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# What impact would a 1% uplift in the UK’s productivity have on the economy?

Economist and former *BBC Newsnight* economics correspondent Duncan Weldon weighs in

Nobel prize-winning economist Paul Krugman once wrote that ‘productivity isn’t everything but in the long run it is almost everything’. Most economists would agree. The headline indicators of economic activity such as employment, wages and profits tend to generate the most headlines while the government’s deficit of spending over tax revenues has been a recent focus of public policy in recent years. But the single most important long-run economic factor that underpins everything else is productivity growth. It is productivity growth, the ability to get more output from the same amount of labour and capital, that has made us richer over time and that drives both corporate profits and workers’ wages.

Britain, and indeed much of the world, has been experiencing a productivity slowdown since the financial crisis. In the three-and-a-half decades from the early 1970s until 2008, productivity grew by about 2% per year, pushing living

standards higher. Since 2009 it has been broadly flat. The causes of that slowdown have been much debated and it is unlikely that there is a single culprit.

While Britain’s slowdown has been especially severe, it fits within a global trend that’s being felt across both the advanced and the emerging economies. But focusing on just the recent slowing of productivity growth risks missing the fact that the UK has a double productivity problem – not only has growth slowed but there already existed a sizeable gap with other developed countries.

UK productivity is around 18% below the average level of the other members of the Group of Seven advanced economies. While productivity growth has slowed everywhere and there is clearly a global problem, it is undeniable that there is also a long-running UK-specific issue at work.

The *Stoddart Review* looks to explain some of that gap by looking at an under-examined area – the UK’s physical

workspace. It makes intuitive sense that a well-designed and fit-for-purpose workspace contributes to productivity just as skills, software and physical equipment do. The report convincingly argues that this is an area that UK policy and businesses have traditionally neglected and that a better use of workspace could give us a modest –



DUNCAN WELDON

but important – productivity boost. When it comes to productivity growth, and our long-term economic health, then every little helps. A one percentage point closing of the productivity gap with our closest international peers would be a large boost to the economy.

The *Review* notes that, according to the Leesman Index (a database of workplace effectiveness performance), only a half of employees can say their workplace enables them to work productively. Closing our national productivity gap means focusing on spreading back best practice and increasing that number.

Policymakers have long regarded the productivity gaps, both between the UK and other countries and within the UK, as a problem to solve. But there is only so much that central and local government can achieve. In the end productivity growth requires action from government, from the workforce and from firms themselves. It is a shared problem and solving it offers shared benefits in terms of higher wage growth and faster profit growth. There is no straightforward answer; if there was it would have been solved years ago. Rather, it is a process of continual improvement and marginal gains.

The *Stoddart Review* rightly points out that some of this process and some of these gains can be found in better physical workplaces.

So what would a 1% productivity gain mean in the real world? It may not sound like much, but achieved across the UK macroeconomy it would add almost £20 billion to our national output. Such an increase could reduce the annual government deficit by around £8 billion, add £250 a year to the average wage packet and increase annual profits across the country by almost £3.5 billion. Small rises in productivity are far from trivial.

The productivity gap between the UK and other advanced economies will not be closed overnight and will require action from government, from employees and from employers across a wide range of fronts. But closing it is the best and most long lasting way to increase our national prosperity. Improving our physical workspace has a role to play. ■

## About the Review

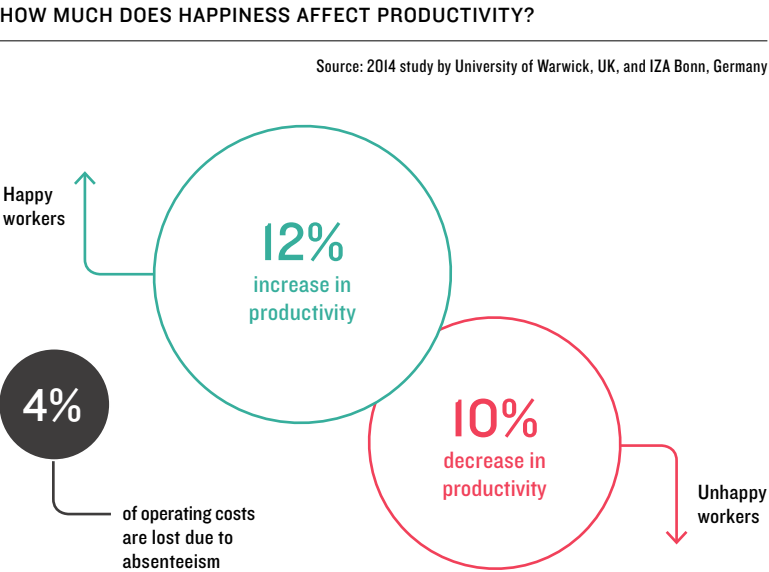
The *Stoddart Review* continues the work of an industry giant: Chris Stoddart, MCIOB, FBIFM. Formed by the British Institute of Facilities Management (BIFM) and founding partners privileged to have worked with Chris, it exists to raise awareness among business leaders of the importance of the workplace and real estate as a key performance lever. It is independent and cross-industry in its perspective.

Much has been said in the media about the productivity gap but little connection has been made about the vital contribution of the workplace as a performance inhibitor or facilitator. The *Review* unequivocally makes the case and shares best practice, leading opinion and data.

For many enterprises, workplace delivery and management falls within the remit of facilities management professionals, Chris played an active leadership role in BIFM, the professional body for facilities management. The *Review* seeks to encourage executive leadership teams to ask deeper and more probing questions of how well their workplaces are contributing to the success of their organisations.

The *Stoddart Review* is a not-for-profit initiative. The founding partners of The Crown Estate, Cushman & Wakefield, Joanna Lloyd-Davies and Polly Plunket-Checkemian, with BIFM acting as host organisation, have volunteered their time with contributions from supporting organisations, business leaders, industry experts and our research partners, namely Leesman Index and Sheffield Hallam University, to highlight the workplace as a key lever to increasing UK productivity. Inevitably, the *Review* poses many questions and seeks to provide both evidential and experiential-based answers, but it is the business leaders and workplace professionals who are encouraged through this report to take this conversation forward.

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# WORKPLACE APPRAISAL

Improving productivity is essential for increasing business profitability, yet companies are only now starting to look at the role that the workplace plays



Attaining greater productivity is a holy grail that continues to elude and excite some company executives. Business leaders, economists and politicians are united in wanting to ensure firms get the most from their staff at the lowest possible cost. But where should they start? The first step is to measure it using a uniformly accepted method. According to H James Harrington, the renowned expert on quality and performance improvement, if you cannot measure something, you cannot understand it. If you cannot understand it, you cannot control it. If you cannot control it, you cannot improve it. But then of course, as British economist Charles Goodhart identified in the 1970s, specifying the wrong organisational measures can have negative, and even disastrous, consequences.

While economists measure it as the volume of output per hour worked, many companies and industries use their own indices that have more relevance to their business. A financial services firm might use revenue per broker while an advertising company might focus on the number of accounts, and a back-office services business might measure the volume of work completed in a certain time. And the chief executive will just want to know that whatever is being measured can be linked to future company profits.

But whatever measure is used, there is an opportunity for the workplace to enable greater worker productivity. For industry 4.0<sup>1</sup>, higher productivity comes from better problem-solving and decision-making as well as more effective employee and client interactions. These measures all point to a shifting psychological contract between employer and employee.

1 Industry 4.0 is the trend of automation and data exchange in manufacturing technologies. It includes cyber-physical systems, the Internet of Things and cloud computing.

**SMARTER NOT MORE**  
Unfortunately, *The Stoddart Review* found that the typical response has been to carry out utilisation studies and look to increase workplace occupant density. These projects may deliver increased occupant density, but they confuse spatial efficiency with productivity and our investigations found that these terms were being far too casually transposed. 'Saving real estate costs by increasing occupation density is a false economy if it results in cluttered, noisy 'one-size-fits-all' environments that frustrate people and actually hinder effective work,' says Bridget Hardy, strategic advisor on smart working at the Department of Work and Pensions. 'The

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The route to productivity is no longer just about delivering more, but also about delivering in a smarter way

key to increasing density effectively is mobility — with the freedom to choose coupled with a choice of environments that suit different types of work and personal preferences.'

Research carried out for *The Stoddart Review* shows that progressive firms understand that productivity is a human outcome, not an organisational one. There is growing awareness that the route to productivity is no longer just about delivering more,

but also about delivering in a smarter way, through facilitating more effective interactions that result in more creative solutions, and higher quality targets.

