

Meeting the future of work

Transforming organisations – responding to cost, productivity and competitive positioning pressures


Work your way


Work your way

Contents

Executive summary	1
Introduction – setting the scene	2
Action amid uncertainty	2
Interlocking fragility	3
The challenge of imagining the future	4
Does imagineering matter?	5
Myths and perceived wisdoms	6
A mismatched organisation	7
The reality gap	7
Myth – Gen Y beats the drum for new work practices	8
The trust gap	8
Myth – Gen Y demand new technologies	9
Workplace configuration	11
Social, ethical and environmental sensitivities	11
Gender pressure	13
Traditional values still hold true	15
Unleashing creativity, agility and speed – HR Director’s role	16
Growth – the new target	17
Three HR shortfalls	18
Attacking the gaps	19
Capitalising on collective intelligence	19
HR’s contribution to transforming work	21
Optimising business value – the CIO’s role	24
Quantifying future IT value	26
Optimising investment for maximum value	27
Planning the optimisation journey	29
Beyond alternative officing – Property Director’s role	31
Cloud workplace ecosystems – the next leap forward	33
Workplace ecosystem strategies and zero-time space	34
Workplace ecosystem strategies and diversity	35
Gaining competitive advantage	37
Workplace ecosystems and organisational culture	39
Value strategies as real options	41
Corporate property as supply chain management	41
Analytics – getting smart about your workplace	43
Changing face of the corporate board	43
What’s holding organisations back?	43
Notes about this study	45
What brought about this research?	45
Table of figures	47
About the author – John Blackwell	48
About Regus	48

Executive summary

The aim of this report is to draw on our vast body of research into the changing nature of work from the last decade and provide tangible, metric-based insights and models to help business leaders corral precious resources and align investments behind continually creating effective, productive workplaces with optimised cost controls.

Unlike other 'future of work' studies, this publication does not fall into the foolhardy trap of attempting to imagine the future of work – we feel this is best left to a shaman. Quite simply, no one has the faintest idea what the future of work will look like. If someone did, he or she would be far better off entering next week's lottery – it's far more rewarding and far less taxing than working.

Instead, this report looks at what astute business leaders require to continually monitor the vital signs of their organisations, and monitor the spiralling pace of change within and beyond the traditional boundaries of their operation.

Along the way, we set out to dispel much of the perceived wisdom and myths that fog today's workplace decisions.

In addition, we offer pragmatic counsel on the only three drivers that justify changing work practices:

- Improving staff productivity
- Controlling and avoiding costs
- Enhancing the overall competitive position of an organisation.

Finally, we consider the change models needed to move an entire organisation from where it is now to a place that has not yet been defined and where people find themselves changed by the journey.

A clear conclusion is that this journey and the complexity that accompanies it demands that all business support functions (HR, IT, Real Estate, together with management cultures) work in unison against precisely defined goals and metrics.

Any leader of a business support function that believes they can still deliver interventions in isolation and expect to deliver any enduring change to their organisation is somewhat reminiscent of a one-armed dishwasher – it may well be a full-time and rewarding role but the outcomes are painfully slow.

This report does not fall into the trap of making any foolhardy attempts to predict an imagined future of work – instead, it provides proven, adaptable models for continuous investment.

Introduction – setting the scene

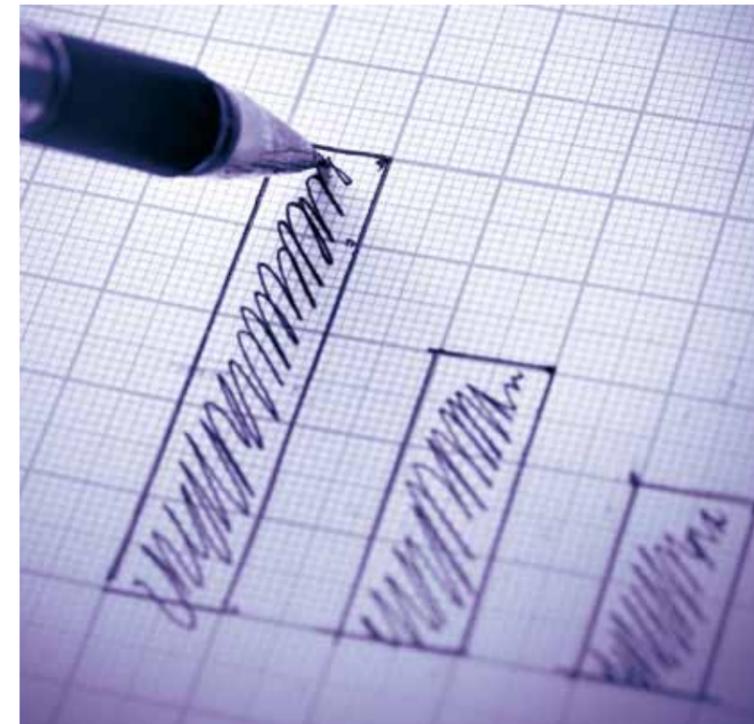
In the wake of the recent economic crisis, organisations everywhere are scrambling to prepare for growth in an increasingly complex and volatile business atmosphere. As they seek a trajectory for success in the post-crisis environment, what can business leaders do to help them successfully manage uncertainty and complexity and, ultimately, foster growth?

By studying and analysing our sizable body of research over the last 11 years¹, we believe the answer involves decisive actions designed to pre-empt scarcity, drive cost efficiency through productivity and agility, and seek targeted and innovative approaches to the workplace.

Action amid uncertainty

The financial industry meltdown and subsequent global economic crisis were perhaps the biggest economic disruptors in recent history. While the financial system may have stabilised and some economies are positioned for growth, the overall economic environment remains highly volatile.

There's fierce debate among economists whether the economy is indeed on a road to recovery or whether it will experience a stall, a further downturn or fits and starts. Regardless of which scenario turns out to be correct, one thing is clear – today's business environment is increasingly complex and uncertain, with organisations facing increased global interconnectedness, accelerated industry transformation and sweeping changes to the way we work. From rapidly evolving technologies to new organisational models, pressure for innovative workspace to new approaches for talent, the demand for fresh thinking runs deep and strong.



Interlocking fragility

Global interconnectedness – and its integration of economies, societies and cultures – has made the world smaller and, at the same time, more complicated. As globalisation opened up new avenues of trade and fostered growth, it also created a more interconnected economic environment.

This interconnectedness has greatly amplified the potential for disruption, something Nassim Nicholas Taleb described as “interlocking fragility” in his book *The Black Swan* (see figure 1).

The economic crisis has spurred a significant increase in restructuring, driving organisations across all sectors toward business model changes. Some traditionally strong industries, such as finance, have even had to rely on government involvement for their very survival.

Others continue to evolve, facing redefinition or even disintegration. The long-term effects of these shifts – and of government’s involvement in industry – remain unknown.

Against this backdrop of mounting complexities and uncertainties, business leaders must be prepared to act decisively and remain agile enough to adjust course as necessary.

This means astute executives are scrutinising every aspect of the workplace and work practices for optimal cost control and staff effectiveness.

The challenge of imagining the future

The perennial challenge for business leaders is how to make decisions about the future of their workplaces when all of their knowledge is in the past. This makes the future of work one of today’s most hotly debated topics – and it’s something that everyone seems prepared to offer their own conclusive opinion on.

Property advisers, architects, technologists, HR professionals, CEOs – all will frequently give you a ‘definitive’ answer. However, the truth is that no one has the faintest idea what the future workplace will look like.

If anyone says they know what the future (of work or anything) will look like, they are either a shaman or they would be better placed filling in next week’s lottery tickets – it’s far, far more lucrative winning the lottery week in, week out and is certainly a lot less demanding.

The fundamental problem when making predictions is that no matter how much we try to imagine what lies ahead, all of our knowledge is solely of the past. Nothing guarantees that the future will continue to resemble what we’ve already observed, a theory referred to as the problem of induction.

To dispel any doubt, just pose yourself the question: what jobs will exist in two years, three years, or five years? Five years ago, could you have guessed that jobs such as app developers, social media strategists and green funeral directors would exist?

Given the difficulty of predicting what jobs will exist, it’s a Herculean task to forecast such major investments as office space or design, emerging technologies or innovative talent.

If anyone needs further convincing about how good we are at predicting the future, check out this clip from a film called *To New Horizons*.

General Motors commissioned this film in 1939 using the very best thinkers of the day and it perfectly illustrates how wrong we can get the future – and all they were trying to do was predict 1960!

Sadly, this film clip is not alone – even to this day we continue to see some of the most prestigious organisations releasing video narratives proclaiming some knowledge of the future of work.



Figure 1 – Increasing uncertainty and complexity in today’s business world (Nassim Nicholas Taleb)

Myths and perceived wisdoms

Does imagineering matter?

Sadly, yes it does – very much.

Analysing our decade of interviews with business leaders revealed that executives rely heavily on research data and reports for an 'imagineered' future direction (82% overall), with their own experience and judgement commonly coming in at a distant second (72%, see figure 2).

Disappointingly, we continue to find only a modest number (less than one in five) of executives use proven analytics to take a retrospective view of historical trends and practices, and very few business leaders (only 6 per cent) describe themselves as adept at using information to develop scenarios and predict future outcomes.

This heavy reliance on someone else's imagined future, coupled with an absence of analytical insight, means that organisations are placing their ability to grow effectively at huge risk. One can only speculate what cynical shareholders and investment analysts would make of business strategies and investments based on such fallible whimsy?

If the calibre of research is in any way questionable, then business leaders will find it impossible to make informed and intelligent decisions about future directions. They will be challenged by the need to remain competitive and will struggle to justify the need for future workforce investments.

Decision-making

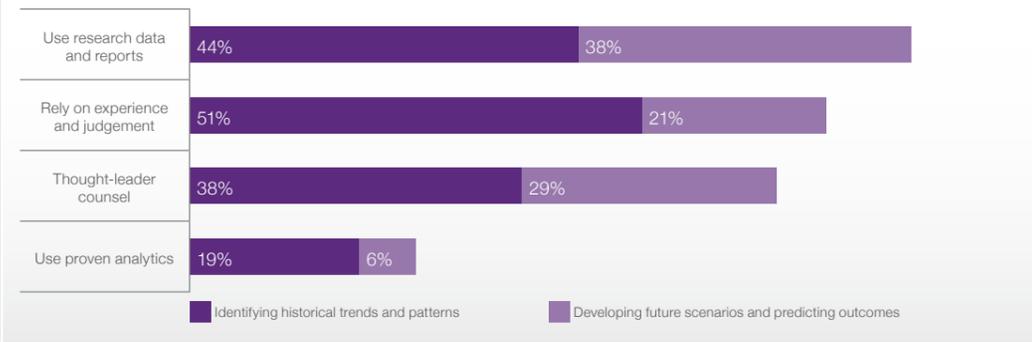


Figure 2 – Where do executives turn for decision-making and investment advice?

One of the greatest challenges for business leaders when scrutinising their workplaces is wading through the 'fog' of myths and perceived wisdoms.

How do leaders arrive at the 'right' decision and what constitutes the right decision? How can business leaders filter the noise and froth that cloak workplace decisions?

What is it that organisations and individuals are actually doing to drive cost efficiency through productivity and agility, and deliver targeted, innovative approaches to growth?

And importantly, what should they be doing differently? What are organisations doing that's constraining their staff from pushing through the performance and productivity boundaries?

Making measured decisions is the lifeblood of competitive business. Executives are constantly called on to make workplace investment decisions that continuously balance the need to act quickly while engineering the agility to stay ahead of the fast-chasing pack.

To answer these questions, we undertook a quantitative, comparative study in mid-2011 of 25,000 people across 19 countries to reveal what's actually happening in our workplaces.

Starting with a literature review of all published workplace research over the last decade, we found to our shock that almost every study had such a biased sample that it rendered the findings next to useless.

By contrast, our study, titled *Challenging perceived wisdom: Are our workplace preconceptions valid?*, compared responses across such levels as generation, gender, seniority, education, geographic location, marital status, tenure, virtual and direct team size, commute habits and much more to create probably the most accurate picture of today's working needs and practices.

What we discovered overturned almost all the perceived wisdom and myths about how we work today and, importantly, what we need to change for a competitive future.

Our unique study of 25,000 people across 19 countries allowed us to compare and contrast staff views spanning different generations, gender, seniority, education, geographic location, and more to reveal the most accurate picture of today's working needs and practices.

A mismatched organisation

While forward-looking organisations and business leaders clearly recognise there are considerable opportunities for cost avoidance, productivity optimisation and enhancing the overall competitive business positioning, we found a striking absence of aligned staff metrics and incentives from HR.

