs still represent the primary corporate expenditure—well ahead of facilities costs—suggests the need to treat FM as an investment rather than as overhead. The potential for bottom-line impact from facilities has much more to do with support for knowledge work than with merely trimming costs.

The Evolving Workplace

In addition to this salient re-alignment of FM cost structuring, other developments within the knowledge economy have dramatically altered the office environments that today's FM's face. A broad change in emphasis and focus from internal to external issues and concerns represents an important fundamental shift still ongoing within many organizations. This means that the drivers of corporate change reside largely outside the corporations themselves and thus remain fundamentally beyond their control. This requires companies to stay in close touch with broader societal trends as well as implementing and managing their own internal processes and dynamics. In short, what will drive change within the corporations of tomorrow will be more a function of opportunities anticipated and identified than of careful executive vision and strategic planning. Correctly noticing and responding to unfolding market developments and challenges requires a very nimble organizational structure, arrayed around empowered functional units rather than a rigid hierarchy of formal control.

This broad sea change from primarily internal to external considerations now facing organizations places a great deal of demand on the flexibility and adaptability of the environments in which their people work. As dynamic customer preferences for new designs and services continue to replace corporate strategic planning as the primary determinant of internal product development cycles (as well as other previously quite predictable internal processes), office tasks have become much more heterogeneous compared to even a few years ago. Organizations have flattened to reflect the new pace of change; as a result, the responsibilities of individual workers and work teams have broadened considerably. Among other related demands such as ubiquitous technology support, all these evolving influences have yielded unwieldy churn rates (percentage of employees moved annually). Even for businesses within normally conservative sectors like banking and insurance, churn rates commonly range from 60% to 100%.

To make matters worse, technology continues its mind-boggling rate of innovation, requiring a sophisticated supporting infrastructure of power and cabling that must adapt to the onslaught of new, ever more powerful work tools. Corporations dare not leave their downsized workforce without these tools, lest one or more of their increasing responsibilities suffers a drop in productivity. Not only have the number and variety of jobs that each worker must accomplish increased dramatically, but cross-functional teams increasingly reflect the activities within office environments. Such work and task variety demands great flexibility from the physical environment. Individual offices must co-exist with team areas, and acoustic environments must not preclude space for vital visual symbols, continuous creation & coordination of the spatial representation of work processes, and shared work objects and goals.

Implications for Facilities Planning & Office Design

Supporting this shifting ocean of organizational priorities can indeed be a FM nightmare. No longer can dry-walled offices be constructed to correspond to the boxes in one's organizational chart. Even panel systems designed to support the organizational structure and requiring professional installation must eventually give way to options that respond to the dynamic functional needs of the people using the space—regardless of their "official" designation or formal department within the company. The work that actually occurs within office spaces may bear little resemblance to the structure of the organization. FM's must consider the rate and nature of these changes within their companies and intentionally plan environments flexible enough to adapt—without requiring costly downtime and inordinate installation charges for moves, adds and changes.

What's the best way for FM's to accommodate this kaleidoscope of change within corporate social, technological, and environmental systems? How can strategic planning for the future be balanced with the need to support shifting work patterns, styles, and needs? It goes without saying that the more infrastructure—from power and cabling to the arrangement of office spaces and furnishings—that can be permanently installed during either a retrofit or a new facility can cut costs over the long term. But that assumes that no major changes in the layout or configuration of offices (with their accompanying

power and cabling needs) will occur. In today's corporate world, that is rarely a safe assumption.

What's the solution? First, involve the key constituencies that will be affected by the new installation or retrofit. Open communication is essential to the ultimate success of moves, adds, and changes. Through at least representation, everyone that will experience the transition must be given the rationale for the new environment (and an opportunity to provide comments and feedback) to obtain buy-in for the corporate vision. This can be done with intranet bulletin boards (they should be monitored at least once a week), focus groups, monthly meetings, or other interventions. This largely psychosocial process ideally results in general acceptance of a clearly articulated goal for the new corporate environment, its ultimate purpose and meaning for the organization and its constituencies.

The Behavioral Function Chart

Secondly, informed by detailed observation of the areas affected by the move; an accurate understanding of work processes, styles, and functions of the people involved; and of corporate strategy, construct a behavioral chart of the organization. The company's mission statement will constitute the apex of this chart rather than the CEO or other top executive(s). Corresponding to the next level in this behavioral function chart will be broad missions and goals corresponding to major sectors of the business (e. g., Expand Operations in Asia; Increase Sales in Mexico). Below that will be more focused, detailed accounts that "flesh out" how each of these objectives will be accomplished. The most "active" change-driven level of abstraction within this behavioral chart will involve cross-functional teams—ideally, strategic allegiances between and among corporate segments to identify or address some threat or opportunity. The bottom of this chart will contain the day-to-day behavioral activities of individual employees.

It should be possible to draw a horizontal line through this chart above which relatively little short-term change will occur, but below which a great deal of change might be expected. Typically this line can be drawn immediately above those functions defined by the spontaneous activities of cross-functional teams and other short-term alliances. Determining where to draw this line is the critical step, since the natural "functions" defined just above the line will be the most informative about how many natural divisions can be reflected in the relatively permanent design of the physical environment. Power and cabling needs will also be suggested by this exercise. Below this line will be those processes and activities that can be expected to change frequently. These functions must be supported, but perhaps with multiple-use spaces and very flexible environments—with few if any private offices—although movable partitions for acoustic or visual privacy might be included.