As function heads and industry professionals continue to conflate the efficiency of space<sup>2</sup> with the productivity of employees, it is essential that the board challenges, expects and seeks good answers to a broad range of questions, and that it's equipped for discussions such as these:

- Do our workplaces actively support employees doing the job we employ them to do?
- Do we understand whether different roles within the organisation have differing workplace needs?

2 Efficiency of space is a measure of the number of people in the space, or the cost of the space, but is not the measure of spatial productivity.

- Do we know whether employees are proud of their workplace?
- Do we know if the workplace is helping to create a strong sense of community?

**BEYOND OPEN-PLAN**  
There is now a clear understanding that the workplace itself can be a barrier to higher productivity. While some organisations are still at the stage of implementing open-plan solutions for cost reasons, others have accepted that a large, open-plan office does not necessarily result in greater collaboration, more efficient working or world-beating innovations. They now realise that open-plan offices can also be noisy, distracting, irritating and counterproductive.

A wealth of studies past and present has demonstrated this. A 2013 study by the University of California found that office workers were interrupted as often as every three minutes by digital and human distractions and that once these distractions occurred, it could take as long as 23 minutes to get back to the task in hand.

A 2016 study<sup>3</sup> from Auckland University of Technology found that, as work environments became more shared (with 'hot desking' at the extreme end of the spectrum) not only were there increases in demands, but co-worker friendships were not improved and perceptions of supervisory support decreased. The authors said that 'distraction caused by overhearing irrelevant conversations is a major issue in open-plan office environments', and that this distraction was negatively linked with employee performance and perceptions of the workplace, and with stress.

Stress matters, and not just for reasons of compassion. A 2014 Willis Towers Watson Global Benefits Attitudes survey found that levels of workplace disengagement increased significantly when workers experienced high levels of stress. The study, which looked at 22,347 employees across 12 countries including the UK and US, showed that more than half those employees who claimed to be experiencing high stress levels also reported disengagement.

Gallup's 2013 State of the Global Workplace Report estimates the cost of

3 The demands and resources arising from shared office spaces, Auckland University of Technology, September 2016

disengagement to the UK's workforce at £52 billion to £70 billion.

Gallup methodologies use nine key employee engagement outcomes: customer loyalty/engagement; profitability; productivity; turnover; safety incidents; shrinkage; absenteeism; and quality (defects). *The Stoddart Review's* observation is that workplace underpins every single indicator.

The human opportunity for UK plc is clear; it's time to start measuring the impact of workplace on employee productivity.

**OUR OFFICES ARE NOT PRODUCTIVE**  
*The Stoddart Review's* research has revealed that the majority of organisations are simply not appraising their workplace contribution to organisational performance. After salaries, property is the second largest cost of any organisation, and is likely to increase over time. It's also the number one item listed in disaster-recovery planning. So it's surprising

that while businesses review the effectiveness of their employees once a year, the infrastructure supporting them is typically only reviewed when a lease event arises, perhaps once every 10 years. Yet annual appraisal methodologies do exist. The world's largest and most contemporaneous is the Leesman Index, which measures the relationship between employees and workplace infrastructure.

According to the Leesman research, only 53% of UK and Ireland respondents agree that their workplace enables them to work productively, but in the elite group of Leesman+ high performance workplaces, 70% agree that their office enables them to work productively.

However, some of the companies that contributed to our lines of enquiry<sup>4</sup> are making great efforts to address performance. They are implementing

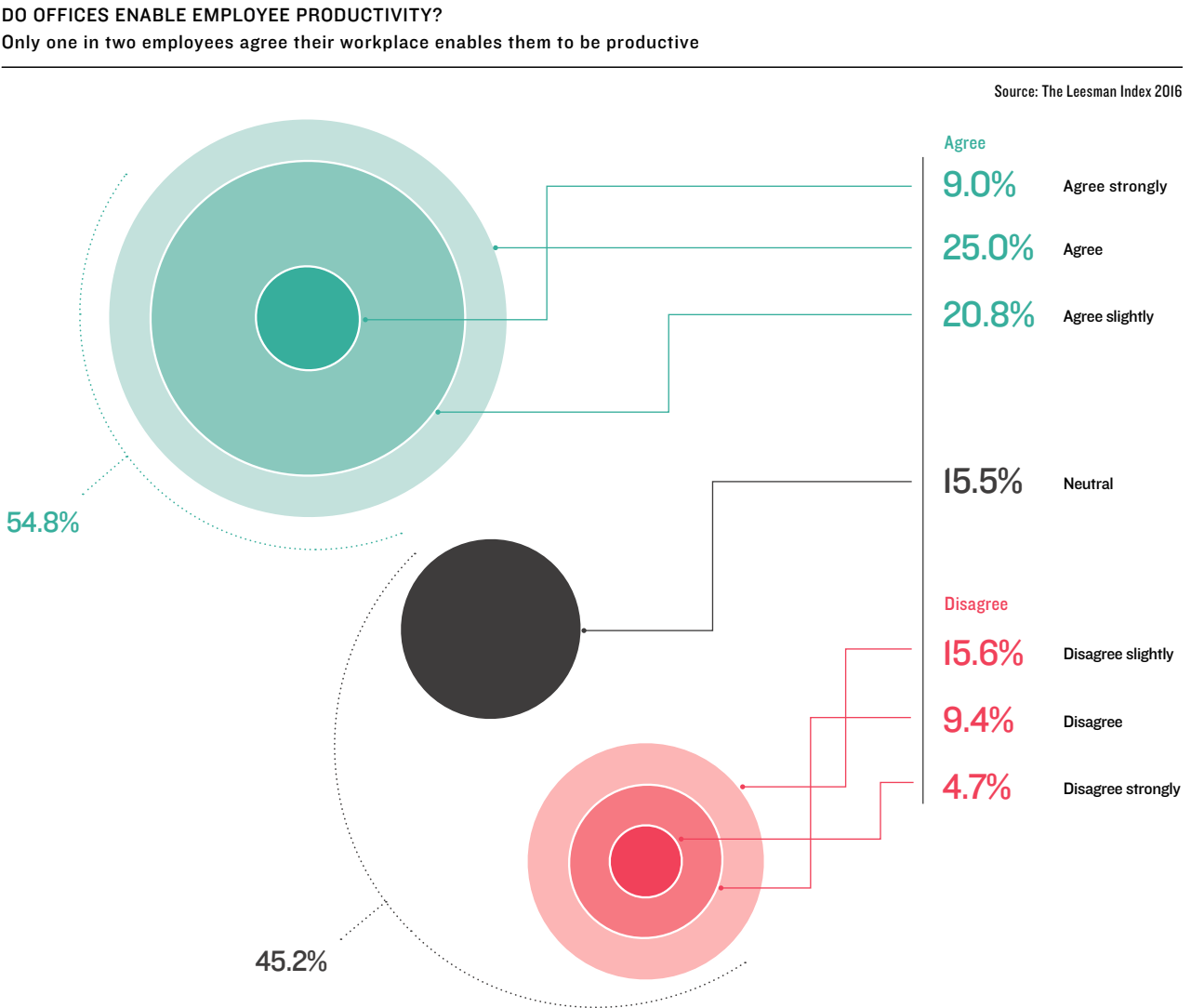
4 Both the quantitative research conducted through the Leesman Index® and the qualitative research conducted through the panel sessions and interviews

wellness schemes, talking to their employees and trying to improve their environments. These businesses are placing the employee front and centre and making sure that they understand how best to support their individual roles within the organisation.

From a workplace effectiveness perspective, the 'productivity gap' is the chasm between those organisations that are taking a proactive strategic approach to the role of their physical environment in organisational performance and those who are not. In the highest performing Leesman Index measured workplace, 86% of employees said that 'their workplace enables them to work productively'.<sup>5</sup> In its lowest performing space, that figure stood at just 15%.<sup>6</sup>

This data is simply too compelling to ignore. ■

5 Leesman Index's® highest performing workplace is a Danish facilities services company  
6 Leesman Index's® lowest performing workplace is a UK technology services company



## Neil Usher

Workplace director, Sky



There's the subjective view of productivity taken by an employee: 'I have my head down and everyone's left me alone.' But for an organisation, it's about performance and output, which is an objective view. The aim, of course, is to marry these two. But we are getting ourselves in a tangle. We need to be creating spaces that can foster and support both angles on productivity. People need to feel they can be productive but the organisation needs to believe the workplace has motivated them. Create as much of that choice as possible, supported by fantastic amenities, and you have the conditions for productivity.

Space itself is a journey, not a product. It's a permanent beta trial, which means you are enabling change long after the space

is 'finished'. How many change programmes wind up a few weeks after the last move? Very often, the success of one space or area mitigates against the success of another, and invariably this occurs over time as people get to understand the space and change the way they work. It's important to continually observe, test, discuss, measure and be prepared to tweak and change the space, because no one wants to wait 15 years for the next crusade. It is also worth remembering that a flexible or 'activity-based' workplace takes much more management than a static arrangement.