The questions to be addressed include:

- You want staff to adopt agile flexible working practices – what’s in it for them?
- Your organisation’s looking for property rationalisation and cost control – what incentives and metrics are there for your staff to work away from the office?
- Your corporate brand wants to be associated with social, ethical and environmental responsibilities – where’s the alignment with how your staff perform?

The bottom line is that if organisations genuinely want to realise the vast competitive gains from migrating to future work practices, then it’s paramount for all business support functions – IT, Real Estate and HR – to be aligned in unison behind common metrics, goals and objectives that sustain momentum for the entire workforce.

Younger staff are 13-15 points more disappointed with work reality compared to their older colleagues.

Anything less will at best only serve to thwart and stifle possible progress, and at worst will result in any initiatives being stillborn.

The reality gap

We found many organisations are struggling with a gap between an employee’s interview anticipation and the reality of the employee’s actual working experience.

During an interview, people assume (or more frequently, are sold) a utopian future workplace with innovative creative roles for themselves. Our study found that the daily reality more often involves mundane responsibilities, far less autonomy than expected and an uninspiring workplace.

To no great surprise, we found that this gap resulted in 13 to 15 points of greater disappointment with work among younger staff compared to their older colleagues (see figure 3). While this may be explained in part by naive expectations (due to a lack of prior work experience) among younger staff, the potential for employees of all ages to become disenchanted, lose engagement and start seeking out alternate opportunities is all too easy to see.

Implications

This suggests that, given the pace of changing work patterns, it’s overdue for organisations to review interview and recruitment processes to create stronger alignment with immediate job scenarios and set more realistic expectations for the futuristic workplace.

At risk is a disillusioned and disenfranchised younger workforce who will leave for new workplaces that come closer to the utopian dream they were sold.

Myth – Gen Y beats the drum for new work practices

Contrary to the popularly stated belief, Generation Y is not beating the drum for new working practices, demanding the freedom to work remotely, use wider intellectual connections and stimuli such as social networks, and to continually have the latest ‘i’ technologies – the iPhone, iPad, iCloud.

We found that younger staff expressed 15% to 20% less desire than their older colleagues to choose their time and place to work. In fact, they actively seek out every opportunity to be in the office in the closest proximity to their boss.

We found a direct, almost linear correlation between age and appetite for flexible working – from over 70% enthusiasm among older staff declining to under 40% with Generation Y staff.

The trust gap

When we looked deeper into the reasons behind the gulf between staff appetite for adopting new ways of working, we found a direct and highly surprising parallel between employee age and enthusiasm for exploring alternate working practices.

Older staff perceive 10% to 15% greater levels of trust from both their managers and their organisation in letting them to choose their work time and location.

In turn, this led to greater confidence and motivation to explore new workplace innovations.

Completing the workplace picture, ironically we found younger staff are far less preoccupied with ‘space status’ concerns. They were 15% more confident at finding available workspace – be it meeting rooms, team space or just simple ad hoc space. And overall, they perceived the existing workspace to be 15% more effective than their older colleagues did.

Interview expectations

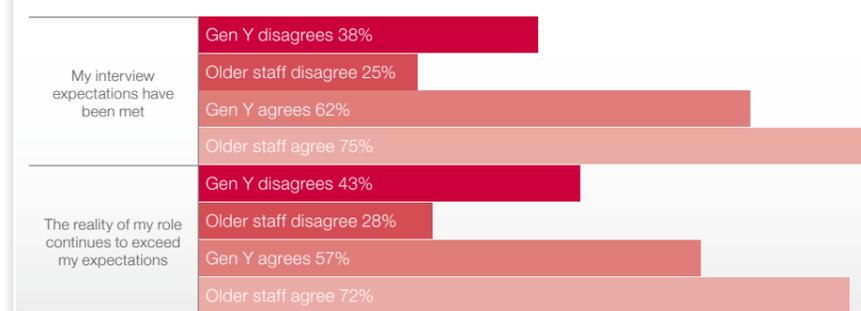


Figure 3 – The reality gap between staff expectations from the interview and the actual job reality

Myth – Gen Y demand new technologies

We found the widely held belief that younger staff are forever demanding new technologies and pushing the boundaries on wider intellectual connections to be a myth. Younger staff are more accepting of available equipment (by up to 20 points) compared to their older peers (see figure 4).

They are more comfortable using whatever tools they are given to locate and effectively collaborate with colleagues both inside and outside the organisation.

The widely held perception that Gen Y forever demanding new technologies and pushing the boundaries on wider intellectual connections and stimuli is a myth.

Further, there was no clear evidence of younger staff demanding the emerging social networks – if anything, they are reticent to ask for such tools for fear they might be accused of malingering.

This confidence with the available technology landscape allows younger staff to get up to speed with policies and procedures noticeably quicker (by 20%) than their older colleagues can.

Implications

The main conclusion to be drawn here is the emergence of a generation adept with digital communication and far more willing to accept – or possibly reluctant to criticise existing workplace tools.

The other conclusions are:

- Is there anything wrong with social media? The answer would appear to be a resounding NO.
- Is there anything wrong with how the business value of IT is positioned? The answer appears to be a resounding YES.

As well as the nature of how we work changing, what's needed is an overhaul of IT's value positioning.

With around one third of staff finding technology ineffective for their work needs, Chief Information Officer clearly must take a holistic view of technology's value, balancing the creation of new value with operation needs – and avoiding the silo-based mentality that can prevent this balance being achieved.

Business leaders are all too often caught in the unenviable position of knowing that something is a good idea, while being unable to articulate the benefit to the workforce or justify a business case to their shareholders.

Technology needs

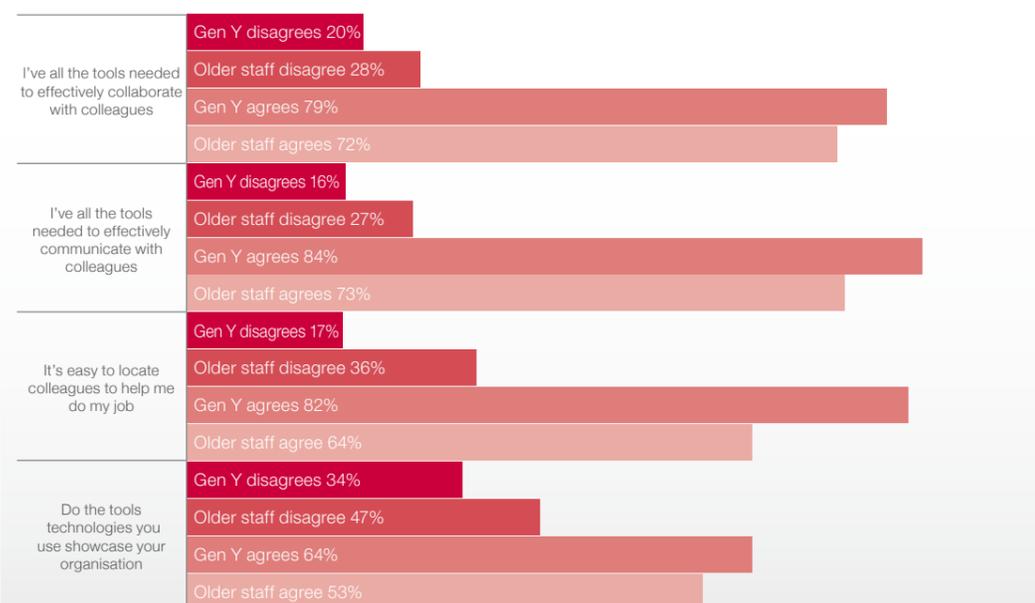


Figure 4 – The desire and demand for technologies

Workplace configuration

Psychologically, it is easy to see why managers tend to have less trust in younger staff having autonomy over their working times and locations, given their inexperience of job expectations.

And it is equally understandable for younger staff to experience greater 'new hire' insecurities, feeling the need to impress, assert themselves and carve out their identity in the workplace.

Overall, we found that just over a half of staff find current workspace configurations enable them to work effectively, with the demand for effective meeting space and temporary space consistently ranking among the most significant factors.

It's worth noting that younger staff are 10 to 15 points more accepting of existing workspace provisions than their older colleagues are; however, one in four still find the current workspace configuration to be ineffective.

Without retooling management with a greater appreciation of trust and of actively encouraging staff to seek temporal and spatial autonomy, it will be challenging for any organisation to realise the financial gains from future leaner workplace design.

What organisation today can afford to knowingly fritter away a quarter of their staff's effective time?

Implications

This, however, has huge implications for accepted wisdom of workplace design and the built environment.

For organisations planning to create a new office, a future campus or simply looking for an effective workplace, prior assumptions on space planning, staff productivity and engagement, and remote working will surely need to be reassessed.

Many employers are planning radical changes towards 'leaner' working arrangements and less use of formal offices on the assumption that this will be appealing to younger hires. However, in the light of this study, such plans will need careful consideration into how they might be realised.

Without effort put into retooling management with a greater appreciation of the gains from trusting staff and from actively encouraging staff – especially the newly hired – to seek opportunities for temporal and spatial location autonomy, then it will be challenging for any organisation looking to realise the financial gains from leaner workplace design.

Social, ethical and environmental sensitivities

When probing the question of the degree to which organisations should be pursuing social, ethical and environmental practices, again we found the belief that Generation Y are obsessive about this agenda to be myth.

Before their interview, potential employees of all ages placed considerable emphasis (as high as 95%) on social, ethical and environmental sensitivities. However, once employment starts, the enthusiasm for these matters rapidly dwindles as a career focus takes hold.

Looking at staff across all ages who are six, 12 or 24 months into their career, we noted the environmental focus had declined by 20 points or more, with interest from younger staff fading marginally ahead of their older colleagues as their career focus accelerates (see figure 5).

The perception that Gen Y obsessive about social, ethical and environmental sensitivities is myth. If organisations are committed (as they undoubtedly should be) to a CSR agenda – be it for ethical, commercial or brand reasons – then sustained effort must be put into staff coaching and incentive alignment.

Implications

The perceived wisdom that Gen Y obsessive about social, ethical, and environmental sensitivities is evidently misplaced.

If organisations are committed (as they undoubtedly should be) to a Corporate Social Responsibility agenda – be it for ethical, commercial or brand reasons – then sustained effort needs to be put into staff coaching and incentive alignment.

There is a substantial and growing body of evidence that shows tangible social, ethical and environmental brand values are hugely important to an organisation's competitive success.

Our findings show that these matters need a continual and sustained coaching effort to remain at the forefront of staff psyche, coupled with an alignment of staff incentives. Merely paying 'lip-service' to CSR coaching or failing to incentivise staff will only result in a dwindling focus – and this diminishing focus will quickly percolate out to customers.

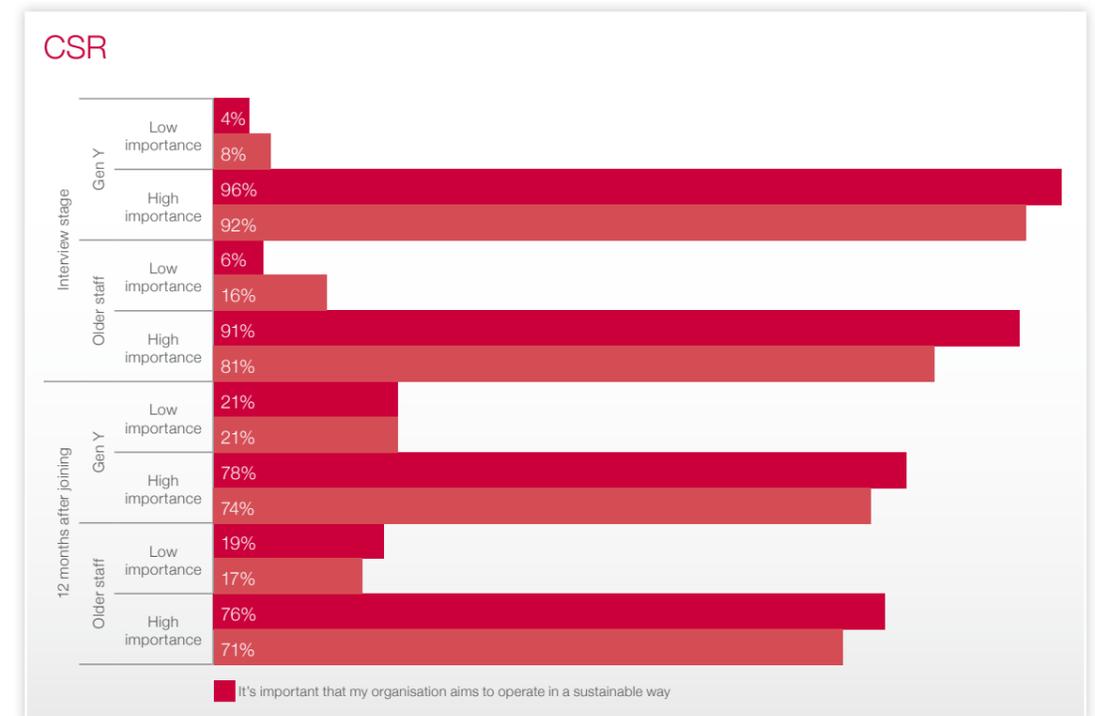


Figure 5 – Contrasting social, ethical and environmental sensitivities during interview vs after 12 months in role

Gender pressure

The issue of gender diversity sends the strongest signal that changes to traditional work practices are essential. A common belief among many senior executives is that their organisations are progressive and equitable in promoting women.