Developing a behavioral function chart of the organization can be done relatively quickly or more thoroughly, depending on the tradeoffs between the importance of obtaining accurate and reliable information and the time and costs of this more in-depth approach. At the very least, three questions should be addressed to directors, managers, and supervisors, since they represent the formal levels most likely to surround where to draw the line between relatively permanent and impermanent corporate processes: 1) What are the three-to-five work groups, teams, or departments within the organization with which your group interacts most frequently, rank-ordered in terms of both frequency and importance of these interactions? 2) What are the two-to-three most critical external constituencies around which your group's activities are organized or directed? 3) Describe and if possible give an example of a typical interaction between your group and the other groups mentioned in both questions 1) and 2).

Question one will provide minimal information toward appropriate alignments and co-locations for functional work groupings. Question two will provide clues regarding the unfolding alliances among perhaps slightly different functional arrangements; and question three will provide information regarding the work tools, processes, and technologies that the relevant environments will need to support. If it becomes necessary to go beyond a cursory overview of behavioral functions within the organization (and it usually does), formal work process analysis (readily provided by consultants or commercially available software packages) as well as focus groups (that include a representative cross-section of members from as many affected constituencies as possible) can usually provide more fundamental information about who, how, why and when people work independently or collaboratively. Ideally, both formal and informal observational techniques can supplement these data collection processes, since some important behavioral interactions cannot be adequately explored through introspection.

Flexible Support for Dynamic, Multiple Work Styles

One suggestion that has received a great deal of attention in planning office spaces for very fluid work-team environments includes the following elements: Inspiration/Renewal, Meditation/Focus, Techno-Pit, Farmer's Market, and Home Base[1]. These elements would determine quite large space designations (neighborhoods), perhaps separated by flexible spine walls that could integrate with multiple systems and office types. Inspiration/renewal areas should ideally involve external views or vistas, with natural accouterments

that involve both visual and acoustic variety and complexity (e. g., fountains, plants). Meditation/Focus areas could be featured within Inspiration/Renewal areas, but with more restricted boundaries (e. g., seating arranged around a fountain). Techno-Pits would be equipment-intensive, interactive technology centers featuring support for a number of work tools and processes. Farmer's Market areas would be characterized by support for large displays to allow for "idea immersion"; interactive, multi-media experiences of developing projects or products. Finally, Home Base spaces would allow the personal control, identity, and display of traditional offices. These could be kept small and open on one or two sides to promote space efficiency.

How these relatively large, functional arenas would be developed and integrated could be uncovered in the development of the behavioral function chart. Some organizations may need combinations of these broad functional divisions (e. g., a Farmer's Market integrated with a Techno-Pit). Discovering what people actually need on a day-to-day basis would improve the layout and design of such environmental flexibility. Adaptation could thus occur within as well as across work groups, allowing for support of a wide range of work activities. Individual workers would experience variety throughout the work day as they meet the changing demands on them for independent or collaborative work. It would be very important within Home Base areas that workers be allowed to personalize their individual office spaces. Collaborative areas such as Farmer's Market should support the coordination and continuity of multiple projects and project-relevant displays within the same area to conserve space, while preserving task-relevant contexts over the lifespan of projects. This can be accomplished with layered white-board and tack-board technologies, as well as flexible interactive display/storage tools that allow easy translation of information from individual to group work areas.

Any integration/combination of these design concepts would provide all the key elements of a productive corporate office environment. With the flexibility provided in the variety of available environments, fewer moves, adds and changes would be necessary. Evolving teams and work styles could all be supported without constantly re-configuring office layouts and floor plans. Mobile components and work tools within some of these areas would allow workers to meet their changing functional needs. The trick to inventory and keeping track of such furniture and equipment involves defining a larger space metric than at the level of individual offices. The "scale" of the areas defined for tracking inventory could be these larger functional units or groupings, rather than individual work spaces.

Summary and Conclusions

Ideally, office environments should include a kit of parts and work tools that can evolve at the level of individual workers and cross-functional teams to accommodate their changing interests and priorities. Specifically, work tools like mobile storage units; mobile, re-configurable tables; adjustable, multiple work surfaces; adjustable, user-friendly & comfortable seating options; modular panel systems that can accommodate increasing technology support; spine walls compatible with a number of different systems; and team areas integrated with and considerate of the privacy needs of individual workers can leverage FM as an investment in the knowledge workers of the future. The work areas resulting from such innovation can respond cost-effectively to the inevitable changes occurring in virtually every sector of the business enterprise.

Without this flexibility to adapt to the complexities that continue to engulf the larger economy, FM can represent a significant drain on organizational performance and productivity. The key is to understand and support the behavioral functions that coalesce and disperse within the office environment, rather than supporting individual workers or their departments. The costs of moves, adds and changes, along with the effects of downtime and turnover on productivity can be realistically controlled only with an eye on the future needs of office environments: The only constant is change—anticipate it, design for it, keep up with it—and prosper as a result.

[1]Thanks to Tim Syfert for these ideas.

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