Crafting alliances: Enabling better CEO decisions in real estate and workplace strategy

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We’ve been talking about how to get FMs a seat at the table for years. Yet, we are still not there. We continue to watch on the sidelines as CEOs miss opportunities to leverage their workplace and technology. It’s time to re-think our approach! A recent study I conducted with Susan Wiener shows that “when considering a major move or renovation project, CEOs do not consider their FM as the person to lead these projects. They prefer ‘someone who is a visionary and knows the intricacies of the business.’[1]

Nevertheless, CEOs do understand the need to form an alliance comprised of those with an enterprise view (CEO, CFO) and functional views (Facility Management, Human Resources, Information Technology, Sustainability) to participate in these projects. This article provides tips on crafting an alliance to help CEOs make informed decisions and exploit their workplace for better business results.

Clearly, a move is an opportunity to save real estate costs; but more importantly, it is a unique, and mostly unexploited, opportunity to change the nature of work and to realize unexpected return on investment. Benefits can support both enterprise goals including increased productivity, higher employee engagement, as well as the goals of specific functions within the organization, such as increased talent attraction and retention for human resources, cost savings for real estate, or sustainable building for corporate social responsibility.

For companies to realize these benefits, CEOs need to start thinking differently; people, place, process and technology are inextricably linked. It follows that workforce, workplace and technology strategies are interdependent. Therefore, to be successful, companies need to create a formal alliance among the relevant executives.

We recommend the following eight steps to exploit a change in workplace for its biggest advantage:

1. Have an effective alliance leader.

The alliance leader understands how people, place, process and technology are inexorably linked. This person sets the vision and drives clarity and consensus on strategy and objectives across their leadership team. This leader is a visionary who understands and is close to the business, has a “backbone” and leadership support, and is an agent of change.

2. Select an executive alliance team.

An effective alliance of senior executives will be comprised of those with different business perspectives yet who share a common vision and language and see the synergies between functions. They understand that the whole is greater than the sum of its parts.

3. Develop a cohesive strategy and identify success metrics.

A cohesive strategy begins with the key corporate goals, the strategies already in place to realize them and their metrics for success. It's from that point of clarity that the alliance can identify how a workplace change can support multiple objectives.

4. Use data to drive decisions and conversations.

Identifying, aligning and integrating data helps the alliance cross boundaries in new ways to gain new insights. Although the data resides in different silos, its power is released when the alliance looks at it together. And, it will drive conversations and create a common understanding of current and future state of the business. As shown in *Figure 1: Use data from multiple perspectives to drive conversations*, workplace decisions require data that comes from multiple sources. For example, in order to select the right place, data is needed from human resources, operations, real estate, facility management, finance, information technology, marketing and corporate social responsibility.