Historically, this may have been the case, but the gender landscape is shifting rapidly.

Today, women are entering the labour market in unprecedented numbers and demanding a new deal, one driven by:

- Economic necessity – in the wake of the recent economic turmoil, society as a whole is under intense financial pressure.
- Far easier access to work – over the next two to three years, 97% of all jobs will involve the internet in some form.
- Expectations of a highly educated talent pool – in three years, 70% of graduates leaving university will be women eager for a career.
- Smarter talent – women are leaving university five to six points higher in academic achievement than their male counterparts are.

Overall, our study showed that circa a third of today's new hires are women; however, when the Generation Y intake was considered, more than half of new hires are women (see figure 6).

Moreover, the higher academic achievement among younger female new hires was particularly notable (see figure 7). Some 6% to 8% more young women have a degree compared to their male counterparts – a trend that's clearly accelerating.

Women are entering the labour market in unprecedented numbers – and they demand a new deal.

Gender split

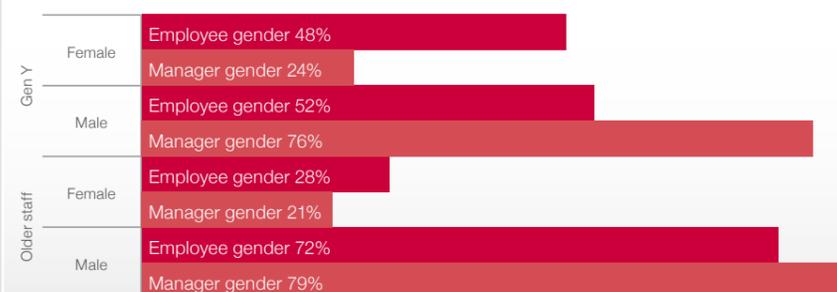


Figure 6 – Gender split of staff and their managers

Implications

So, a red flag needs to be raised here.

Given the historic dominance of men in senior positions, we can anticipate the veritable tsunami of highly talented young women entering the workforce to increasingly challenge male dominance or seek out organisations where they can fulfil their career aspirations.

This is a challenge that organisations have to take very seriously to sustain a competitive future workplace.

Education comparisons

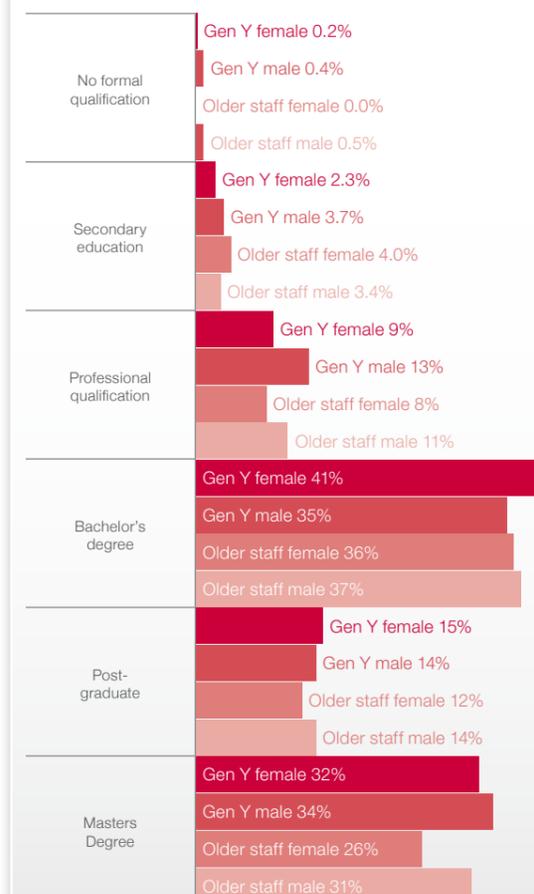


Figure 7 – Contrasting the educational levels across workforce generations

* Taken from "The Third Billion" A Quora Consulting Report, authored by John Blackwell.

Unleashing creativity, agility and speed – HR Director's role

Traditional values still hold true

The traditional values, such as duty and career prospects, are as equally germane for those born in the 1990s as those born in the 1950s.

For all the talk of technological and social revolutions, some things stay the same. Employees of all ages and nationalities unanimously desire the future workplace to offer good careers and prospects at socially responsible companies with respectable managers and colleagues who have a strong sense of duty towards their role and employer.

The good news is that organisations are becoming increasingly aware that business transformation is essential for competitive advantage and financial viability.

Within forward-looking organisations, while there's plenty of work to be done, there is a deep-seated understanding that the workplace of the future is not somewhere to go but something to create. The paths are not found but made, an action that changes both the maker and destination.

Workplace change is an evolutionary journey where the future isn't known and where the people find themselves changing along the way. Just as the caterpillar transforms into a butterfly, so too can our workplaces evolve and liberate themselves.

Where are you on this journey?



Embedding creativity, agility, and speed isn't easy. A number of barriers – functional, cultural, geographical, generational, and informational – constrain workforce productivity and prevent enterprises from realising their full potential.

Organisations must overcome these barriers to address emerging opportunities, whenever, wherever, and however they arise.

Despite the steady vanishing of many boundaries, the workforce still finds itself encumbered by numerous impediments that inhibit the ability of organisations to quickly respond to future workplace demands.

To understand the barriers that confine the workforce – and how to dismantle them – we undertook another study, this time interviewing more than 600 HR executives and workforce strategists in diverse industries and institutions across 19 countries. Called *Unleashing creativity, flexibility and speed – The HR Director's role*, the study found that while organisations continue to develop and deploy talent in diverse areas, the rationale behind workforce investment is changing.

Among our findings are that while organisations continue to develop and deploy talent in diverse areas, the rationale behind workforce investment is changing. Unlike the traditional pattern of movement – in which organisations in mature markets seek operational effectiveness through headcount growth in emerging economies – we found workforce investment moving both ways.

While organisations have traditionally managed their workforces with an eye toward operational effectiveness, they have not necessarily done so with the necessary creativity, agility and speed to capitalise on the growth opportunities that spring from an increasingly dynamic future workplace. Nurturing these capabilities to meet the future of work requires organisations to focus on cultivating creative leaders, mobilising their workforces for agility and speed, and capitalising on collective intelligence.

Cultivating creative leaders

HR leaders need to focus on facilitating the development of energised leaders with a flair for thinking about opportunities and challenges in completely different ways. These leaders must be able to provide direction, as well as motivate, reward and drive results from an increasingly dispersed and diverse employee base.

Mobilising for speed and agility

Organisations must be willing to simplify processes and provide fast, adaptive workforce solutions to meet the requirements of a quickly changing marketplace.

A responsive human capital supply chain and the ability to fluently allocate resources are essential for competitive differentiation in today's tumultuous environment.

Capitalising on collective intelligence

Tapping into a broad base of institutional knowledge is critical to developing and maintaining an innovative culture. Enterprises must adapt innovations, apply them across their organisations and find new agile ways to connect people to each other and to information, both internally and externally.

Growth – the new target

Embedding creativity, agility and speed, however, won't be easy. A number of boundaries – functional, cultural, geographical, generational and informational – constrain workforce productivity and prevent enterprises from realising their full potential.

If organisations are going to meet the future of work demands, they must overcome these barriers to emerging opportunities, whenever, wherever and however they arise.

For many organisations, particularly in mature markets, the last two years have required a keen focus on stability and managing costs.

Not surprisingly, operational efficiency tops the list of business issues facing today's organisations, with 64% of HR leaders identifying this as their biggest challenge.

Exposing the gaps

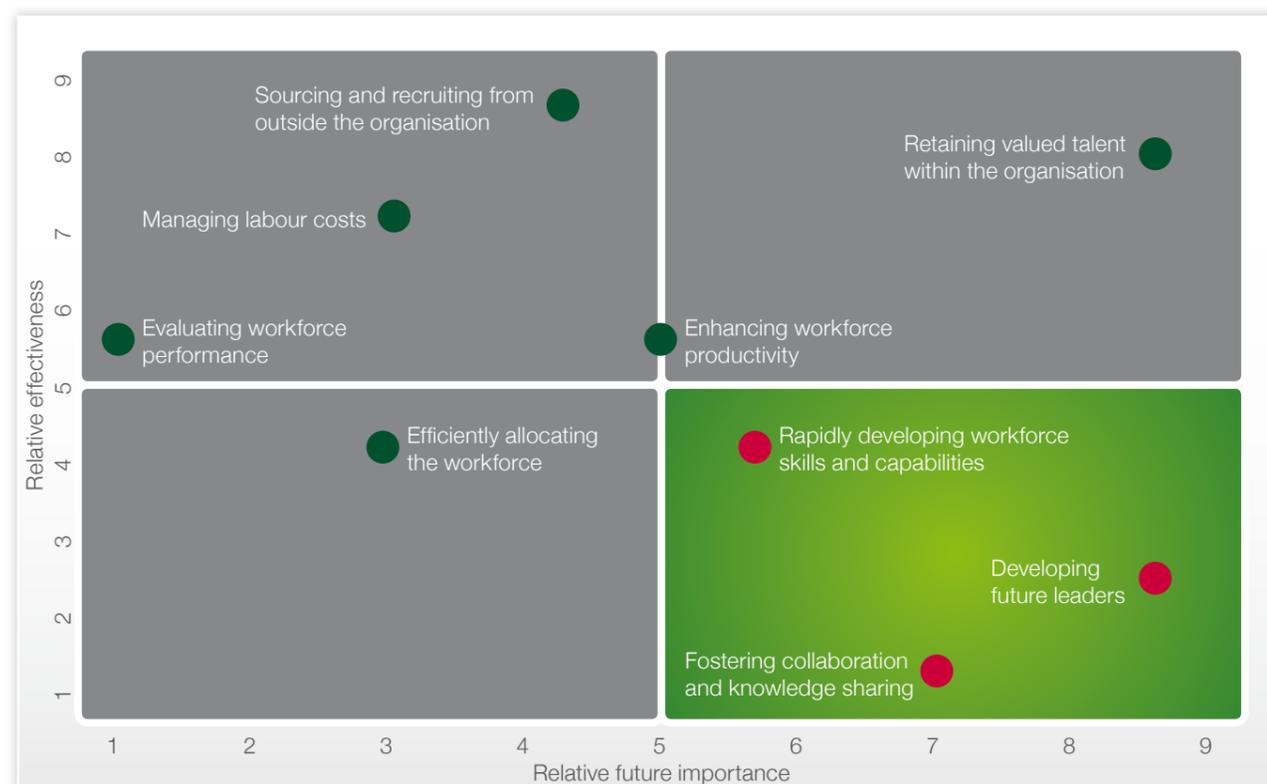


Figure 8 – Exposing the gaps. Based on respondents' relative ranking of importance and effectiveness, their organisations fall short in three key capabilities

Three HR shortfalls

As we scrutinised the capabilities that HR leaders described as being crucial to their organisations' future success and how effectively they are implementing them, three key workforce gaps leapt off the page (see figure 8).

HR leaders believed they were adept at certain aspects of assembling, managing and deploying the workforce, such as sourcing and recruiting outside the organisation, managing labour costs and evaluating workforce performance.

They also rate themselves as relatively effective in the strategically important areas of enhancing workforce productivity and retaining valued talent.

However, more problematic were those capabilities that HR leaders deemed highly important but currently beyond their ability to achieve.

These three gaps are critical areas that HR leaders must address if they are to unlock the future potential of their workforce:

- Developing future leaders
- Rapidly developing workforce skills and capabilities
- Fostering knowledge-sharing and collaboration.

A shortage of creative leaders

The ability to identify, develop and empower effective, agile leaders is a critical imperative for HR leaders.

Organisations must move beyond traditional leadership development methods and find ways to inject within their leadership candidates not only the empirical skills necessary for effective management but also the cognitive skills to drive creative solutions.