The workplace 'industry' continually lurches from one panacea to the other, awaiting the messianic idea. Its current plaything is co-working. Workplace is not a

complex subject, despite the attempts of many to make it so. We spend around half of our time working alone, half working with others. That's a good enough starting point for just about every workplace scheme.

There is an almost institutional pressure to be 'disruptive'. Don't try and be too clever with people's productivity, wellbeing and comfort. People still need to understand the space being provided, how it works, and to see the opportunities it offers. You don't need to challenge people out of their wits.

Mimicry can be a bit awkward and expensive, especially where fads are concerned. By all means consider the approach, methodology and thought processes adopted by others, but not necessarily the outcome. The design

may then last longer than the initial two-second dopamine rush you get from seeing a climbing-wall in the corner.

The greater choice you provide, the easier it is to hand control of the workplace to the occupants. We need to avoid being too prescriptive and allow people to use the space as they wish. If we provide a

considered choice of setting, from the most focused and private to the most interactive, the people using the space will do the rest.

The success of a workplace scheme is so very often in the detail and not the vision. Spend less time on chiseling the mission statement and more on what it means to people at the micro level.

They'll look through your grand ambitions to see if their locker is big enough and there's space in the kitchen for their muesli. As buildings should be designed from the inside out (but rarely are) then the workplace should be designed from the kitchen cupboard out. I think it's quite possible to think of everything. ■

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# THE OFFICE IS ALIVE AND WELL

Research for *The Stoddart Review* shows that companies can no longer afford to ignore the performance lever that workplace offers

The role and impact of technology has changed the options of how and where people work, whether that is the office, home, coffee shop or all the spaces in between. Much has been written on this topic and much has been mooted around the idea of an increasingly mobile workforce and the impacts of the gig economy<sup>1</sup>. Some organisations are starting to create 'alternative workplace' programmes that accommodate non-traditional work practices, settings and locations. More work is being done outside office hours too and the lines between work and non-work time are becoming increasingly blurred. Faster and more accessible connectivity, big data and artificial intelligence are revolutionising the workforce and the spaces they inhabit. By 2030, 30% of corporate portfolios will comprise flexible space, including co-working, incubator and accelerator space, according to an article in JLL/Wired entitled 'Workplace Reworked'. Based on our research for *The Stoddart Review* we suspect that this can be brought forward by 10 years.

And while the workplace is certainly changing, for now the data shows that for the vast majority of knowledge economy workers the office is still their primary place of work — 81% of employees are solely or predominantly based at a single location (the Leesman Index, 2015). The idea of the nomadic worker is still far from the norm. While 15% of employees in the UK and Ireland are based at a non-allocated/flexible desk, 64% of UK and Ireland employees are based at 'their own desk in an open plan area', exploding the myth that no one has a desk any more. Moreover, for those companies who do offer remote and home-working the office still (and, in fact, possibly even increasingly) serves as the most effective enabler of people interaction. According to the Chartered Institute of Personnel and Development (CIPD), only 7% of employees primarily work from home and at co-working sites.<sup>2</sup>

**CHANGING THE WORKPLACE STATUS**  
There is a growing number of progressive employers that are prioritising need over status when making workplace choices. These companies understand that there has been an enormous change in the social value of workplace. Where their workplaces used to be the manifestation of power and hierarchy, now they affirm collaborative culture and a sense of community. Here, the workplace has become the source of coactive power (the opposite of coercive power) and as one of the *Review* contributors suggested, now needs to offer 'exponential humanity to counterbalance exponential tech'.

These firms are focused on increasing the quantity and quality of interaction within a workplace, as evidenced by the popularity of collaboration and 'collision' spaces. This raises the issue of the relationship of that space to productivity. Interviews with some of these forward-thinking companies show that progressive workplaces prioritise brand and manifestation of culture. For example, Skanska's values include caring for the environment, supporting health and wellbeing and promoting green solutions – and its workplace strategy backs this up. As a result, Skanska's employees report feeling proud to work in their building<sup>3</sup> and they have created a high performance workplace.<sup>4</sup>

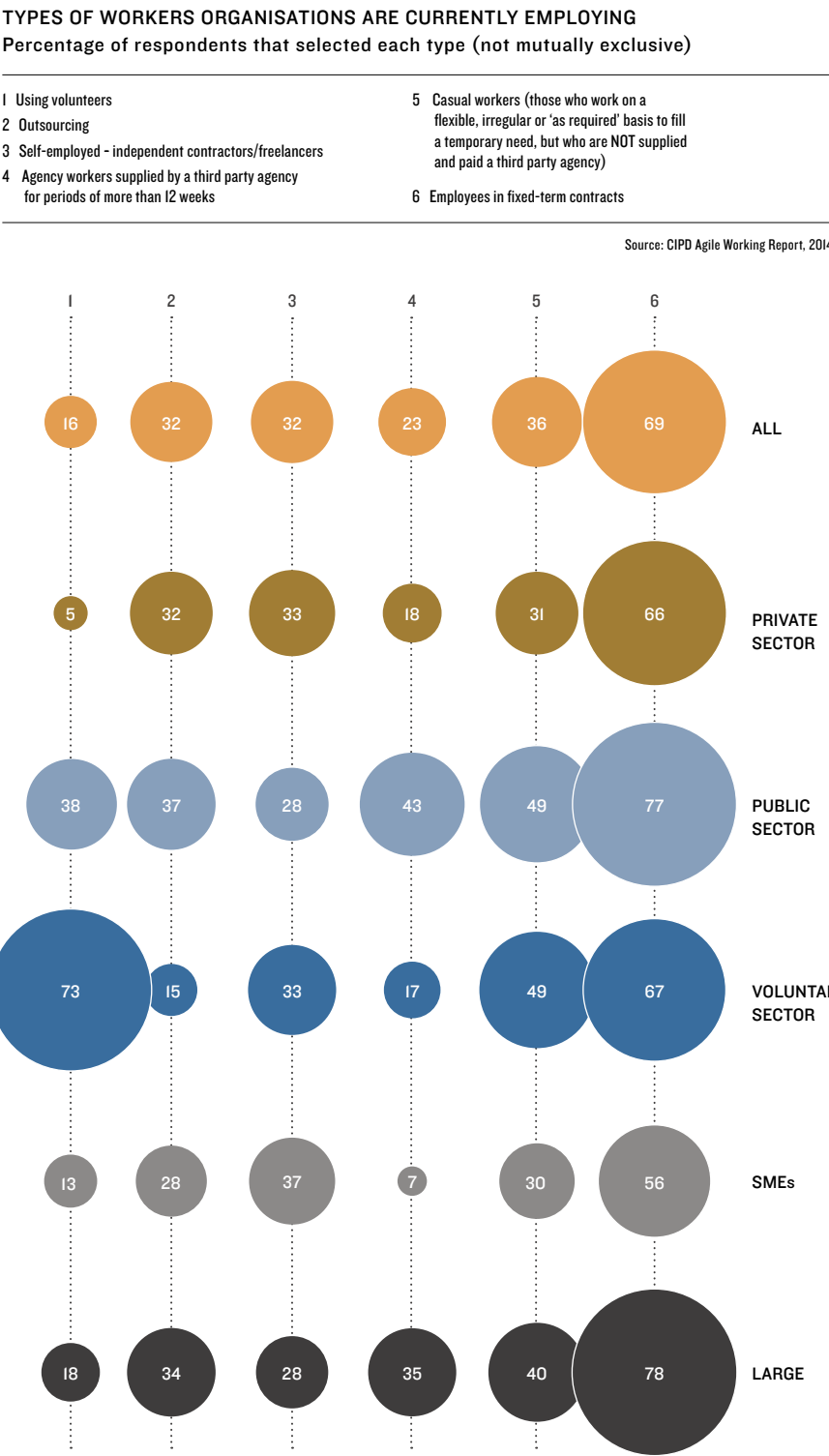
It is also clear from *The Stoddart Review's* data that high-quality social infrastructure is a feature of high-

performance collaborative teams, with the highest 'sense of community' satisfaction scores correlating to satisfaction with collaborative and collective activities. This social cohesion consistently returns the highest employee agreement that 'the design my workplace enables me to work productively'.

