



## Workplace: Shifting Work Styles Are Creating Shifts in Where We Work

**I**t seems light years have passed in the evolution of work and workplace since CoreNet Global released “CoRE 2010: The Changing Nature of Work and the Workplace” in 2004.

That report, as well as pioneering findings on telework and other forms of flexible working strategies culled from Corporate Real Estate 2000 in the mid-1990s, quite accurately predicted the waves of change that would ripple throughout workplace as the networked enterprise became the norm. What proved more difficult to predict was the speed that organizations in varying markets and economies – and of varying cultural focuses – actually could respond to those changes in meaningful, lasting ways.

Each of our organizations finds itself somewhere along a spectrum, between what we have done in the past and what is possible for the future. This is the conundrum we have in predicting the future of the workplace...possibilities are generally gated by our current conditions, the baggage we carry with us and

the market forces that drive us to change and innovate.

### **Creating a Vision of the Workplace in 2020**

The CoreNet Global Corporate Real Estate 2020 Workplace Research Team interviewed more than 40 end users, service providers and educators engaged in corporate real estate (CRE) and workplace practice or research. We asked a broad range of questions to elicit views on how economic, organizational, cultural, geographic and demographic shifts will continue to elevate the importance of workplace in supporting – or in some cases – determining the strategic directions of our organizations.

Key themes evolved around the accelerated impact of technology, expected shifts in corporate power centers and how to blend multigenerational work styles and expectations. We obtained feedback on the expanding roles of outsourcing and out-tasking and on the evolution of service providers from assisting with non-core functions into becoming

integral strategic resources in the implementation of the new workplace.

In the midst of this complex arena, CRE is rapidly evolving into a strategic enabler for the “work” of our employees through the continuing evolution of the “workplace” to meet business needs.

Though CRE organizations are advancing on this goal at varying rates, over time we may imagine that CRE could become the facilitator for a network of distributed activity nodes, both owned and borrowed, where knowledge workers from multiple sectors convene for intense virtual and physical collaborative work across the globe 24/7.

CRE will ensure the corporate campus provides safe haven when needed (with the need varying from traditional, anchored “office workers” to the virtual sales force that flies in once a month). And CRE will provide a menu of services and capabilities, from small group meeting rooms and private spaces to technology for virtual meetings, so that the work – wherever it is – gets done.

Finally, CRE will either create on

site or locate within the community the “third place” recreational work spaces – those much-needed alternatives for informal work and social connection, so very critical in the forging of relationships and the building of strong networks of talent.

We identify several major shifts already underway that will continue to intensify as we advance toward the workplace of 2020. As IBM said in its white paper about the new workplace, “Organizations that adapt – and adapt now – stand ready to reap the rewards in the form of new opportunities and a newly honed competitive edge.”

### From Workplace Mobility to Presence

Workplace will expand beyond a focus on “mobility” to include the concept of “presence,” both physical and virtual. Our focus on the expanding range of places where our employees are “present” and actively accomplishing the various requirements of their work is critical.

- For many types of workers, presence in the traditional office will become significantly more abbreviated, while office activities will become more intense and highly specific. Today approximately 26 percent of the total global work force of three billion works away from their office at least two days a week. Studies show that work away from the office will grow beyond 40 percent in the next five years.

- Corporations of all sizes, degrees of globalization and industry focus spoke to our research team of tensions around mobile work versus traditional office-based work policies. Many talked about how knowledge workers have expanded their working outside the office proper regardless of the degree of support or policies from corporate. We assert that mobility support is rapidly becoming a table stakes condition for knowledge workers.

- We also project that by 2020 presence in the traditional office for many knowledge workers will occur on an as-needed basis for specialized functions, meetings or targeted exchanges determined by the requirements of group work output. This will of course vary somewhat because of specific work function, location and culture.