The learning initiatives that enable this objective must be at least as creative as the leaders they seek to foster.

Slow workforce skills and capabilities development

HR leaders told us that developing workforce skills and capabilities is very important but that they don't do a particularly good job of it.

Closely related to skills development is how people with the necessary knowledge and skill sets are deployed.

Despite garnering relatively little attention from HR leaders, this capability is critical, as we believe it directly aligns with the creation of new growth opportunities.

The HR function must take a leadership role in identifying tools for collaboration. It should also set up and facilitate 'communities of practice'.

Ineffective collaboration and knowledge-sharing

The application of collective organisational knowledge and experience is essential to building an agile and responsive workforce.

Yet many organisations lack the structure and resources necessary to facilitate institutional knowledge-sharing and collaboration.

Cultural and organisational silos often compromise the ability of companies to share learning across functional boundaries.

Attacking the gaps

The location, structure, makeup, skill set and, critically, the agility of the workforce and its leadership ‘fuel’ efficient operations, energise entry into new markets and spur development of innovative products and services.

However, the gaps between organisational need and effectiveness are blocking the path to future work growth.

Based on insights from our study, we believe these three essential capabilities will enable organisations to move beyond the remaining barriers that constrain workforce effectiveness: cultivating creative leaders, mobilising for speed and agility, and capitalising on collective intelligence.

Capitalising on collective intelligence

Across the capability spectrum, HR leaders rated their organisations as least effective in fostering collaboration and knowledge-sharing.

Given the increasing importance of this capability, what organisation with diverse, dispersed teams can work – and innovate – effectively without addressing this issue?

Collaboration impacts the bottom line

Innovation is the lifeblood of any organisation – it drives efficiency and enables new product and service development. But innovation is more than the creative application of acquired skills; it is the sum of an organisation’s capabilities, experiences and institutional knowledge. And maintaining the innovative edge requires capitalising on this collective intelligence.

Collective intelligence allows companies to gain efficiency through the sharing of relevant practices across the organisation. It enables companies to build on experience and avoid reinventing processes and procedures. It also allows the adaptation and application of innovations across new markets and opportunities.

This ensures new avenues of improvement through communications with customers and other external sources.

While many may regard collaboration as a ‘soft skill’, our study suggests it has hard bottom-line consequences.

78% of the HR leaders do not believe their organisations are effective at fostering collaboration and social networking.

In our sample, financial out-performers are 57% more likely than under-performers to use collaborative and social networking tools to enable global teams to work more effectively together.

Three-quarters are poor collaborators

Despite the importance of tapping into insights around the globe, most executives struggle to effectively connect to their workforce.

For example, 78% of HR leaders believe their organisations are not effective at fostering collaboration and social networking. Yet only 21% have recently invested more in the tools required to promote these capabilities.

Furthermore, less than 20% are actively applying analytics to understand the impact of their efforts.

Aiming too low with collaborative capabilities

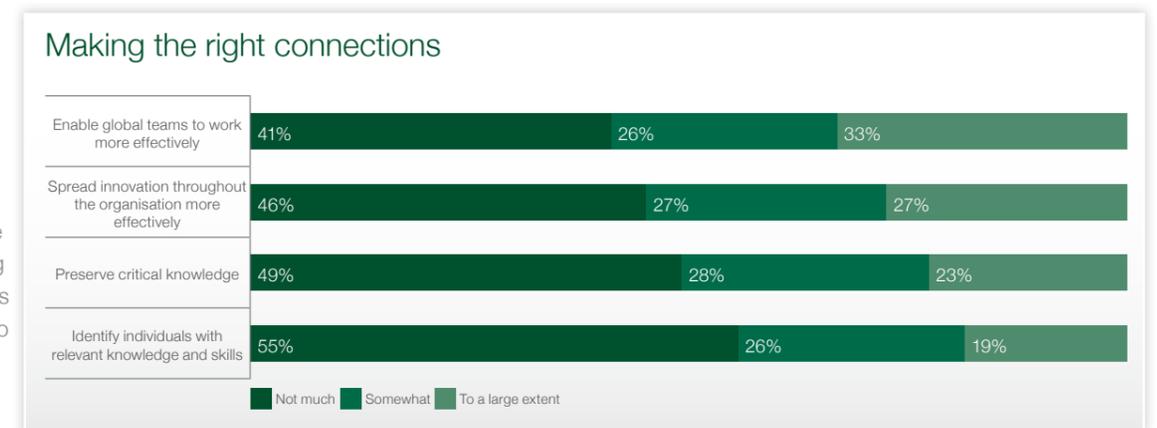
Many organisations are failing to not only invest in new collaboration and communication tools but also fully utilise the knowledge-sharing resources they already possess.

Our respondents said they employ collaborative tactics to enhance corporate communications and learning programmes and to target and recruit external candidates.

However, collaboration tools are less commonly used for strategic purposes or idea-sharing.

Of our respondents who regularly use these technologies, only 19% identify individuals with relevant knowledge, 23% preserve critical knowledge and 27% spread innovation (figure 9).

Figure 9 – Are companies making the right connections? Less than a third of companies are regularly applying collaborative tools and techniques to drive knowledge sharing and innovation



HR's contribution to transforming work

As organisations plan for growth, they will need a different and more dynamic set of workforce characteristics to achieve their goals.

HR leaders are pivotal to infusing workforces with the creativity, agility and speed to render conventions and silos irrelevant, allowing the organisation to capitalise on emerging opportunities wherever they are found.

Tearing down the silos

Physical and functional silos will need to be addressed to make the most of an increasingly dispersed and diverse workforce that will stretch across traditional institutional lines. Overcoming these hurdles is not a trivial activity; instead it needs to be at the core of an organisation's transformation agenda.

Leaders need to dissolve silos by creating innovative strategies, developing a commonly shared vision and motivating individuals from across the globe.

Developing this next generation of leaders will necessitate identifying candidates from all reaches of the organisation and providing them with the real-world training and experiences to lead in an increasingly complex and dynamic global marketplace.

Mobilising the workforce for speed and agility will also be critical as organisations look to match capabilities with emerging opportunities in a global workplace.

Functional and institutional silos that thwart growth must be replaced with an integrated workforce perspective that links an organisation's core and extended workforce to the business strategy. It must also identify, build and deploy capabilities regardless of location or organisational affiliation.

Successfully operating across silos and barriers requires companies to capitalise on their collective intelligence – ensuring the best ideas are identified and disseminated irrespective of where they originate.



This sharing of cumulative institutional knowledge allows best practices to be tapped and duplicative efforts reduced. Soliciting new insights from both internal and external sources and fostering the development of connections and relationships will enable the transfer of critical knowledge necessary for organisations to take full advantage of their scale and reach.

Only in 'developing future leaders' and 'developing workforce strategies linked to business strategy' did more than a quarter of the HR leaders we interviewed use any form of analytics for forward-looking analysis (figure 10).

Lacking workforce insight, organisations place their ability to grow effectively at risk. They will have difficulty putting the right skills in the right places and will have trouble making intelligent decisions about locations suitable for expansion.

They will be challenged in knowing where their top performers are located and will struggle to justify the need for future workforce investments.

Instilling creativity, agility and speed within both the organisation and the workforce will require creative leaders with the capabilities to solve old problems and capitalise on new possibilities.

Rapid skills' acquisition, on-target deployment of top talent and the ability to quickly scale up or down will become critical to mobilising the workforce for speed and agility.

Collective intelligence, the sharing of an organisation's sum of knowledge and experience, will be necessary to take advantage of cumulative organisational capabilities.

Workforce analytics

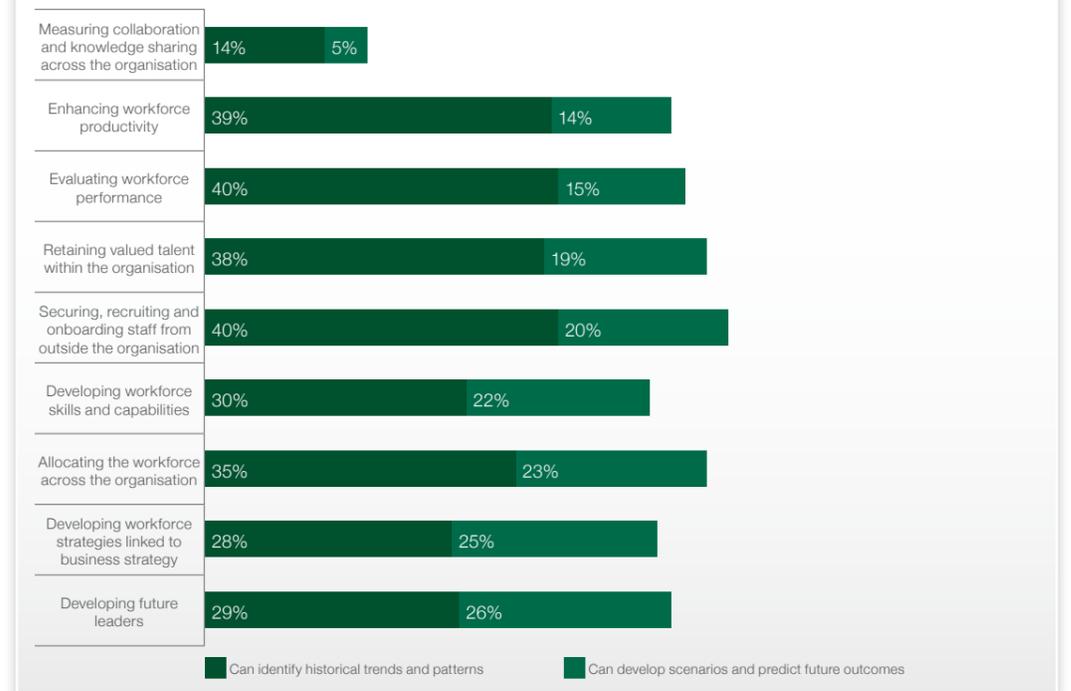


Figure 10 – Use of workforce analytics remains limited. Less than a quarter of HR leaders are using any form of structured analysis to inform about future decisions and investments

Optimising business value – CIO's role

HR Director's role

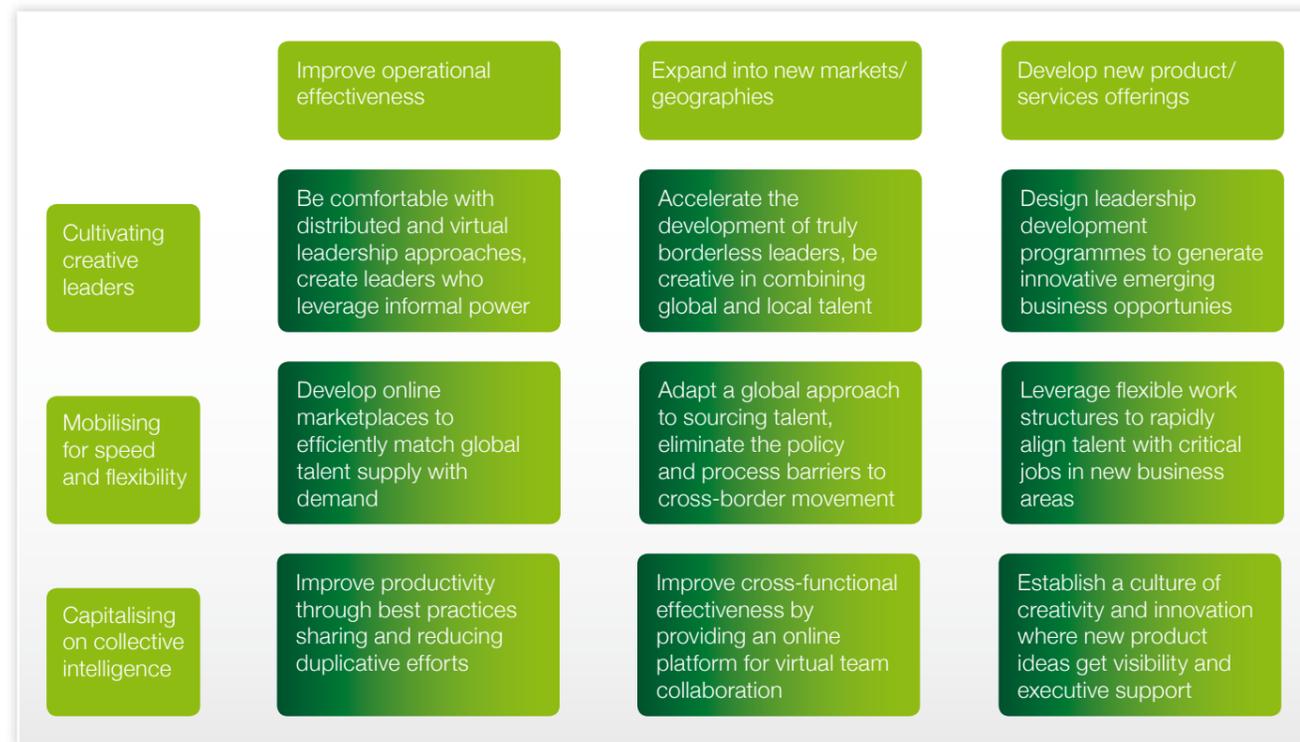


Figure 11 – Summarizing the HR Director's role in unleashing creativity, agility and speed

The behaviours and expectations of customers – both internal and external – are driving fundamental shifts in our business models. This means that technology is becoming increasingly pivotal to all organisations.