**UNLOCKING HUMAN POTENTIAL**  
In a hyper-competitive world, the workplace has become a differentiator in the attraction, development and retention of talent. According to a 2015 resources and talent planning survey by CIPD<sup>5</sup>, job candidates consider physical workplace a more important factor than leadership, CSR, technology and the diversity and inclusion agenda. In addition, satisfaction with 'a variety of different types of workspaces' is the highest probability indicator that an employee will agree that 'the design of their workplace enables them to work

5 Resource talent planning, CIPD, 2015. A survey of 520 HR professionals across the UK

productively', according to Leesman. It is clear this is the single biggest workplace lever for direct return on investment in human capital. Yet just 50% of Leesman's UK & Ireland respondents agree that their workplace is a place they would be proud to bring visitors to (compared with 82% in Leesman's category of high performance workplaces). All of the data indicates a shifting psychological contract and goes against the idea that it is only millennials who want an office that works well and enables them. In fact, the clear message from the research for *The Stoddart Review* is that all employees want this, regardless of age. This means it is critical to ensure that the workplace is performing to the best of its capabilities in order for businesses to stay agile, fast-moving and competitive. The devastating finding from the Leesman Index that only one in two office workers say they can work productively highlights the vital importance of ensuring that employers equip them to do the best they can and give them a reason to come into work. ■



1 The gig economy is the current trend in which temporary positions are common and organisations contract with independent workers for short-term engagements.  
2 Getting smart about agile working, CIPD, 2014. A survey of 1,132 employees in the UK, representative of the UK working population, and an additional sample of 508 individuals employed in 'nonstandard' jobs (for example, those in part-time, temporary roles and self-employed individuals).  
3 90% of Skanska employees reported feeling proud of their workplace, according to the Leesman Index®.  
4 Skanska scored 78.9/100 on the Leesman scale. Any score above 70 is considered high performing

## COMMERCIAL FEATURE



## NO PLACE LIKE WORK

Turning workplaces into destinations

In conversation with Jonathan Emery, managing director, property, Europe, Lendlease



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The idea of workplace has changed dramatically in recent years. Technology means we can now work from almost anywhere. We can send emails on the train, we can take part in conference calls in airport lounges and the concept of working from home is now commonplace. The office, in short, is no longer the sole place we work. This, says, Jonathan Emery, managing director, property Europe, Lendlease, "has changed how we now determine what makes a great workplace".

Lendlease is a global leader in developing workplace destinations and has made a name for itself through its large, long-term, complex projects, including its recent Barangaroo development in Sydney and the £2.4 billion International Quarter London project in Stratford being delivered in partnership with LCR. A good workplace, Emery believes, should be one that puts people first, reflects the culture of an organisation and delivers business outputs in the most efficient way. Of course, organisations measure workplace effectiveness in many ways. The elements of productivity are not straightforward and can be informed by a variety of different factors. "As a provider of workplace in the built environment, the cost aspect of productivity is a key consideration for most organisations, but it's not the sole ingredient or indeed the most important," Emery says, "It's not just about the physical cost of occupying a building but, critically, the output of the workforce occupying it." Emery believes we need to look at the workplace as a motivator. "Done right, the workplace can provide employees with a positive sense of purpose. It can contribute to enhanced health and wellbeing, create a sense of community and improve pride in a place of work. All of which significantly enhance productivity and contribute to the attraction and retention of talent."

It is in creating this type of workplace environment that Lendlease has built its experience and as a result become a global leader in the space. "Place making is a complex process," Emery explains, "Place making for the workforce is undoubtedly a collaborative effort between occupiers, interior designers, architects, engineers, furniture designers and tech, however the benefits of a conductor – experts in workplace design who really understand the full suite of evidence based ingredients and are informed in the latest thinking and tested ways of working – is essential to creating truly great workplace destinations." Moreover, the workplace is expanding outside of its traditional mould. "It is no longer simply the office floor which determines a successful workplace; the surrounding environment such as the streets and public realm are increasingly important as we become more mobile," Emery says.

Lendlease's workplaces tend to be focused within large urban regeneration masterplans. So the development teams are able to expand their remit to the curation of not only the office floorspace but also the mixed-use elements that surround it. Emery says, "We carefully consider how we organise the public realm, the retail experience, to ensure as a whole it contributes to a holistic workplace experience. We have seen that providing these aspects not only encourages people to spend time at work, but also improves their productivity while they are there." Both LCR's experience at King's Cross and Lendlease's Barangaroo development in Sydney stand as testaments to this approach. Barangaroo has been designed to put people first and this is crucial, Emery believes. "Just entering the precinct, walking through the streets, before you even get to the offices themselves, you get a sense that this is a vibrant place to work. And that immediately starts to energise you and inspire that sense of purpose." "The workplaces themselves offer employees personal comfort combined with transparency and connectivity to immediate colleagues and wider business groups. Through the organisation of space and design cues, there is an open invitation and encouragement to circulate and collaborate." Driven by delivering quantifiable outcomes for its clients, Lendlease focuses heavily on research and uses international reporting methods, such as the Leesman Index, to review the positive impacts its workplaces have on organisations. "In Australia, the resulting staff engagement has been excellent," Emery says, highlighting Lendlease's work at the Brisbane Showgrounds as a key example. "Our vision for the redevelopment of the showgrounds was to reignite the local

iconic landmark for modern day life and create a vibrant new working community at its heart." Emery explained, "What we found, after our own Lendlease team moved in to the first building, was an exceptional increase in a number of the Leesman Index's key indicators, with 83.4% saying that their workplace was a place they were proud to bring visitors and 74.5% saying that the new office contributed to a sense of community at work. We were also impressed to see a 31.6% increase in people saying the new space positively impacted workplace culture." International Quarter London, the joint venture between Lendlease and LCR in Stratford, presents an exciting opportunity as it's the first time the company has brought its workplace expertise to the UK. "International Quarter London really signifies the importance of creating a workplace as a destination," says Emery. "It is offering us as regeneration partners the opportunity to create an entirely new and future-proofed business district, one where we are able to bring our learnings from across the globe and tailor to the UK market." At International Quarter London, employees' choice of workspace will not be limited to a desk, office floor or building. "We are investing in a ground plane that is designed for our tenants. Completely wifi-enabled, the public space will provide the amenities for working outdoors, and will be combined with a retail offering that encourages collaboration between both employees and businesses alike." Staff from Transport for London and the Financial Conduct Authority will be the first to experience this fresh design approach, making the move to Stratford in 2017 and 2018 respectively. Emery believes International Quarter London will create a shift in the way workplace is perceived, used and evaluated. "The workplace is no longer just a building. They are, and should be, destinations."

## ABOUT LENDLEASE & LCR

**LENDLEASE**  
Trusted by corporations and governments, Lendlease is a world leader in delivering end-to-end property solutions. Whether its new neighbourhoods, productive workspaces or vibrant retail destinations, Lendlease are committed to creating places that people can feel proud of, now and for generations to come. As specialists in urban regeneration, Lendlease work with communities across the world to transform areas in need of investment and revitalisation into thriving and sustainable neighbourhoods. With the vision to create the best places, Lendlease are working in partnership with LCR to create International Quarter London a new workplace destination that is using pioneering workplace design and placing culture, health and wellbeing at its heart.

**LCR**  
LCR is a UK Government-owned company that specialises in the management, development and disposal of property assets within a railway context and, in particular, property assets associated with major infrastructure projects. LCR was responsible for the delivery and subsequent sale of the High Speed 1 railway comprising St Pancras International, Stratford International and Ebbfleet Stations. Earlier this year, LCR sold its share in the King's Cross regeneration programme for which it has been a steward for almost two decades. LCR and HS2 have established the HS2 Growth Partnership to work with local authorities in line with their local HS2 Growth Strategies, to bring forward development around stations on the proposed HS2 route. In Manchester, LCR is pursuing the regeneration of a 24 acre site adjacent to Piccadilly Station in partnership with public sector landowners Manchester City Council and Transport for Greater Manchester in conjunction with development partner, U & I.

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# LEVERAGING THE WORKPLACE INDUSTRY

Creating an office that enables productivity begins with the right questions



One of the greatest weaknesses of today's workplace industry in the UK is that it is dominated by a silo approach – different packages of advice and outcomes come at different stages in the lifecycle of the workplace.

