Top Five Missteps in a Workplace Transformation

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Introduction

Many organizations consider their move or workplace redesign as a distraction or a necessary evil. A strategic facility manager (FM) sees it as a larger opportunity to meet business objectives. Unfortunately, they are often without the power, resources and authority to leverage the move to enable greater business results.

By avoiding the five following missteps, “Facilities” can be viewed as a strategic partner that drives change rather than a cost-optimization center remaining in its expected operational role.

1. Lack of C-Suite understanding that a move or redesign is a strategic advantage

Even though Facilities is not often at the C-table, it is in a position to explain how a well-designed workplace can benefit employees, customers and the bottom line. When organizations “simply” see a move as a tactical effort, they fail to realize the following unexpected business results:

- Better employee engagement
- Increase in talent attraction and retention
- Lower turnover rate
- Higher employee productivity
- Enhanced corporate sustainability and wellness initiatives
- Improved processes and ways of working
- Increased collaboration
- Introduction of strategic technology into a new environment

In addition to these impacts, one true area for results is cost savings. A workplace transformation is an opportunity to examine how new ways of working can improve return on investment in individual functions (Facilities, Human Resources, IT) and for the organization as a whole. For example, implementing employee mobility not only reduces real estate costs, it also increases management span of control, decreases employee costs, increases productivity, and lowers technology spend as employees become less dependent on IT support.

Our headquarters project at SCAN Health Plan shows how a facility team impacted corporate strategy, corporate productivity and cost savings. The Sr. Vice President of Business Development commented that the SCAN workplace strategy “laid the foundation for SCAN’s entry into new markets by putting in place a more efficient facility change process and creating a workplace that attracts and retains employees.” As shown in Figure 1: SCAN Health Plan outcomes, they were able to save over $7 million in construction and furniture, $1 million per year in real estate, and increase employee productivity by 18%. When planning the space, SCAN looked at each business function’s performance measurements and worked with them to design for productivity and process improvements.

Figure 1: SCAN Health Plan outcomes

2. Failure to engage and align all “internal” stakeholders early enough

When creating the operational plan to execute the agreed upon strategy, it is important to communicate early the strategy, goals and objectives to those responsible for its execution. This seems obvious, but often the internal functions (e.g., Facilities, Real Estate, HR, IT, 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. Getting everybody on the same page removes assumptions and:

- Keeps people from running in opposite directions
- Guarantees efficient spend of resources
- Diminishes surprises

A manufacturing company in California neglected to include their IT and HR departments in the operational planning of their new office. This proved to be a costly error. It was only after construction started that they realized a generator was required for systems backup and that the company was planning a new fitness center and cafeteria. This cost $1.3 million in design, engineering and construction delays — all of which could have been avoided had IT and HR been involved earlier in the process.

3. Failure to engage and align all “external” stakeholders early enough

Managing a move is like conducting an orchestra. There are a lot of players and each enter and exit the musical piece (e.g., project) at varying times. The conductor (e.g., project manager) must carefully lead the musicians (e.g., architect, engineers, contractors, movers) through the crescendos and fortissimos to the finale while at the same time ensuring an engaged audience (e.g., employees) enjoy the experience and recommend the concert (e.g., company) to their friends. It’s important to have a skilled conductor that understands the meaning (e.g. strategy), nuances and intricacies of the piece. Although the conductor doesn’t need to know how to play each instrument, they do need to understand their part, provide guidance, and elicit the best from the musicians to satisfy the audience.

A health care company in Los Angeles engaged their architect too late (after lease execution) and paid an additional $1.9 million in unnecessary expenses, delays and holdover rent. Without the architect at the start, this company neglected to perform a facility condition assessment or test fit of their new building. Once hired, the architect found major structural issues with the building and determined the space was too small to meet future workforce and technology requirements, causing the agency to lease more square footage nearby at year two of their new five-year lease.

4. Inadequate space forecasting

Right-sizing the lease can be challenging for the inexperienced. It takes a village to get it right. Critical data should be considered when forecasting square footage requirements including workforce projections, space occupancy data, desired ways of working (e.g., heads down, collaborative, hoteling, work anywhere), desired building amenities (e.g., cafeteria, fitness center), technology requirements, and workplace satisfaction. This data comes from both internal and external players.

A growing retail company in San Diego, California ran out of space nine months into a five-year lease of their new headquarters. This poor space forecasting cost an additional $1.4 million. The cause was several factors:

1. Inaccurate workforce projections
2. New programs outlined in the company strategic plan were not included in the space calculations
3. A new employee lounge, customer center and fitness center were added at the last minute, after the lease was signed
4. IT required a larger infrastructure room to accommodate additional equipment and staff

The project manager had limited experience and didn’t know what he didn’t know. Had IT been consulted, the project manager would have found that their outsourcing contract was being cancelled (and adding 30 new staff) and that they were expanding their server room. Had the Project manager spoken to HR, he would have discovered that the company was planning to add an additional 75 employees in the following year. While it is difficult for some companies to forecast future employees, flexibility can be built into the lease (e.g., expansion and contraction clauses) to accommodate many of these unknowns. Knowing this would have helped the project manager better leverage the lease to plan for unforeseen factors.

5. Changing space without addressing organizational change

A major international bank in New York lost many top talent after moving senior managers from private hard walled offices to 6×6 cubes with low panels and, finally to trading desks. The employees felt devalued when it was revealed, at the last minute, where they were moving. The company did not address their resistance to the change nor did they have a formal workplace change management program in place. While this bank saved money by reducing real estate, their approach ultimately meant an outlay in unplanned expenses for lost productivity, hiring and training new talent, and managing morale issues.

One of the best ways to address employees' resistance to change is by involving them early in the process. Our client, an international sportswear company with $1 billion in revenue, did it right and reduced their turnover rate after moving into their new headquarters. They worked with employees to understand their needs and concerns and addressed upstream performance management issues as well as designing a workplace for maximum productivity. Decisions and progress were communicated through videos from the CEO, tours, weekly emails, town hall meetings and training sessions. This company was recently named one of the best places to work in Orange County, California.

Summary

A workplace move or redesign can be a fortuitous event for a Facilities Manager to take a strategic leadership role. It is the perfect opportunity to:

- Explain to the C-Suite how a redesign can impact business results
- Ensure that all stakeholders, both internal and external, understand their role, are involved and aligned
- Engage all parties to better forecast space
- Integrate change management early in the project

Facility managers are not alone in their efforts to transform the workplace. There are resources, experts and associations like IFMA available to help.

About the Authors

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WORKPLACE MANAGEMENT SOLUTIONS (WMS) is a global strategic management consulting firm that leverages a company's move or redesign to transform the workplace into an environment that is engaging, productive, sustainable and economical. WMS helps companies think in new and creative ways by eliciting the best from all players involved in a move or redesign (e.g., HR, IT, Real Estate, Facilities. Sustainability, Architects, Real Estate Brokers, Furniture Suppliers). WMS uses analytics to drive decision-making at all phases of the move and also helps employees rally behind change. http://www.workplacems.com

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