Our research found that staff expressed greatest dissatisfaction (up to 25 points) with the embedded value that IT delivers. Levels of dissatisfaction were noticeably higher with:

- The maturity of staff – maturity both in terms of age and in tenure with the organisation.
- The seniority of staff – especially notable with senior managers as team size increased. The larger the virtual and direct team size, the greater was the frustration with embedded IT value.

Consequently, as we identified on page 10 of this report, it is more important than ever for CIOs to continuously assess and optimise the true IT business value that their function delivers.

However, basing a definition of IT value solely on the change portfolio is too narrow a view. Value can be more easily destroyed than created when the fundamentals of IT are handled carelessly. Therefore, it is crucial that CIOs view the workplace holistically, balancing the creation of the new with the protection of the old – and avoiding the silo-based mentality that can prevent this balance.

Identifying the first steps towards an optimised future workplace requires that CIOs assess the maturity of their IT function and determine whether it is geared up to optimise its value.

In this section, we outline our new analytic frameworks and methodologies derived from our research that support these objectives.

In this section we consider the cyclical behaviours in IT and suggest new frameworks for CIOs to assess the maturity of their function and measure whether it's geared up to optimise value.

The IT component of our maturity model assesses how far an IT function has travelled along the path of value optimisation and where it should focus its future improvement efforts (see section: Planning the optimisation journey).

How an organisation views its IT function is also critical when optimising value. The IT value wheel (figure 12) shows typical business behaviour in relation to IT.

At any one moment, business leaders tend to favour a single IT optimisation theme from the four possibilities on the value wheel.

Over time, the focus cycles around the wheel, although not necessarily in the order shown.

Many additional factors, both internal and external to the organisation, can affect business behaviour and it is commonplace for several of these factors to be in play at any one time.

As all four themes are key aspects in the management of IT value, optimisation can only occur if this cyclical behaviour is understood and continuously reviewed to rebalance the dynamics of the business.

IT value wheel



Figure 12 – IT value wheel

Quantifying future IT value

Measuring a function's contribution within an organisation enables informed investment decisions. For instance, measuring the contribution of the sales force is easy as there is a direct correlation between the objectives of a for-profit organisation and its sales force.

IT value is far more difficult to quantify. All too often, management information on IT functions tends to focus on the delivery of new value through portfolio creation, with return on investment being the only quantified measure of success. While important, this is too narrow to effectively maximise the value that IT can deliver as organisations migrate to a future work environment. And it ignores the impact of transformational change on the future IT estate.

To address this need for analytic measures, we developed an IT value framework (see figure 13). It defines, measures and quantifies the value of an IT function against three factors: agility, operational risk and cost.

IT value framework



Figure 13 – IT value framework

...value can be destroyed as well as created and therefore the role of the IT function, in value terms, is to optimise the balance between value protection and value creation...

Each factor has associated key performance indicators that link back to the IT value wheel and all have a relationship to complexity.

The framework also considers how value can be destroyed as well as created. Therefore, the role of the IT function, in value terms, becomes one of optimising the balance between value protection and value creation.

For any future workplace, the key performance indicators shown in figure 13 should be the primary measures of any IT value scorecard. When setting up this scorecard and creating value optimisation plans, three internal and external influences dominate:

- The existing legacy IT estate
- Speed to market of the industry competition
- Changes in 'customer' behaviour.

Optimising investment for maximum value

Many organisations today are seeking to simultaneously cut operational costs and invest more in change activities that may create new value.

At a simplistic level, this is a laudable aim, however, the value created can be diminished if the impact of transformational change on the budget is not accurately assessed or in some cases even considered.

While it is often convenient to separate change and run activities for management purposes, the fact is they are inextricably linked.

The holistic view of the IT function is essential, but this is not enough to fully develop an actionable, transformational plan where the destination is created along the way.

All too often, IT functions measure success, and indeed procure services, based on the lowest possible day rate and the number of days the change will take.

These 'accountant-friendly' inputs are easily measured, but they miss the point – they do nothing whatsoever to optimise the desired outcomes.

Consequently, precision analytics are essential for quantifying the agility benefits of IT interventions (see figure 14). Along with a workplace effectiveness assessment, good measures commonly yield significant performance improvements.

As organisations consider new or emerging technologies in the context of the IT value equation, the point where the benefit is greater than the investment required merits a project should be launched – so long as any impeding factors are fully understood.

The flexibility of the investment should also be taken into account so that it can be appropriately phased into the intervention journey.

Whatever the industry sector – technical complexity drives opportunity but it also drives cost. Finding the point of greatest return and maintaining that position demands clear analytics.

IT complexity

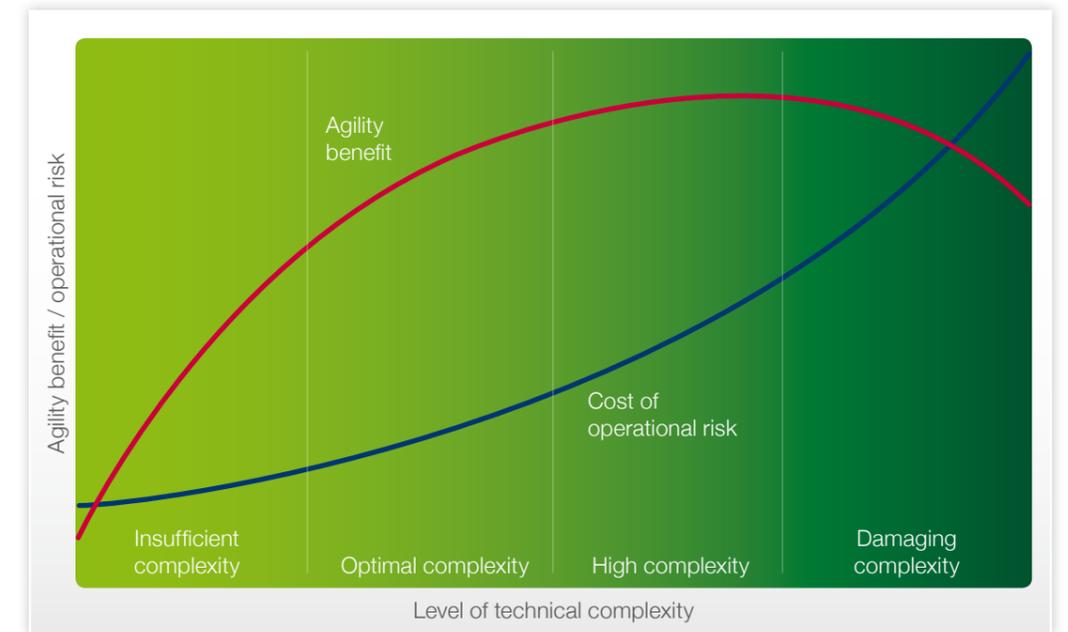


Figure 14 – Selecting the right point for value optimisation and agility for the future workplace

Planning the optimisation journey

Value optimisation maturity is assessed using the IT derivative of our maturity model (see figure 15), a framework that describes an IT function's ability to maximise its value to the rest of the organisation.

Failure to consider the maturity of the IT function will lead to arbitrary targets for value delivery without any assurance that the IT function could meet future workplace expectations.

The model analyses the gaps between the current and future maturity levels: how well is IT meeting organisation needs through its behaviour, processes and use of management information?

The framework then directs the maturity journey that the IT function needs to follow to ensure it can fully optimise the value delivered to the organisation.

For the future workplace, the successful CIO must have keen foresight and understanding of the organisation's transformational journey, plotting the IT function to coordinate a timely delivery of the correct capabilities.

Business leaders are all too often caught in the unenviable position of knowing that something is a good idea while being unable to justify a business case to their shareholders.

By clearly articulating the net value increase using quantifiable measures, the first step in any transformation journey requiring investment has now become less of a problem.

IT maturity model framework

	Unaware	Aware	Capable	Mature	World-class	
1. Change portfolio governance	No cost or benefit considerations	Simple financial benefit-based decisions	Simple cost to deliver and benefit-based decisions	Complex cost of ownership, benefit and simple agility or risk considerations	Value drives all decisions	Department Operational function Geographic location Enterprise-wide
2. Change delivery	IT receives disconnected orders for specific solutions from the business	IT receives initial briefings only on high-level requirements from the business	Collaborative project working	IT input shapes how projects are delivered	Business and IT partnership based on maximising value	
3. Technical complexity governance	Complexity is not a consideration	Business and IT recognised benefit of adding new solutions but feel pain where there's too much complexity	Complexity governance actions driven by subjective assessments	Complexity governance driven by objective assessments	Complexity used to measure enterprise architecture activities	
4. Service delivery management	Service failures are a fact of life, with no permanent fixes for business-critical systems	Service failures are fixed in an unprioritised manner	Service failures are prioritised based on services criticality; not all failures fixed quickly	Business criticality-driven fixes for failures and business prioritised proactive service improvements	Value-based assessment of service failures and improvements drive prioritisation of remedial work into change portfolio	
5. Managing IT impact on business operational risk	No consideration of business risk	Untested business continuity plans in place	Tested business continuity plans for IT as part of a business-wide continuity approach	All IT service business continuity risks known and mitigated	Value-based assessment and mitigation plan	
6. Managing IT as a business	IT operates in isolation with little business input	IT is managed informally with some alignment to the business	IT is managed more formally and based on good practice	IT operates like a business	IT operates like a business and is optimised across the ecosystem	
7. Measuring the right things	People and performance are not formally measured	Internal to IT non-values based measures only	Internal to IT and some non-value based internal customer-centric measures	Internal to IT and some non-value based internal customer-centric scorecard measures	Goal-aligned internal to IT and some non-value based internal customer-centric scorecard measures	
8. Quality and value culture	No culture or mindset of what drives quality or value	Superficial quality standards with no compliance or embedded continuous improvement culture	Quality checks in place and supported by collaborative behaviours	Pride is taken in producing high-quality outputs with strong continuous improvement behaviors	Embedded culture of value optimisation with an endless focus on quality	

Figure 15 – IT maturity model

Beyond alternative officing – Property Director’s role

Over the last decade, ‘alternate officing’ has transformed from a fringe activity found in a handful of quirky media firms and a few large companies to just another tool in the corporate property and facilities management toolbox of workplace solutions.

Our global study spanning 19 countries found that 62% of organisations were using some form of alternative workplace strategy (AWS), with team environments the most commonly used approach.

However, a decade on, we continue to find that the AWS implementations were mostly in their early stages and the implementations lacked any strategic focus.

For the most part, alternative office practice has historically focused on these areas:

- Design and technology of the interior work environment
- Physical settings of the office environment
- Management and change processes for implementing the alternative office.

To improve the understanding of these new ways of working, we conceptualised the workplace as an entire ecological system.

The role of property director is one of today’s unenviable positions – faced with the reality that offices are rapidly becoming solely a place for collaboration, they are trying to juggle an estate that’s barely fit for purpose and faces rapidly losing value.

The underlying premise is that, as an integrated ecosystem, one cannot understand what makes a specific intervention successful without first understanding how it interacts across the entire workplace.

Many aspects should be considered:

- Organisational culture (formal and informal values, norms and work practices)
- Times and places where work is carried out
- Technologies that carry the information life-blood of an organisation
- Work processes that constitute the reason for the organisation’s existence.

For the most part, alternate officing has historically been explored in the information worker sector, with the primary drivers being the needs to control costs, enhance staff productivity and improve competitiveness of the organisation.

However, other rationales are emerging, including the desires to better serve customers, both internal and external, and provide a more responsive work environment for staff across all industry sectors.