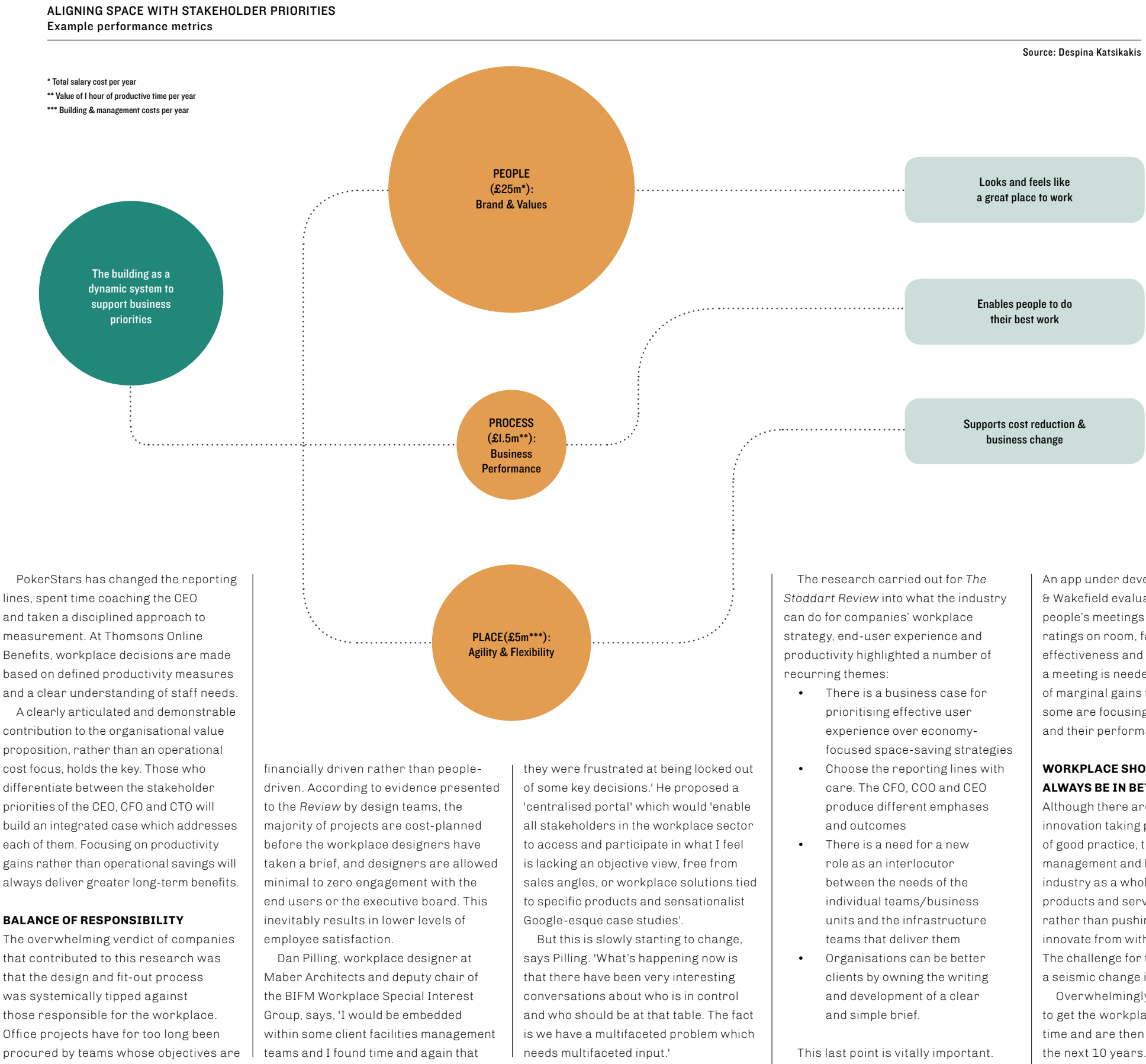
Important decisions on key elements such as budgeting, design, value engineering, fit out, furniture, behavioural/change management, post-occupancy evaluation, refits and workarounds all take place at different times with the people involved rarely working together towards common performance-driven outcomes. This affects the ability to deliver a continuous strategy.

The result of this mode of operation is that the workplace industry constantly appears to be pursuing the next best thing. It is susceptible to being seduced by trends rather than pushing its clients to innovate from within. This in turn leads to the industry being seen in negative terms. In other words, the industry has an image problem.

REPORTING LINES

One key determinant of this fragmented approach to workplace strategy is the reporting lines that many companies follow. The traditional reporting lines of facilities management into the financial director and chief operating officer often guarantee a traditional, cost-driven approach. However, it is clear that progressive employers who see workplace, tech and human capital on an equal footing are changing those reporting lines. A direct line into the chief executive officer creates different parameters and opportunities.

The companies that have contributed to this research have made clear that reporting lines matter when considering the link between strategic workplace and organisational intent. The companies who are doing it successfully appear to be learning directly from their employees about their workplace needs. They are then training their custodians of the workplace, whether executives or individuals embedded as workplace advisors, to focus on performance-driven outcomes from their advisors and supply chain.



## CHIEF WORKPLACE OFFICER

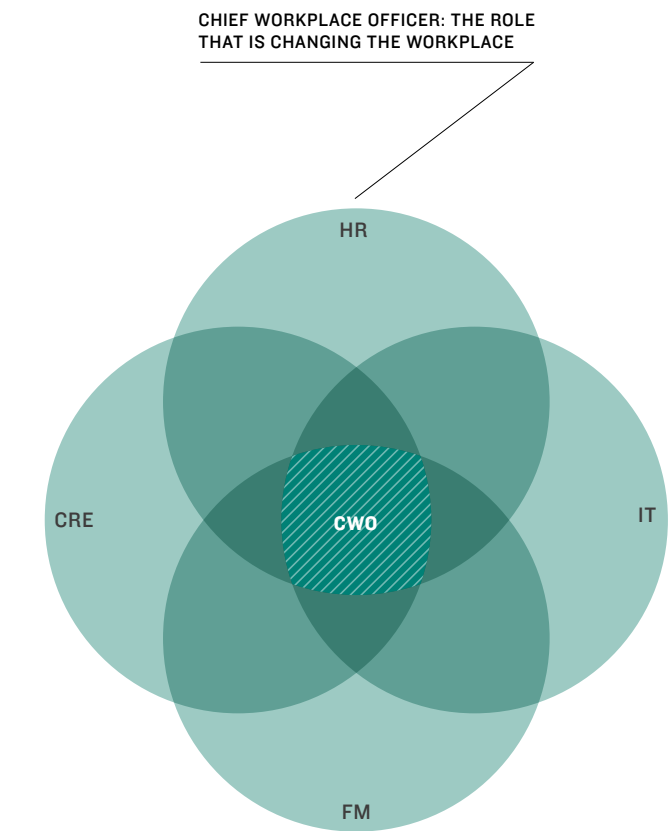
The *Stoddart Review* has shown that the interface between people, place and process should be the preserve of a specialist with appropriate levels of access and influence. This role is now meaningful for the first time because of the enormous availability of data. Scandinavia seems to be leading the way. Exemplifying this is Ericsson's recent appointment of a global head of workplace experience, Charlotte Ivars, with a budget of SEK 2 billion.

Airbnb's CHRO, Mark Levy, recently changed his job title to chief employee experience officer. It's clear that leading global organisations are changing the way that functions and stages of the process integrate.

The *Stoddart Review* uses the shorthand of chief workplace officer (CWO) to describe this role. The CWO removes obstacles, fosters collaboration and oversees an environment in which peer-to-peer information sharing, collaboration and production can occur. The CWO acts as a 'super-connector' who knows the right people to turn to and who is able to match the right people to the right opportunities. This CWO can develop integrated business cases and acts as the interpreter between individual team/business unit needs and the infrastructure teams that deliver them.

Where does your board look to for this elusive individual? Good role models already exist within facilities management, HR, corporate real estate and IT.

Julie Kortens, Chairman, BIFM, says, 'As the nature of the economy is changing to one biased towards intellectual outputs over production outputs, so too we are seeing a change in the value placed on professionals who act as workforce facilitators, making marginal gains in performance in each and every employee. The facilities management profession brings together people, place and process to enable business, and in this new smarter, leaner, faster world, skills in this area will be a source of competitive advantage for business. However, as the demand rises so too does the need for the profession to ensure it is upskilled and ready to help transform business productivity.' ■



<sup>1</sup> Marginal gains theory suggests that incremental improvements in any process add up to a significant improvement when they are all added together.



# AGILITY IS ESSENTIAL TO SUCCESS

Every business needs to behave like they are a fast-growth business

Modern businesses strive to move forward in the face of strong headwinds such as unprecedented digital change and new open business models. They also face new challenges in terms of access to talent, particularly talent that is able to find new value in innovative ways. These headwinds were felt throughout our research process, emphasising the need for agility in the workplace and from those supporting it.

Founder and executive chairman of the World Economic Forum, Klaus Schwab, said, 'It isn't the biggest fish eating the smaller fish anymore, but the fastest fish that wins.' Andrew Liveris, CEO of The Dow Chemical Company, puts it slightly differently: 'All innovation has become short cycle: long cycle is a luxury companies can't afford. Speed is survival.'