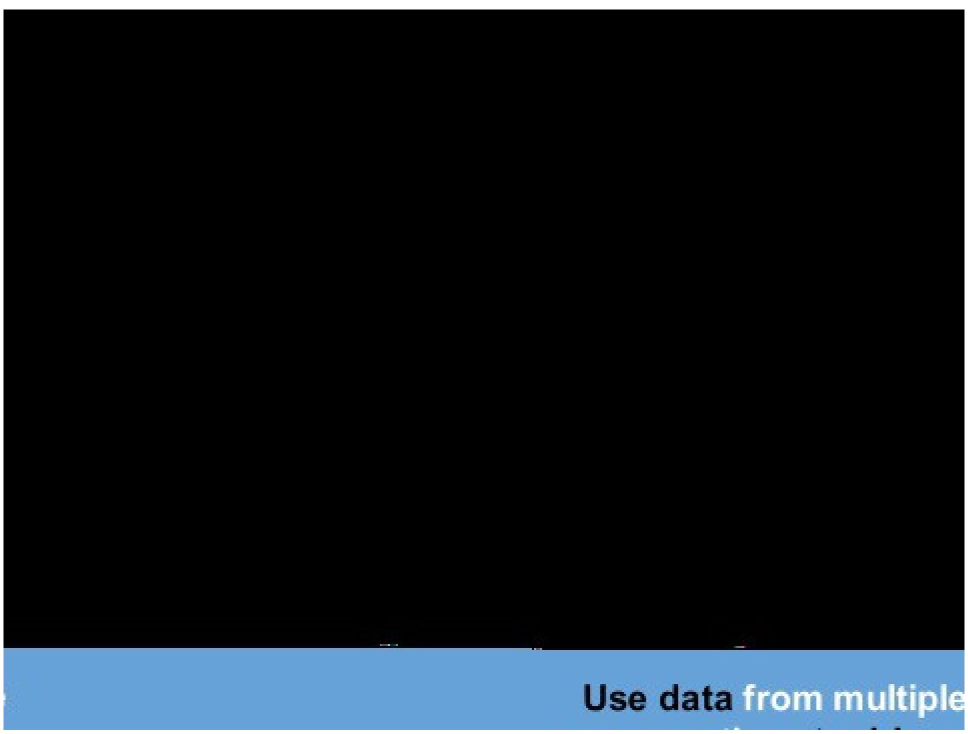

Figure 1: Use data from multiple perspectives to drive conversations,

5. Engage and align all internal and external stakeholders.

Once an effective alliance has been established, it is important to involve early on those responsible for its execution. This seems obvious, but often the internal functions that are required to implement a strategic plan, such as management in facilities, real estate, human resources, information technology, and sustainability, are not aware of their part in the overall picture. Early involvement ensures buy-in of the plan and an understanding of everyone's roles, responsibilities and timing. Architects, brokers, contractors and strategic consultants also have unique knowledge that can improve an existing strategy. They keep up with innovation and market insights and provide budgeting and scheduling information. Leveraging vendor expertise early can affect the cost and timeframe.

6. Address organizational readiness for change, not just change communications.

Change management is not the same thing as "change communications." If the change in workplace requires change in attitudes and behaviors, it is an organization's responsibility to help their employees overcome their natural resistance to that change. Change management activities are included in *Figure 2: Change Management Activities.* It is essential when companies consider hiring vendors to provide change management solutions that vendor's offerings can solve for organizational change (i.e. change management), not only for the communication of change (i.e. change communications).

Change Management Activities

➢ Identify the scope of change required to meet business objectives (e.g., change in behaviors, process, performance metrics, use of new technology)
➢ Coordinate with other company change-management initiatives
➢ Communicate the reasons for the change and the business risk of not changing
➢ Identify employee and management resistance
➢ Determine any training and development needs
➢ Commit to what you can and cannot do to enable change
➢ Lead by example
➢ Ensure two-way dialogue
➢ Establish consistent touch-points
➢ Stay engaged after the move

Figure 2: Change management activities

7. Use the governance process to align stakeholders and to test the execution.

The governance process includes developing and articulating policies, processes, roles, accountabilities, decision rights and the issue escalation process. The alliance is ultimately accountable for making final decisions and serves as the arbiters for resolving issues.

Governance also serves as a leading indicator of organizational readiness by explicitly illustrating gaps in ownership, processes and resources. Minimizing cost overruns and the number of changing orders is an additional benefit that results from clarity and agreement on roles, timelines and the issue-escalation process.

8. Build in flexibility to accommodate the changing business landscape.

Change abounds – markets, regulations, competition, technology and demographics. The physical space needs to accommodate these changes by remaining nimble. In the workspace, this translates into designing physical space that can accommodate flexibility.

These steps can be used not only for real estate and workplace projects, but also for any initiative whose success depends on a cross-functional alliance like digital workplace strategy, corporate social responsibility, energy and sustainability.

[1] Diane Coles Levine, Nancy Johnson Sanquist, et. al. *Work on the Move 2: How Social, Leadership and Technology Innovations are Transforming the Workplace in the Digital Economy*. IFMA Foundation. October 2016.

About the Author

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