Ecology of place

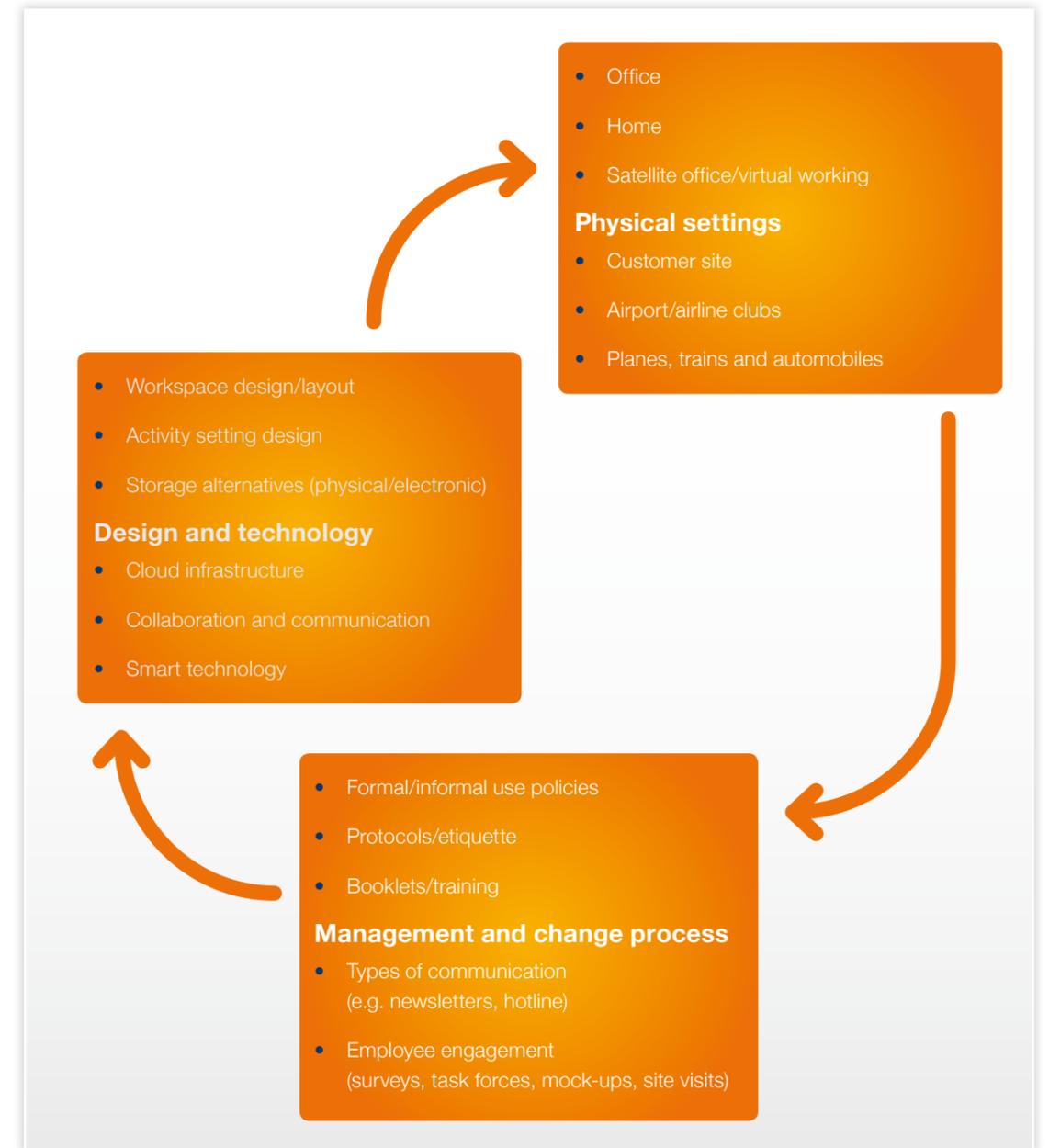


Figure 16 – Organisational ecology: the basis of an integrated strategy

Cloud workplace ecosystems – the next leap forward

Our research continually uncovers four fundamental corporate realities that drive the demand for alternative workplace strategies.

- Individuals work in multiple settings, inside and outside the office.
- Precisely where and when an organisation will need space or an individual will need or want to work is difficult to predict.
- The time horizon between when an organisation realises it needs space and when it wants to occupy (or exit) is short and unpredictable.
- By the end of next year, 'knowledge worker' staff will spend just 5% of their day in the same space and time as their colleagues. They'll spend 95% of their time working alone, in a different location, or on a different schedule.

Together, these conditions mean that managing uncertainty has become a major corporate real estate challenge.

The primary driver for a cloud workplace ecosystem is agility – the ability to manage a workspace portfolio with speed and responsiveness in the face of organisational uncertainty.

What is rarely investigated as part of the AWS movement are strategies centred around innovative ways of procuring and constructing work settings, particularly when conceived as part of a 'cloud workplace ecosystem' (CWE) – see figure 17, not a one-off building or design project or even a corporate-wide workplace standards programme.

Cost control remains an important driver for a CWE, just as it is with traditional alternative officing. Nevertheless, the primary companion driver with a CWE is agility: the ability to manage the workplace portfolio with speed and responsiveness in the face of organisational uncertainty.

Said another way, a CWE provides the right type and amount of space, when and where it is needed, for only as long as it is needed. In principle, it borrows from the same logic as 'just in time' and lean manufacturing processes, plus cloud computing thinking: pay for and use resources only as you need them.

A CWE facilitates procuring and exiting work settings on demand. Like an agile organisation, the intent is to remove change as an ad hoc disturbance by making it a fundamental condition of organisational behaviour.

A CWE acknowledges the 'death of predictability'.

Workplace ecosystem strategies and time space

Zero-time space borrows from the concept of 'acting in zero time' in an agile organisation. This occurs by meeting customer demands and exploiting market opportunities instantly by means of simultaneous enterprise-wide collaborations and actions.

A cloud workplace ecosystem is not about real estate or facilities!

Zero-time space is space that can be procured and/or constructed and ready for use in the shortest possible period of time (as close to zero) from when the space is needed. Unlike much of the alternative officing movement, the focus is not on how to reduce the amount of space needed. It is on the ability to quickly procure and be able to use space once demand for it is known. The corollary of procuring space quickly is divesting it in zero time.

The problem, of course, is that conventional approaches to procuring and constructing space, and divesting oneself of it, take time. Yet management in today's organisations are low on patience. It is unsurprising that the motto 'just get it done' underlies much of what passes for process.

Property professionals in organisations today find themselves struggling to match the sloth-like speed of conventional workplace decision-making with the time-warp rush of organisational change.

It is like trying to run a hundred-metre sprint wearing concrete shoes.

Workplace decisions have a range of organisational consequences. Some are the cost of doing business and the speed with which decisions are carried out. Others concern the amount and quality of work done. In practice, such organisational outcomes typically interact and are interdependent. And rapidly procuring space may cost more, or result in separating groups who should be co-located.

However, any pains must be weighed up against the gains. Taking 18 rather than six months to launch a new project team can mean losing competitive advantage or even losing the business opportunity itself to a more nimble competitor. It may also mean losing staff who decide to go where the action is now, rather than waiting for things to happen.

The fact that organisational outcomes interact with each other and with all workplace interventions is the defining characteristic of today's complex organisation – that is, one where decisions and consequences in one area can often be notoriously tough to reconcile in a way that benefits the organisation as a whole.

It's a business strategy designed to help organisations constantly and quickly morph in response to uncertainty about how many employees will be needed doing what work, in what locations, for what period of time.

Workplace ecosystem strategies and diversity

Just as organisational outcomes are interdependent, so too are workplace interventions.

How their number, type, and use patterns of individual workplace interventions are organised determines the nature and effectiveness of the overall ecosystem strategy.

The similarity to a financial portfolio is striking. Putting all of one's workplace resources into just one or two ways of constructing and procuring space is as dangerous as having all of one's financial resources in a single investment vehicle.

The concept of diversification so vital to a financial portfolio is equally critical to a cloud workplace ecosystem (see figure 17).

Yet many organisations are still putting almost everything they own into the equivalent of a standard bank account. It may be safe, but the ROI puts you at a financial disadvantage.

Our research has shown that organisations underperform when they consider only conventional leased or owned space in traditional types of office buildings.

Given today's volatility, building or leasing a conventional office facility is like investing in a bank savings account simply because it is safe and familiar.

Reducing facility costs can be achieved through a variety of workplace solutions.

What makes decisions difficult about which approach to select is that each affects the organisation in different ways, to different degrees, and have both positive and negative consequences.

A more inclusive, albeit less conventional, cloud workplace ecosystem (figure 17) provides the framework for a broader range of space solutions, from construction and procurement scenarios to changing work practices.

Increasing staff density, for example, may be fast and simple, but it often sacrifices common areas that may contribute significantly to effective team interaction. Leasing back office space reduces costs, but if it is of poor quality or in the wrong location, it can undermine communication patterns or weaken an organisation's ability to attract and retain scarce talent.

Complicating such decisions further is the fact that many organisations deny the reality: uncertainty abounds around how, where and when such space will be needed, supporting which specific work processes, which changing workstyles and so on.

A cloud workplace ecosystem strategy must therefore work on multiple levels. It must consider not just whether some event or consequence will occur but what the probability of it occurring is.

More insight into possible workplace solutions can be found in our report *Managing uncertainty*, which seeks to:

- Stretch the imagination of possible workplace solutions. We're not suggesting cloud workplace ecosystems are for everyone. However, considering different scenarios is fundamental to dismantling boundaries and challenging conventions.
- Explore the nature of robust adaptive strategies that reflect the world as it is, not as we want it to be. That is a world characterised by uncertainty and diversity, not predictability and uniformity.

Cloud workplace ecosystem



Figure 17 – Elements of a cloud workplace ecosystem

Gaining competitive advantage

Just as alternative officing was widely viewed as radical five years ago, it's widely regarded as the norm for many organisations today.

Central to the concept of alternative in the context of cloud workplace ecosystem is the nature of how work fundamentally needs to change.

The benefits flow to the organisation in terms of speed, agility, cost, usability and responsiveness, and maximise options about where and when space will be needed, given uncertainty about a variety of market and organisational conditions.

The organisational ecology perspective

Most companies understand that whatever workplace solutions they adopt must meet not just basic cost, timing and functional requirements. They must simultaneously delight and inspire talented, highly skilled staff – the demand for which continues to outstrip supply in many sectors.

Paying attention to 'design that defines function' and 'econometric design', those solutions should create architecturally distinct places (not just space that accommodates a function) that benefit organisations on multiple levels – from greater flexibility and less cost, to attracting and retaining the workforce and acting as a branding vehicle.

Cost implications

Organisations are coming to understand that under certain circumstances it is worthwhile to pay a premium for zero-time space.

This is because the opportunity cost of failing to acquire that space when it is required, or keeping it past when it is needed, can be enormous.

Some zero-time space solutions suggest that reasonable cost in some cases may mean comparable or higher costs than for conventional leasing and construction, at least for the time the space is actually used, as in the case of fully serviced office solutions. Alternatively, it may mean higher costs for a particular type of solution than with more conventional applications.

Zero-time space and interdependence

In our review of the literature, we have found little empirical research systematically examining over time and in use different approaches to developing zero-time space. This report scratches that surface.

Whether using a competitor's space to house one's own work processes or building a village of temporary buildings, organisations need to invest in broadening and deepening their understanding of what constitutes a CWE and the individual workplace elements that comprise it.

Charting a course in today's business world means navigating the enormous complexity and interdependence of uncertain systems.

Trying to wrest control, force order and eliminate chaos with standardised solutions is unlikely to succeed. A better approach is to fight uncertainty with variety and complexity.

Just as alternative officing has swiftly migrated from a high-risk cutting-edge approach to just another tool in the corporate property management toolbox, cloud workplace ecosystems supplement and complement conventional solutions rather than replacing them.

Cost, flexibility, acceptability and speed are highly interdependent, despite the fact that containing or reducing costs often gets top billing in today's corporate world. Reducing costs at the expense of slowing the speed and flexibility needed to accommodate a new team, exiting space no longer needed or housing a completely new group as part of a reorganisation or merger can all have an impact on how fast new business plans are implemented.

These ultimately affect revenue and service-levels. Cloud workplace ecosystem strategies understand the dynamic interplay between cost, speed, flexibility and acceptability.

The idea of working in someone else's space, whether an alliance partner or a provider of just-in-time space such as Regus, may be viewed as undermining a sense of corporate identity. But why is that so, if the space is indistinguishable in form and function from a thousand other offices, including one's own corporate facilities?

Getting buy-in for zero-time space takes imagination and vision to see how a conventional solution could be adapted to create a more interesting hybrid.

In simple terms, our research over the past decade shows that virtually any unconventional workplace solution can work well as part of a cloud workplace ecosystem as long as the individual interventions are conceived as part of an overall strategy that continually evolves over time.