The average tenure of a Fortune 500 CEO is 4.6 years, reports *Forbes*. Business agility is no longer a luxury; it is critical for survival. According to PwC's Annual Global CEO Survey for 2015, the restless pursuit of 'what's new' has meant that 51% of CEOs planned to enter into new strategic alliances or joint ventures in 2015. Changes in corporate structure such as mergers and acquisitions put pressure on the workplace industry to deliver an agile work environment that allows businesses to jump on opportunities faster.

Lease lengths, International Financial Reporting Standards (IFRS) accounting regulations, office supply and divestment strategies have created lag times and inflexibility that contradict the shorter cycle of business today. 'If yesterday's workplace strategy focused on moves and changes, today's has to juggle supply and demand. With it there has been an elevation [for workplace professionals] in scope, line of sight of P&L, and ability to see workplace as part of a portfolio of solutions,' says Julian Griffith, sales director, EMEA, at Condeco.

Speed and cost are now equally important and are now determining the shape of real estate portfolios. These portfolios now comprise a core space on longer leases supplemented with flexible space on short leases and co-working space. This portfolio shape enables businesses to handle peaks and troughs with headcount and navigate longer term supply and demand in the wider marketplace.

**AGILITY AND SOCIAL COHESION**

Fast-growth businesses consistently demonstrate that business agility is contingent on a socially cohesive organisation. Human beings are social animals and work is a social institution.

Long-term relationships (whether networking, friendships or even marriages) are often formed at work. In the best workplaces employers recognise that their staff want to forge these relationships and that company allegiance can be built or strengthened from such things. In short, collaboration is contingent on social infrastructure.

This is backed up by research from Gallup, which identified 12 dimensions of a healthy workplace. One of the key dimensions was the presence of a best friend at work. The study showed that employees who reported having a best friend at work were 21% more likely to report that at work 'they have the opportunity to do what they do best every day'.

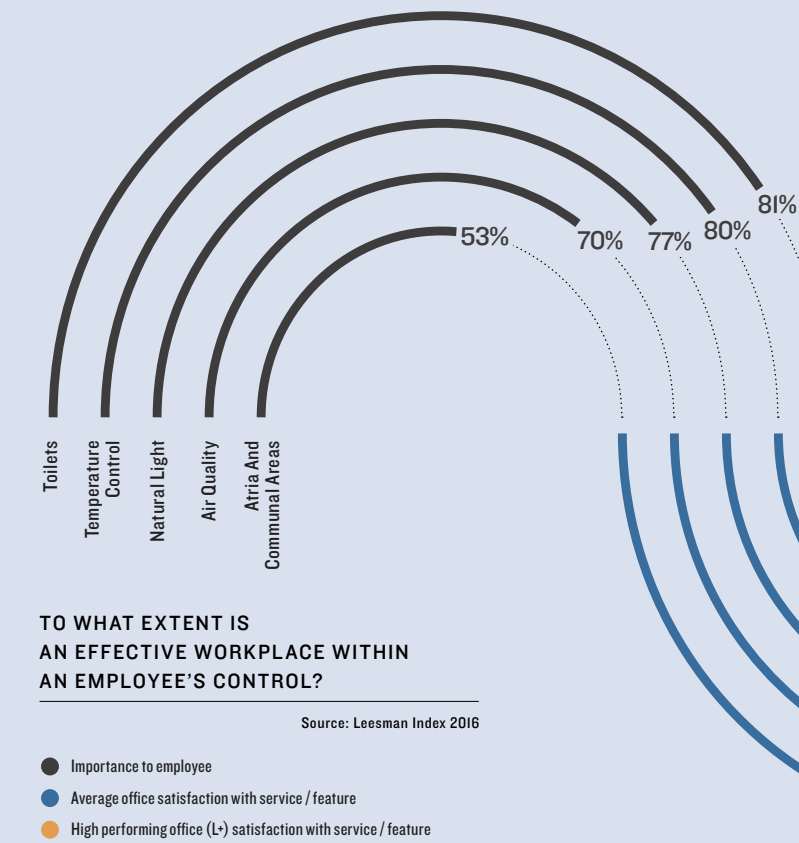
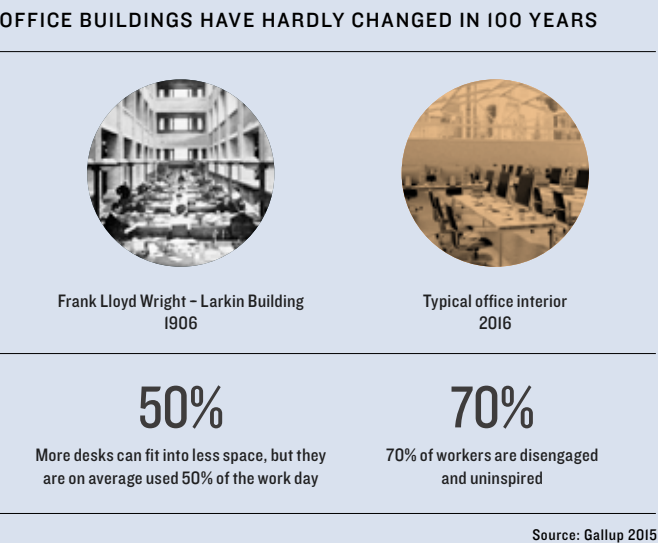
**EVERY BUSINESS IS A TECHNOLOGY BUSINESS**

Almost all successful businesses rely on technology in some way. Employers are competing for people who deliver value in new ways. A ubiquitous talent platform transferrable to any organisation, whether start-up, scale-up or established, gives a significant competitive advantage. Even where tech is not part of the service offer, it plays a crucial role in customer service, supply chain, HR management and promotion. Retail is a great example of a sector with a fundamentally different business model, synonymous with tech.

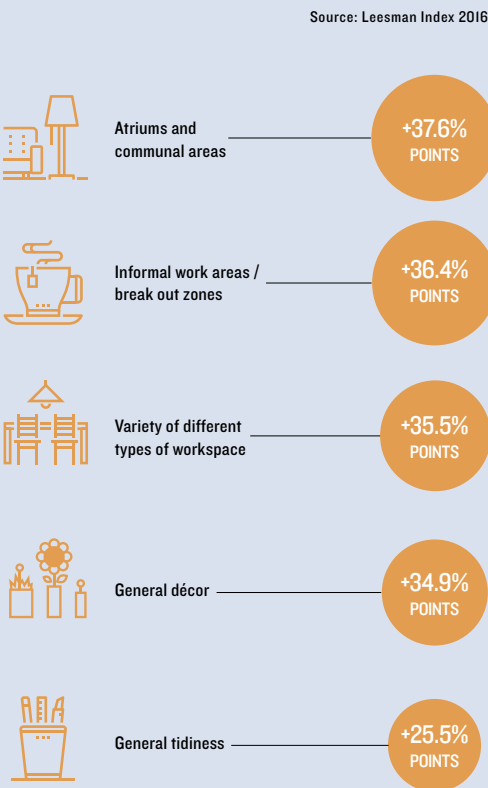
However, just because a company needs technologists does not mean it needs an office space like Google; it needs to serve the needs of the people working there. The workplace needs to scale up and down with a degree of flexibility that traditional space planning approaches cannot accommodate and

## THE SMART OFFICE

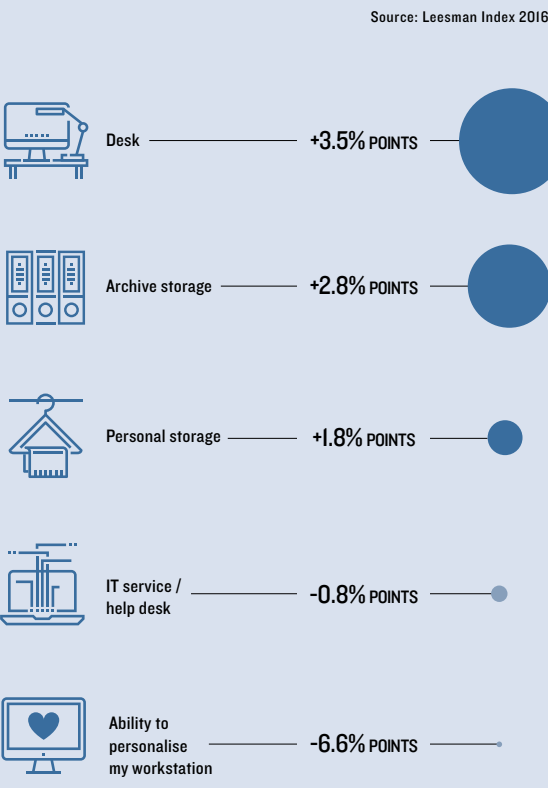
Leveraging the workplace features you already have



### THE FEATURES WITH THE HIGHEST SATISFACTION DISCREPANCY BETWEEN HIGH PERFORMING AND AVERAGE OFFICES



### THE FEATURES WITH THE LOWEST SATISFACTION DISCREPANCY BETWEEN HIGH PERFORMING AND AVERAGE OFFICES



“Choose your building with care. Many of the attributes linked to your employees' definition of an effective workplace are the result of base build design. Of course, there's nothing stopping them from being augmented

Leesman Index 2016

“The industry will not provide unconventional solutions on a plate. Business leaders need to create and negotiate alternative provision models that suit their needs

engagement and productivity.' Workers wear accelerometers to determine their sitting time and inactivity. There are organisational interventions such as walking and standing meetings. 'The workplace is very important for overall health,' says Young, 'but the interventions you have are equally important. The World Health Organisation says we spend a third of our lives at work so it's the best place to fight poor health.'