- The development of the cloud platform has moved us much closer to full

## Bold Statements

- 1 Presence in the office will be more abbreviated, but while there it will become more intense and targeted to specific activities.
- 2 People’s changing work styles accompanied with HR/IT will be the enablers of workplace change (people and technology as drivers).
- 3 More corporations will turn to 3rd parties to provide on-demand models of office space and technology to serve the mobile worker and knowledge work as a whole.
- 4 CRE executives will become more strategic in support of the business requirements. Their role will evolve to “Experience Managers,” or plan administrators, offering employees an à la carte workplace experience with menu of services, location and support.
- 5 Last chance: CRE must align with business or become obsolete. Metrics will shift to support of business: innovation, knowledge worker, etc.
- 6 All of these Bold Statements indicate a shift in CRE from “cost container” to “business enabler,” and support the idea of CRE as a new group: Work Experience Enablers.

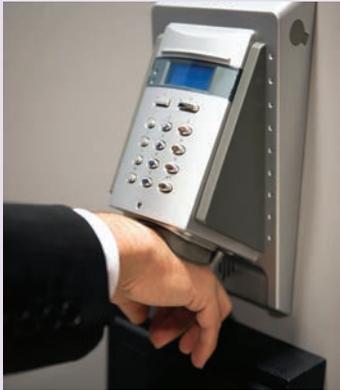
virtual office capability. There’s still much to be done to establish security and compliance policies and processes for this platform. However, we believe that by 2020, cloud-enabled wireless will be pervasive and relatively seamless across devices and venues, and in established economies it will become a minimum expectation for performance.

### From Owned to On-Demand Assets

For many organizations, the need for owned real estate as we know it today will decline, replaced by a model where a combination of assets both within and outside of the portfolio are leveraged to meet specific needs. Corporations will increasingly turn to third parties to provide on-demand models of office



## New Third-Party Providers



Other third parties to which CRE outsources may include advisors and installers of presence tracking systems, cloud security systems and independent hub centers. The information below is from CoreNet Global's 2012 State of the Industry Report:

Industry experts also identified several game-changing workplace and technology forces that will pronounce themselves by 2020 and that go beyond being revolutionary.

One of them is biometric-based security. "Technology security will become biometric," related **Keith Perske**, Principal, **eBusiness Strategies**. "Security poses

real issues in the distributed work environments which many companies have adopted to increase productivity, collaboration and innovation."

The idea that personal, biological identifiers will allow access to key information transcends science fiction and represents another breakthrough for changing the way we work: the more extensive use of artificial intelligence.

Other advances in areas like nanotechnology will help with the introduction of emotional intelligence sensors to help raise communication effectiveness.

"Sensing will increase, and buildings will become better equipped to recognize and differentiate people's preferred styles or routines," explained Perske. "On the individual level, ubiquitous technology on our skin, in our clothing and as eyewear represents the new user interface."

These and other outcomes, such as the use of predictive technologies to more effectively forecast future demand for office space, are also linked to intelligent infrastructure and smart buildings. They will tend to be smaller in scale yet provide a competitive advantage in terms of virtual teams and collaboration with multiple stakeholders.

space and technology to serve the mobile worker and knowledge work as a whole.

- The factors affecting effective portfolio management have become extraordinarily complex in the last 10 years and will not ameliorate over the next decade. In our extensive interviews with end users and service providers, virtually all anticipated corporate portfolio consolidation through 2020 with high office vacancy rates expected to climb even higher in many established markets.

- The challenge for CRE directors is meeting these goals in the midst of constantly changing information, with a cohesive rather than one-off approach and complete clarity on how portfolio decisions will support the needs of the business.

- While portfolio management used to center mainly on leasing, location and negotiation strategies, the drive to reduce space has now greatly expanded the demand for flexible working strategies. More than 100 corporations and service providers surveyed globally in 2011 related how flexible working strategies started as a real estate strategy but quickly became an overall business strategy.

- As demand grew for more variety in where we work, the term "third places" was coined to describe a new breed of informal on-demand spaces away from the corporate office. What began as simply new "work-related" uses for coffee shops, libraries and other social hubs in the community eventually has paved the way for today's co-working centers

- scheduled communal offices with a variety of work spaces.

- Local office hubs or suites are more formal and typically arranged by the corporation but still provide a great degree of flexibility. All of these flexible working alternatives are expected to grow exponentially by 2020.