That means changing both management's and staff's mindset about what constitutes acceptable and feasible office accommodation.

Workplace ecosystems and organisational culture

Workplace strategies do have technical underpinnings. From under-floor ducting to sophisticated wireless technology, getting right the engineering aspects of a workplace strategy is critical.

However, these factors follow values; they rarely lead them. And even when technology seemingly does lead, for example cloud computing, it often still reflects management values.

One manager trusts the technology to work, one does not. One believes in virtual collaborative working, another believes that face-to-face contact or a physical presence is an imperative.

These views are commonly grounded in status factors, apprehension to change, or merely 'just-the-way-we-do-it', but in the end a fundamental shift in mindset is required. And, to be sustained, this must be founded in clear empirical analytic fact.

Culture is complex and sensitivity is key to any interventions.

A thorough understanding of an organisation's value levels is essential to ensure that values:

- Encompass all in the organisation
- State what's authentically believed
- Guide day-to-day work behaviour
- Fully integrate into the business strategy, processes and decisions.

In our framework for understanding culture (see figure 18), the innermost circle represents the cultural core, the level at which culture is subconscious.

The outer levels are much more easily observed and constitute the more recognised processes in an organisation. As you progress to the inner levels, changing factors such as behaviours, plus espoused and core values require greater subtlety and longer-term strategies.

This framework provides a good starting point for cultural change considerations that underpin all alternative working strategies.

Organisational culture

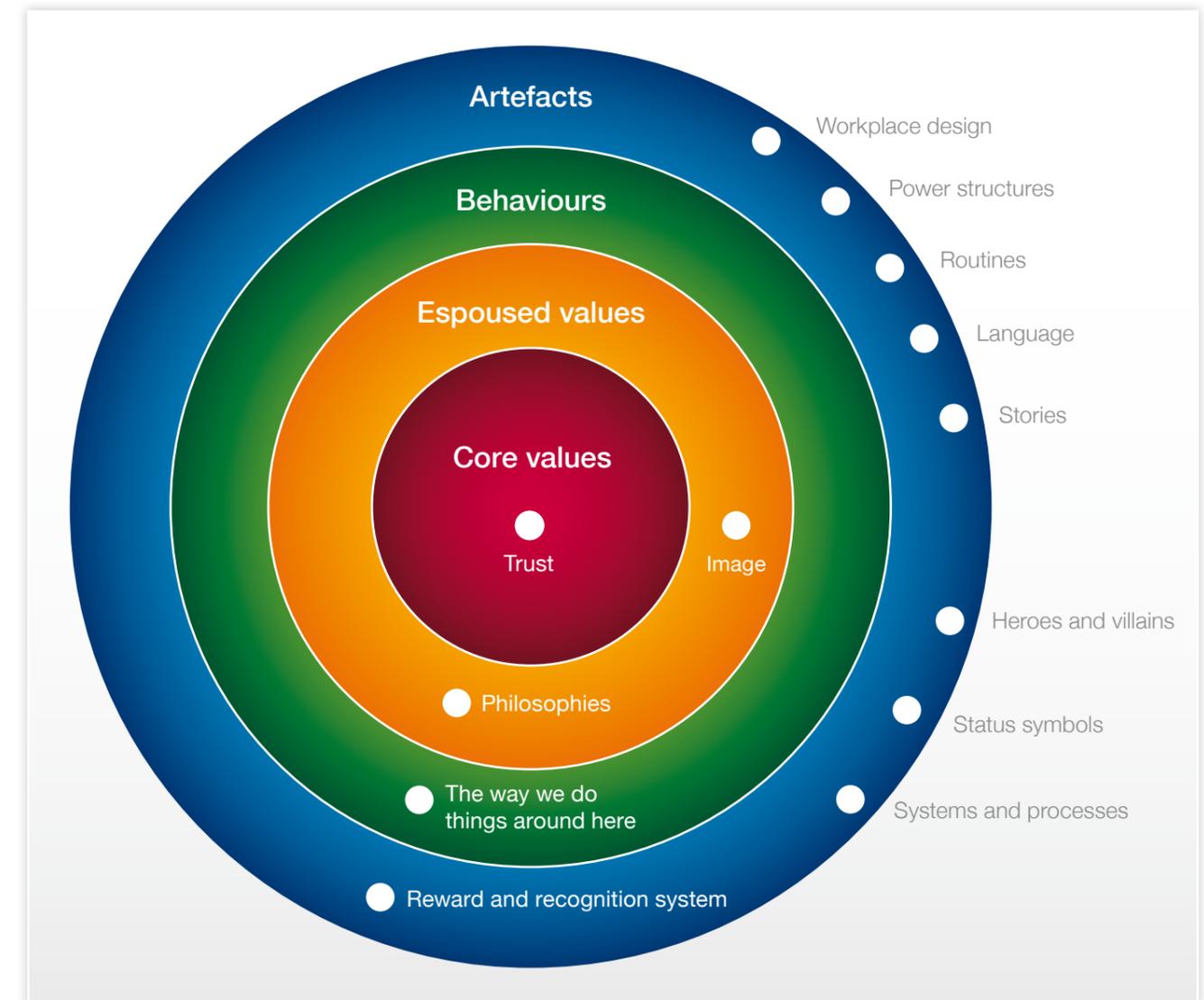


Figure 18 – a framework for analysing cultural change

Value strategies as real options

Fundamental to the concept of a robust alternative working strategy is choice, trust and/or options. Most organisations emphasise the financial value of potential strategies. But most of these measures have a common flaw – they fail to account for the uncertainty of the future and the probability distribution of different potential outcomes. One option may open up entirely new avenues of exploration and another might be a dead end, but traditional analysis gives them the same value.

Taking space in a serviced office complex, for example, may look less financially viable than leasing one's own space. However, consider the implications if the lease commits the company to a location it may no longer need during the life of the lease.

Perhaps even more importantly, if sharing space with other companies generates opportunities for staff to make new professional contacts and to broaden their understanding of a market or new technologies or identify new business opportunities, then the seemingly straightforward financial analysis underestimates business value.

Workplace solutions that solve today's problems while buying future time are an important component of a diverse and continually evolving cloud workplace ecosystem.

Should the organisation require more space, maintaining the right to build a future conventional structure while using 'just in time' space may ease current challenges and preserve future flexibility.

Our objective is not to urge every organisation to use temporary space or adopt just in time officing. It is simply to broaden organisational thinking from a limited array of familiar workplace solutions unlikely to help a company prosper in an uncertain future.

Corporate property as supply chain management

Most corporate property executives know the business they are in – or do they? Many see themselves as managers of real property assets.

But it may make more sense for them to think of themselves as managers of customer-centric supply chains.

Exploiting supply chains to manage uncertainty and increase flexibility requires information. Think of car rental companies and how much uncertainty they deal with. Avis or Hertz have no idea what car will be wanted, where it will be wanted and for how long. However, they must have a car available whenever that request for service occurs. In effect, they are wholly dependent on two types of analytic.

One is historical. Over time, what has been the demand for rentals in a particular location at particular times of the year?

Our objective is not to urge every organisation to use temporary space or adopt just-in-time officing. It's simply to broaden organisational thinking from a limited array of familiar workplace solutions unlikely to help a company prosper in an uncertain future

The demand for innovative fresh thinking runs deep and strong. And this is why analytics are pivotal to workplace decisions

The second is real time. What cars do we have available here right now, when are cars expected to be returned and what cars do we have in other nearby locations that might be transferred to this location?

Combining real-time and historical data allows car rental agencies to match supply with demand.

In our experience, few if any organisations use real-time analytics to show space locations, occupancy and density patterns, or talent projections for specific groups and regions.

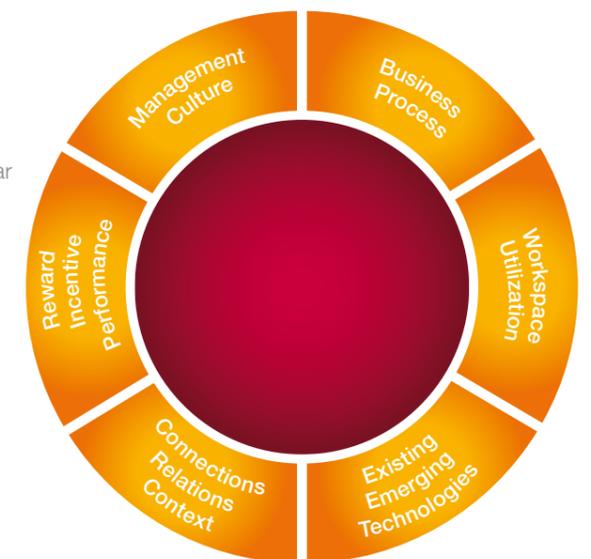
They have no basic business models that predict how long teams engaged in particular projects typically stay together, how many people join and leave them throughout different phases of the project and so on.

Our research shows that most organisations rely far too heavily on gut instinct, myth and tribal wisdom when making workplace decisions.

All too frequently, they count on experience to tell them when space may be needed – the proverbial rule of thumb. But exactly where and when is uncertain.

Clearly, the need for innovative, fresh thinking runs deep and strong.

And this is why analytics are pivotal to workplace decisions.



Analytics – getting smart about your workplace

In an environment of accelerating complexity, organisations the world over are feeling new pressures to act with speed and conviction. The workplace stands out as being particularly volatile, subject to uncertainty and critical to performance – especially when it comes to optimising forward-looking performance in three areas: cost control, staff productivity and competitiveness.

Leading organisations are responding with carefully targeted analytics designed for maximum advantage in each area. Inside four to five weeks, analytics provide a common structured framework (see figure 19) in four ways.

First – laying an informative foundation to facilitate speed of decision-making.

Second – mining existing internal and external econometric knowledge for sources of new value.

Third – predictive analytic models define who should deliver what benefit and when.

Fourth – articulating precision ‘net present value’ scenarios for enhancing your workplace operation.

Changing face of the corporate board

It has long been said that corporate boards exist to ask the questions executives may have overlooked.

For board members, the opportunity to pose tough questions to their business leaders – and expect precise answers in return – is growing exponentially as organisations are put under the spotlight of transparency more and more. Shareholders, stakeholders, investors, analysts and lobbying groups are increasingly (and uncomfortably for many) scrutinising future planning and investments.

Such tough questions as these are being asked with increasing frequency and demand ready

answers, but before board members get to the stage where they are comfortable with their responses, they will demand clinical precision and clarity of direction from their business support executives.

Analytics makes this possible.

Where leaders’ proven experience and instincts were once their best guides, analytics now confer laser-sharp acuity about the environment organisations operate in today – and where they will find themselves tomorrow.

Analytics allow organisations to identify the components of complex activities and ecosystems, understand dynamics and interdependencies, make predictions and even recommend the best action to take. What once seemed incomprehensible is now knowable.

What’s holding organisations back?

For many organisations, the biggest inhibitor is not poor comprehension of the changing nature of work but stubborn culture and the lack of a leadership mandate. Twice as many companies find organisational challenges far harder to resolve than technological or infrastructural barriers.

Ensuring business support functions act in unison with common metrics and goals is just one example of an organisational challenge. Getting common agreement on objectives, outcomes, responsibilities, ownership and even to trust colleagues across functions is a thorny issue – one susceptible to political infighting.

It has long been said that corporate boards exist to ask the questions executives may have overlooked.

For board members, the opportunity to pose tough questions to their leaders of the business – and expect precise answers in return is growing exponentially.

The ultimate organisational challenge is creating a culture that thrives on decisions made with facts and, consequently, is open to new ideas and new ways of working.

Our research has shown that 77% of analytically advanced organisations have a culture in which people are open to ideas that challenge current work practices, compared to 19% of

organisations that have yet to adopt analytic-based strategies. In part, the successful organisations achieve this by establishing a top-down mandate where leaders set the expectation that decisions will be analytically derived and applied to both day-to-day operations and future strategies.

This tells us that analytics are not a spectator sport. They grow exponentially in value as more people in every part of the organisation understand them, use them and apply the insights they gain. Inside four to five weeks, analytics create clear steps for creating value along a transformational journey. Clearly, analytics have major implications for businesses seeking to make the best-possible decisions in an increasingly uncertain and volatile world.