Lendlease also uses behavioural economics techniques such as ensuring workers walk past bowls of fruit and providing discretionary healthy food. But there is always room for improvement, says Young. 'The physical workplace provides an enormous opportunity for organisational change.'

Lendlease says that it incorporates the importance of overall health into its workplaces. 'We have short, sharp meetings less than 30 minutes and we do them standing,' says Young. 'We encourage active commuting with end-of-trip facilities and secure bike parking,

showers and lockers and sometimes even towels. We can't create any more hours in the day so we maximise the time we've got.'

Companies that are authentic in their own dealings tend to attract a more engaged workforce. A good workplace removes the barriers that stop people working effectively and sends a powerful message to people that they are valued. That, in turn, fosters engagement.

**THE CONSUMERISATION OF TECH**

Tech also brings instant gratification syndrome.<sup>1</sup> It has made us fickle and impatient in our expectations of the tools we have been given to do our jobs. The workplace needs to move fast and flexibly enough to stay relevant and capture the imagination of current and future employees. The consumerisation of tech has made a difference. Tech and workplace go hand in hand, yet in many offices the technology disappoints. Many companies cited the need for faster tech upgrade cycles, or allowing workers to bring their own devices. Many talked about the importance of video conferencing, which is backed up by the Leesman data, as video conference facilities improved Leesman + buildings' scores by 21.7 percentage points). They also talked of the need to properly accommodate freelance and dispersed workers.

Modern businesses need to be agile to survive and the workplace needs to keep up with this. The clear message is that with the right investment in technology and workforce the existing institutional barriers such as lease length do not have to stand in the way of agility. But the industry will not provide unconventional solutions on a plate. Business leaders need to create and negotiate alternative provision models that suit their needs. ■

<sup>1</sup> Instant gratification is the desire to experience pleasure or fulfillment without delay or deferment.

### CASE STUDY

## Thomsons Online Benefits

'The workplace provides a stable home to go to for work'  
Michael Whitfield, CEO, Thomsons Online Benefits

I have driven and continue to drive the culture of values behind Thomsons and I am convinced that it is the original culture and behaviours that allow us to be productive as a business. We are a client-focused business but for certain types of people, and in particular software engineering, it doesn't matter where in the world they work. They are more productive in an environment they're enjoying.

In the good old days we'd measure productivity with time and motion. Now we use the Net Promoter Score, in which you work out your percentage of detractors and promoters. We ask staff the question every quarter and this is how we see whether someone in the direct client space is being productive.

We believe that if you take care of the clients, the revenue takes care of itself. In terms of the workspace, we believe that it provides a stable home to go to for work. But the workplace has to be representative of the company values. Our offices all feel and look very similar: We don't want to be overly funky. We do have things in place such as clear-desk policies, no knee-holes under the desk, lots of meeting spaces and half as many soft-seating areas as desks. This encourages people to be more comfortable. So the workplace is important but not so much so that you need to do things for effect. There's no point if it doesn't match your culture.

We have never had facilities management but we do have people looking after the office infrastructure. The tech guy runs the hardware but the people who look after the facilities work in HR, in conjunction with me. I am not a designer but I have a clear picture of how you bond people with brand and environment. We have 500 people in the business. And I tend to sit down with the GM in each area with a core theme and vision of what I want to achieve. Then we adapt it locally. But the core values are the same.

A workplace strategy doesn't have to come from someone who works in facilities. It just has to come from someone who understands the business. When people come to our offices, they feel who we are before they see who we are. You can't create buzz by putting stuff on the walls but you can create an environment where people feel productive.

Four years ago my CTO told me that the engineers were going to work in Whistler, Canada, for the season. I was, naturally, quite concerned but I went along with it. We measured their productivity in terms of coding output. Compared with the London office, they produced 25% more while working fewer hours. I was gobsmacked. From then on we have allowed much greater flexibility for that type of worker. It works for them because they don't have to be on the telephone at a set time and you can measure quality and volume of their output.



# WHERE TECHNOLOGY FITS IN

## Smart businesses are creating smart workplaces in service of people

The modern workplace has been transformed by technological advances such as digitalisation, automation and the Internet of Things (IoT).<sup>1</sup> While tech innovation is a constant and fast-moving process, it is important to focus on what is available now within the range of affordability and skillsets rather than become distracted by future-gazing deep into the digital age.

Enlightened practitioners of workplaces are now taking a tech-focused strategy, from retrofitting offices to purpose-built buildings, to achieve the best results. These results are possible as the IoT and available information enable greater individualisation and customisation, greater performance optimisation through data analytics, and greater agility that promotes results-driven intervention and management. Gartner predicts that IoT deployment in commercial buildings will continue to grow at a rapid pace over the next few years and will include more than a billion connected things by 2018.

However, UK companies are only just starting to grapple with how to get the most out of their workspaces and many are still only beginning to address the immediate considerations that were laid out in sections 1 to 4 of *The Stoddart Review*. The rapid changes in technology reinforce the fact that there is no such thing as a one-size-fits-all workplace. Within a workplace each business function or team has different needs. Workplace, enabled through tech, can therefore be viewed as a series of inter-connecting eco-systems.

Tech has been the great enabler of our workscape – the wider portfolio of formal and informal space where we now work – and this reinforces the idea that employees do not need to have a specific work location to carry out their operations and meet their goals. Technology and real-estate expert Antony Slumbers has said

that the workplace will only remain relevant as somewhere 'exponential humanity counterbalances exponential technology'. Slumbers is talking about great design, somewhere that inspires people, a place for creation, somewhere people use their imagination, a place where empathy abounds, where ingenuity and innovation is what matters, and a space for collaboration.

Industry leaders were keen for our researchers to understand the difference between organisations that use tech to enable their employees, rather than to demand more from them, either explicitly or implicitly. If tech and workplace enable, then tech, workplace and culture empower.

Employers who are ahead of the curve when it comes to workplace design are already very aware of these elements

and are striving to instil them. This is demonstrated in the Leesman+ responses, which consistently show higher scores for social infrastructure and other aspects (such as the opportunity to have chance meetings) that encourage collaborative working.

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Rather than isolating and alienating workers as one might assume, workplace technology can bring them together and facilitate greater levels of collaboration and innovation

**SMART WORKPLACE**  
OVG's Amsterdam building, The Edge (of which the main tenant is Deloitte), is one of the smartest workplaces in the world. It's a tipping point project for real estate developers, as it gathers information on the workers' needs and responds to them. Workspaces within the building are allocated according to specific scheduled needs and

once workers are there, things such as light and temperature are modified according to personal preference. The Edge is also the greenest building in the world, with a BREEAM rating of 98.4% – the highest score ever awarded.

Deloitte constantly collects data on how staff inside the building interact with each other. A central dashboard tracks everything from energy use to coffee machine performance. This means that when fewer staff are expected on certain days, whole offices can be closed down, minimising heating and lighting costs. While data collation is part of the equation, so too is the need for human behaviour to be as adaptive. For Deloitte to realise the benefit

### CASE STUDY

## Mitie Energy

'If you can't measure it you can't improve it'

**Jamie Hall, head of analytics at Mitie Energy, and Mark Tyson, solutions director**

We don't believe there is a one-size-fits-all answer to measuring productivity,' says Mark Tyson, solutions director at Mitie Energy. 'The answer lies in individual companies' own productivity measures and linking them to the built environment they occupy.' UK PLCs are dependent on advancements in science, technology and knowledge as a competitive advantage, says Tyson. Individuals' cognitive function is key to this and Mitie uses the idea of marginal gains theory (breaking everything down to its constituent parts and improving them all by 1%) to show that small improvements in recruitment, motivation, wellbeing and environment can positively affect cognitive performance.