### From Facility Management to Work Experience Enabler

CRE's role in major corporations will become highly strategic in support of the business's requirements. Metrics will shift to the support of the business: innovation, knowledge worker, etc. CRE executives will be "experience managers," offering employees an à la carte workplace experience with a menu of services, locations and support.

- Several converging influences in the business environment have presented an unparalleled opportunity for CRE's role in major corporations to shift from facility management to more strategic support of the business. If CRE will rise to the challenge, by 2020 the role of CRE will have morphed to work experience enabler. If CRE does not rise to that challenge, there is a danger that its role will become marginalized, and other shared services providers will take its place.

- Tremendous flexibility is required in this highly changeable environment, as companies are expanding their global presence while simultaneously reducing their physical footprint in some locations.

- Working effectively with other key support functions of the enterprise will be more of a strategic function of CRE. The interdependence of support services around planning and implementing flexible working strategies will demand new skills of CRE.

- CRE also has the opportunity to support and strengthen the corporate brand and company culture, as facilities provide a major way to "make what the organization cares about visible." CRE has multiple touch points with the consumer experience and needs to be alert as to how it can improve the customer experience.

## Globalization to Localization & Economic Influences

The more our businesses expand globally, the more important is the process of localization. The balance between the two will be one of the key issues of the upcoming decade.

- Participants in the Corporate Real Estate 2020 visioning session saw unresolved global issues, such as political upheaval, financial crises and escalating oil prices as continuing uncertainties alongside a looming scarcity of resources on the horizon. As scarcity leads inevitably to more conflict, in 2020 it will affect economic policies, privacy and security, human rights, wealth and poverty gaps, the prevalence of war and urban congestion.

- While globalization will undoubtedly continue into 2020, the previously mentioned issues make it extremely challenging to plan more than six months out. This further escalates the need for maximum flexibility.

- Cost containment will continue to be realized in mature markets by portfolio consolidation and the repurposing of legacy buildings to meet continually evolving and more agile workplace requirements. The visioning session group called this out as one of the biggest opportunities CRE has for demonstrating its value to the C-Suite.

- As to emerging markets, by 2020 new and rapidly expanding population centers will capture our focus. The access to more limited resources will likely determine which regions and cities grow more by and beyond 2020. In turn, this will impact which cities have tomorrow's best "hub-to-hub" connections that will characterize the future global economy.

Our research team heard many caveats about the importance of planning globalization efforts with a clear understanding of local cultures. The surveyed group understood the need for a globally integrated enterprise to have a single, consistently applied company culture and brand. Yet concurrently surveyed CRE professionals in emerging and maturing markets in Asia, India and China made it clear they see no need to relinquish local culture in support of corporate develop-

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ment. This finely tuned point of view highlights the complexity of entering new markets successfully in other cultures. It's a process corporations are still working to get right.

## Conclusions & Recommendations

The speed of technology change, entrance of younger generations into the work force who have quite different values about work, the need to cut costs and shrink portfolios and the continued push toward globalization have created a "perfect storm" converging on the workplace and CRE's position in provisioning and managing it.

As we move toward 2020, it will be critical for CRE leaders and other CRE professionals to expand their toolkit of skills and knowledge, or they will be unable to help their organizations to stay competitive and their departments to keep pace.

An understanding of an organization's culture, work force and other key business issues will be the foundation for any workplace planning. We will see continued and even greater reliance on service providers that are becoming more strategic partners instead of outsourcers for non-core functions. Service providers will be end users' right hands in planning, implementing, benchmarking and evaluating.

The range of flexible workplace options will continue to grow in scope and sophistication, and organizations will become more adept at selecting the right mix with the assistance of their service-provider partners. Work space and place association with the corporate brand will become more pronounced and broadly utilized.

The old truism about challenge being opportunity is certainly in play for CRE. It's uniquely positioned to become the hero, with its finger on the pulse of the two biggest business expenses and most valuable corporate assets – people and

buildings. An understanding that people are the greatest ROI for the business will inform all other decisions.

CRE can also take the lead in finally integrating CRE, IT and HR processes that overlap in service of the strategic goal of place and the workers in the business model. If it does, the place of the CRE leader in top leadership is assured.

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