Analytic model

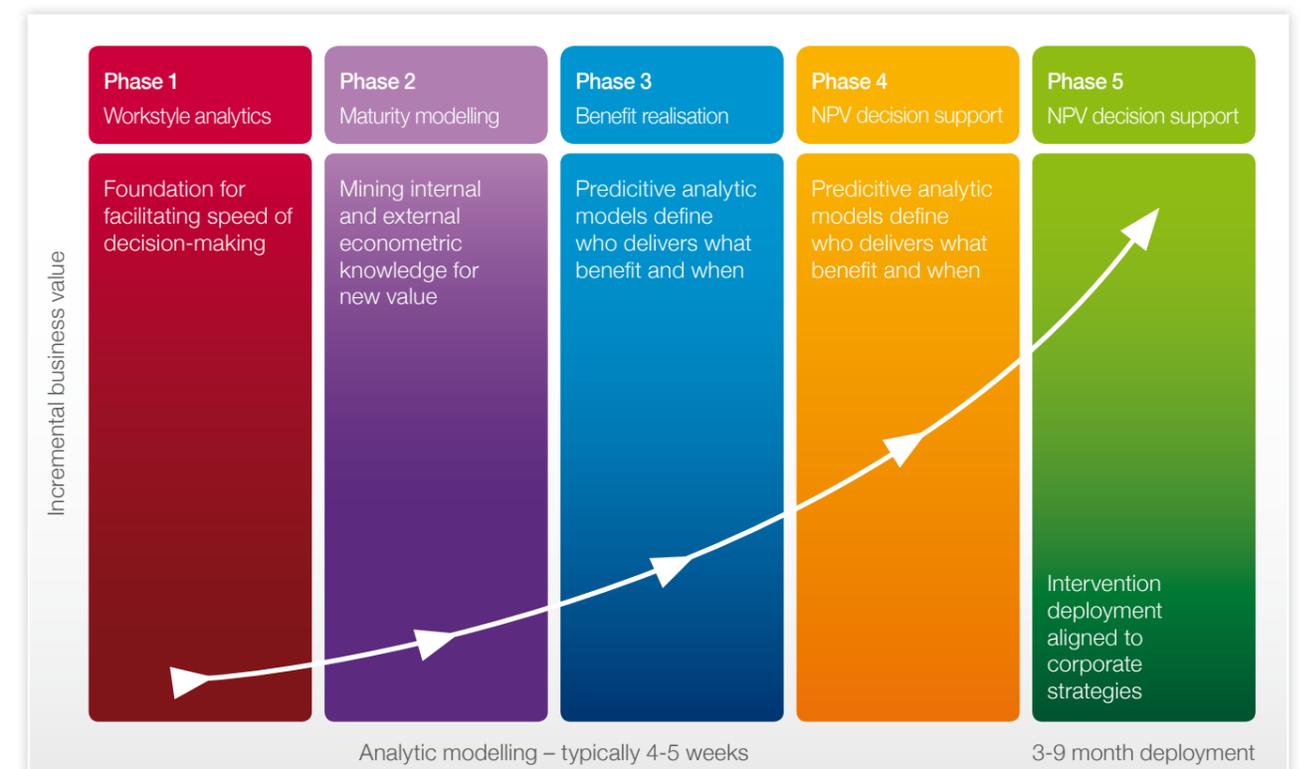


Figure 19 – Quora workplace analytic framework

Notes about this study

What brought about this research?

Prompting this research is the compelling need for accurate comparator data required to create workplaces that are engaging, innovative, high-performing and continually delivering the productivity and financial competitiveness to stay ahead of the fast-chasing pack.

This stems from mounting experience and evidence that creating such a high-engagement workforce helps business performance in multiple ways, often returning the investment required multifold.

We considered the likelihood that among the people hired in the past two years there might well be the company's future leaders – future chief executives, HR, IT, real estate and operational leaders.

We commenced by conducted in-depth interviews, surveys and focus group studies with around 25,000 people hired in the past two years.

Recruits spanned all ages, gender and seniority, ranging from board members and directors to fresh graduate intake and administrative functions.

The contributors came from all geographic regions: UK 17%, Americas 14%, Asia 12%, Eastern Europe inc. Russia 11%, India 11%, Germany 8%, France 6%, Africa 5%, Middle East 4%, Nordics 4%, Australasia 3%, Italy 3%, Iberia 3%. They came from a wide range of industry sectors and organisational size – from large global corporates to SMEs and start-up businesses.

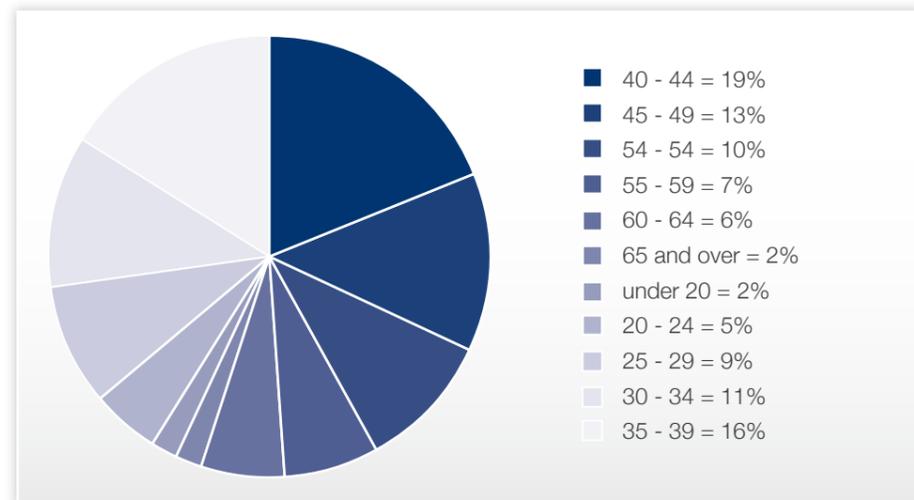


Figure 20 – Research sample by age using 25,369 people in total

For ease of presenting the data, we have grouped the respondents into two age bands – those under 35 (the so-called Generation Y) and those over 35 years old, however we have data in two-year age segments spanning 18 to 65+.

The body of data from this study is vast – spanning over five million possible comparator points and we are continuing to analyse the findings for new trends and their implications.

We considered the strong likelihood that among staff hired in the past two years there might well be the company's future leaders – future chief executives, HR, IT, real estate and operational leaders.

Understanding the motivations, needs, values and perspectives of these people is vital for future competitive organisational performance.

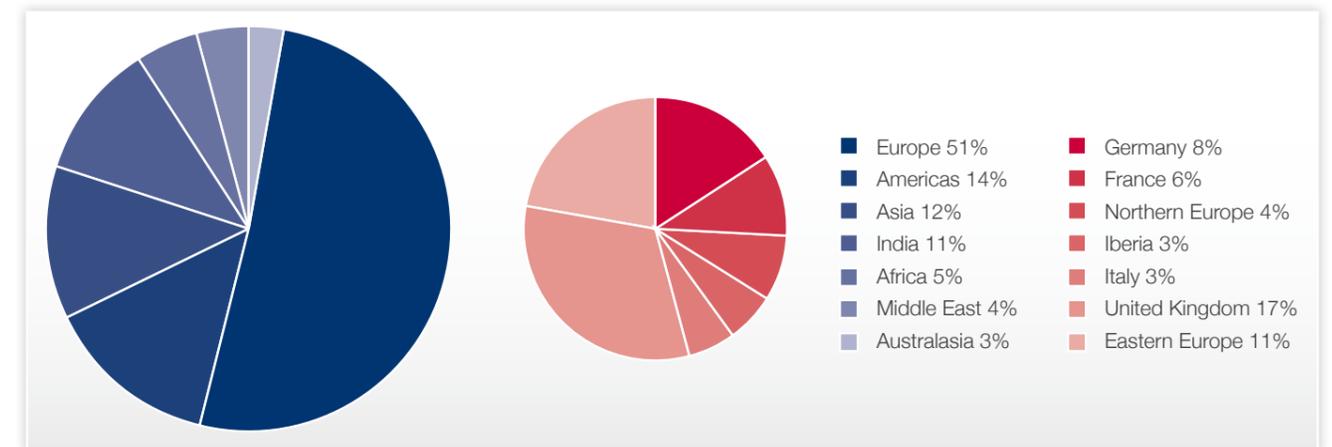


Figure 21 – Research sample by geography

Gender split

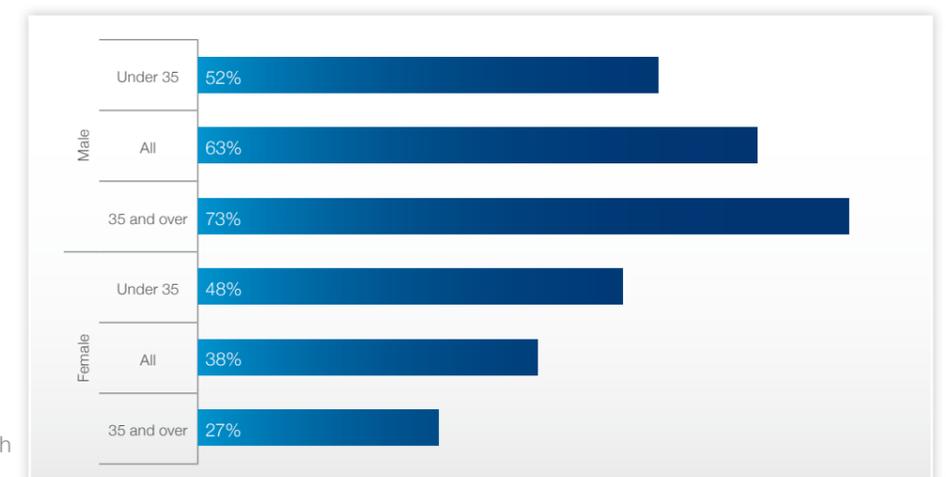


Figure 22 – Research sample by gender

Table of figures

Figure 1	Increasing uncertainty and complexity in today's business world (Nassim Nicholas Taleb).....	3
Figure 2	Where do executives turn for decision-making and investment advice?	5
Figure 3	The 'reality gap' between staff expectations from the interview and the actual job reality.....	8
Figure 4	The desire and demand for technologies.....	9
Figure 5	Contrasting social, ethical and environmental sensitivities during interview vs after 12 months in role	12
Figure 6	Gender split of staff and their managers.....	13
Figure 7	Contrasting the educational levels across workforce generations.....	14
Figure 8	Exposing the gaps.....	17
Figure 9	Are companies making the right connections?.....	20
Figure 10	Use of workforce analytics remains limited. Less than a quarter of HR Leaders are using any form of structured analysis to inform about future decisions and investments	22
Figure 11	Summarising the HR Director's role in unleashing creativity, agility and speed	23
Figure 12	IT value wheel.....	25
Figure 13	IT value framework.....	26
Figure 14	Selecting the right point for value optimisation and agility for the future workplace.....	28
Figure 15	IT maturity model.....	30
Figure 16	Organisational ecology: the basis of an integrated strategy	32
Figure 17	Elements of a cloud workplace ecosystem	36
Figure 18	A framework for analysing cultural change	40
Figure 19	Quora workplace analytic framework	44
Figure 20	Research sample by age – 25,369 people in total	45
Figure 21	Research sample by geography	46
Figure 22	Research sample by gender	46

About the author – John Blackwell

John is widely recognised as the world's foremost thought leader on the changing nature of work and effective business operation.

Drawing on a 35-year board-level career with IBM and MCI, John implicitly understands that opportunities for innovation and investment must continually balance the need to act quickly.

John's a prolific author with more than 80 titles to his name, including;

- *A mandate for change*
- *Challenging perceived wisdom*
- *Creating agile organisations*
- *Managing uncertainty*
- *Smartworking*
- *The workplace of the future*
- *Time to work*
- *Unleashing creativity, flexibility & speed*

These and many more of John's reports can be downloaded from his online library.

A fellow of the Chartered Management Institute and a visiting fellow at three prestigious universities, John is a regular media commentator with appearances on BBC, CNN, Reuters, ABC and more.

To date, John has inspired more than 350 organisations to innovate new work practices and has built his reputation on knowing organisations better than they do themselves.

Working with those organisations, he provides answers to problems that stifle change, helps to dismantle barriers and overcome corporate inertia to create effective new work practices.

About Regus

Regus is the world's largest provider of flexible workplaces, with products and services ranging from fully equipped offices to professional meeting rooms, business lounges and the world's largest network of video communication studios. Regus enables people to work their way, whether it's from home, on the road or from an office. Customers such as Google, GlaxoSmithKline and Nokia join hundreds of thousands of growing small and medium businesses that benefit from outsourcing their office and workplace needs to Regus, allowing them to focus on their core activities.

Over 1 million customers a day benefit from Regus facilities that are spread across a global footprint of 1,200 locations in 550 cities and 95 countries, which allow individuals and companies to work wherever, however and whenever they want to. Regus was founded in Brussels, Belgium in 1989, is headquartered in Luxembourg and listed on the London Stock Exchange. For more information please visit www.regus.com