Mitie is collaborating with Red Bull Racing to provide advanced building telemetry at its Milton Keynes factory. At the heart of the solution sit live data and the building's users. Mitie is collecting and analysing live

environmental data from the factory buildings using custom-built sensor technology. This works on the principle that monitored variables such as air quality, light levels and humidity can affect both physical manufacturing processes and human performance. Collecting this data allows the company to optimise working environments for enhanced performance.

'If you can't measure it you can't improve it is the initial wave of focus from our teams,' says Jamie Hall, head of analytics at the company, which is also working with Sheffield Hallam University on an Innovate UK Knowledge Transfer Partnership (KTP). 'We are keen to introduce true transparency and measurement of variables that haven't been measured closely before (such as air quality and noise) and their relationship with existing FM and maintenance data. The next stage for us is working with the academic community to develop evaluation models on optimum working

conditions, linking to wellbeing strategies and overall productivity.' 'One of the main aims of the KTP is to learn what constitutes the most comfortable and productive conditions for a range of employee groups,' says Hall. 'For example, what are the optimum conditions a knowledge worker needs to perform at their best? Through improving productivity, we will improve employees' output (both the quantity they produce and the quality of that output), helping businesses to grow.'

He adds, 'Over time we believe there will be models, rules, algorithms which apply

to demonstrable productivity improvements at team or activity level. These activities will then be cross-referenced between businesses as a lot of activity is duplicated such as in the back-office for example.'

What this will mean, says Tyson, is the creation of roles within data science, 'to advise on the best actions companies should take based on what they are learning about their built environment and their employees'. This, he says, 'will inevitably mean a crossover from FM and property into HR, IT and long-term business strategy'.



of closing areas down, their people need to be able and willing to work somewhere else. Behaviour and culture have to be programmed into the new workplace genome.

There has also been an increase in the number of products that help deliver smarter individual performance. A good example is wellness tech that can lead to higher levels of worker satisfaction. A report by ABI Research, Wearable Wireless Devices in Enterprise Wellness Programs, predicts that by 2018 at least 13 million workplace wearable devices will be integrated into wellness programmes. At The Edge, smartphones are used to find colleagues, manage gym bookings and adjust heating and lighting temporarily to reflect personal preferences. To facilitate this, work areas are equipped with built-in wireless phone chargers.

A 2014 study from Stanford University<sup>2</sup> found that creative thinking improved while a person was walking and shortly thereafter. Outside of a lab environment, organisations such as Lendlease are using new technology to measure how much time employees are spending at their desk or walking around. Measuring this allows them to instigate schemes to encourage people to walk more in the office or engage in active commuting (and this can be encouraged in the physical workplace by providing end-of-trip facilities such as showers and bike parking). Companies are now able to measure the peaks for runners and walkers and rework strategy accordingly. 'When you provide

<sup>2</sup> Oppizzo, Marily, Daniel L. Schwartz, and © 2014 American Psychological Association. 'Give Your Ideas Some Legs: The Positive Effect of Walking on Creative Thinking' Journal of Experimental Psychology (2014)

great facilities it encourages people to use them,' says head of workplace and wellbeing, Duncan Young. Tech plays a key role in getting this right.

Lendlease encourages its staff to wear heart-rate variability monitors. These monitors show whether people are in 'fight' or 'flight' mode. Once this has been observed the company has a behavioural change system in place to educate staff on how to breathe properly, how to make the most from micro-breaks and to develop a healthy sleep and eating routine. This all ties back into the productivity benefit. Seminal studies of elite athletes suggest that top performers sleep on average eight hours and 36 minutes compared with the average person who sleeps for six hours and 51 minutes. Research by the National Institute for Health and Care Excellence (NICE) suggests that promoting a culture that improves the health and welfare of employees leads to a healthy and productive workplace as it reduces the occurrence of workplace illness (which it estimates leads to around 27 million lost working days per year and costs the economy £13.4 billion annually).

### FOCUS ON STAFF

Organisations that want to be successful in using technology to improve the workplace must start with the staff in mind rather than jumping on the latest tech trends.

By using tech that gathers quantifiable data – such as seat sensors to show how much time people are at their desk – companies can then better develop workplace solutions focused on the end users. Unless those planning the workplace have a clear understanding of the needs of its users, the tech cannot be implemented properly. The best solutions are created with the employees in mind.

It might be tempting to picture this tech-enabled future workplace as a soulless place, run for and by robots.

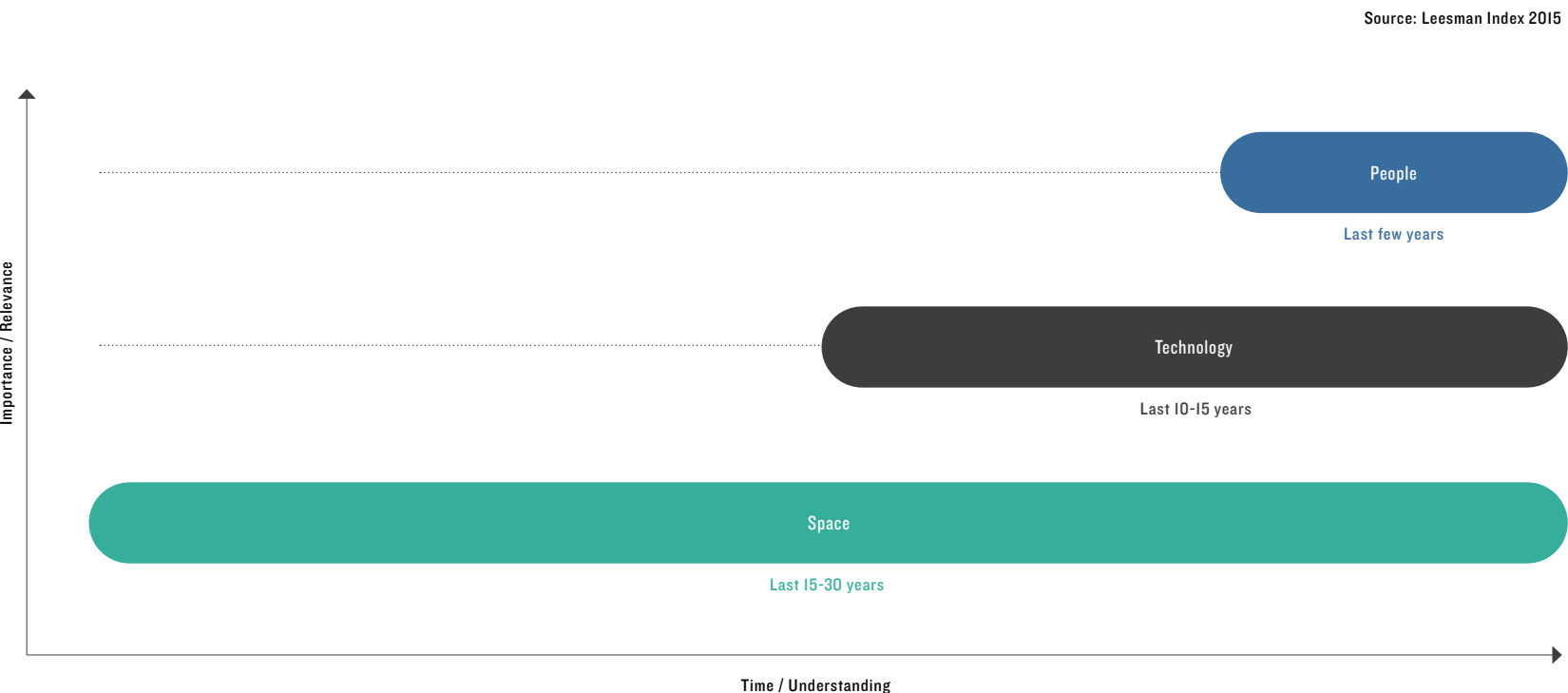
But the strong message from the research is that with careful leadership consideration, the tech-enabled workplace can also become the most humane workplace. ADP Research Institute's 2016 Evolution of Work study of more than 2,400 employees and employers across 13 countries found that, while there is a sense of fear that increased technology will lead to automation and job loss, 37% of UK staff are technology advocates. They believed it improved connections with co-workers and employers, made their working life easier and helped them operate more effectively with global staff, not to mention reducing travel costs. A recent report on co-working from Corenet Global suggests that in the long term, VR, AR and even holographic solutions will enable remote workers to satisfy their own social needs virtually so the workplace can be tech-enabled to improve the environment of people who are not even in the building.

The Leesman data supports these innovations. It sees that offices that are making good use of the tech available, such as sensors to control temperature, lighting and IoT, have the highest satisfaction with their workplace because it is a comfortable place for people to work in.

Both the qualitative and quantitative research shows that rather than isolating and alienating workers as one might assume, workplace technology can bring them together and facilitate greater levels of collaboration and innovation.

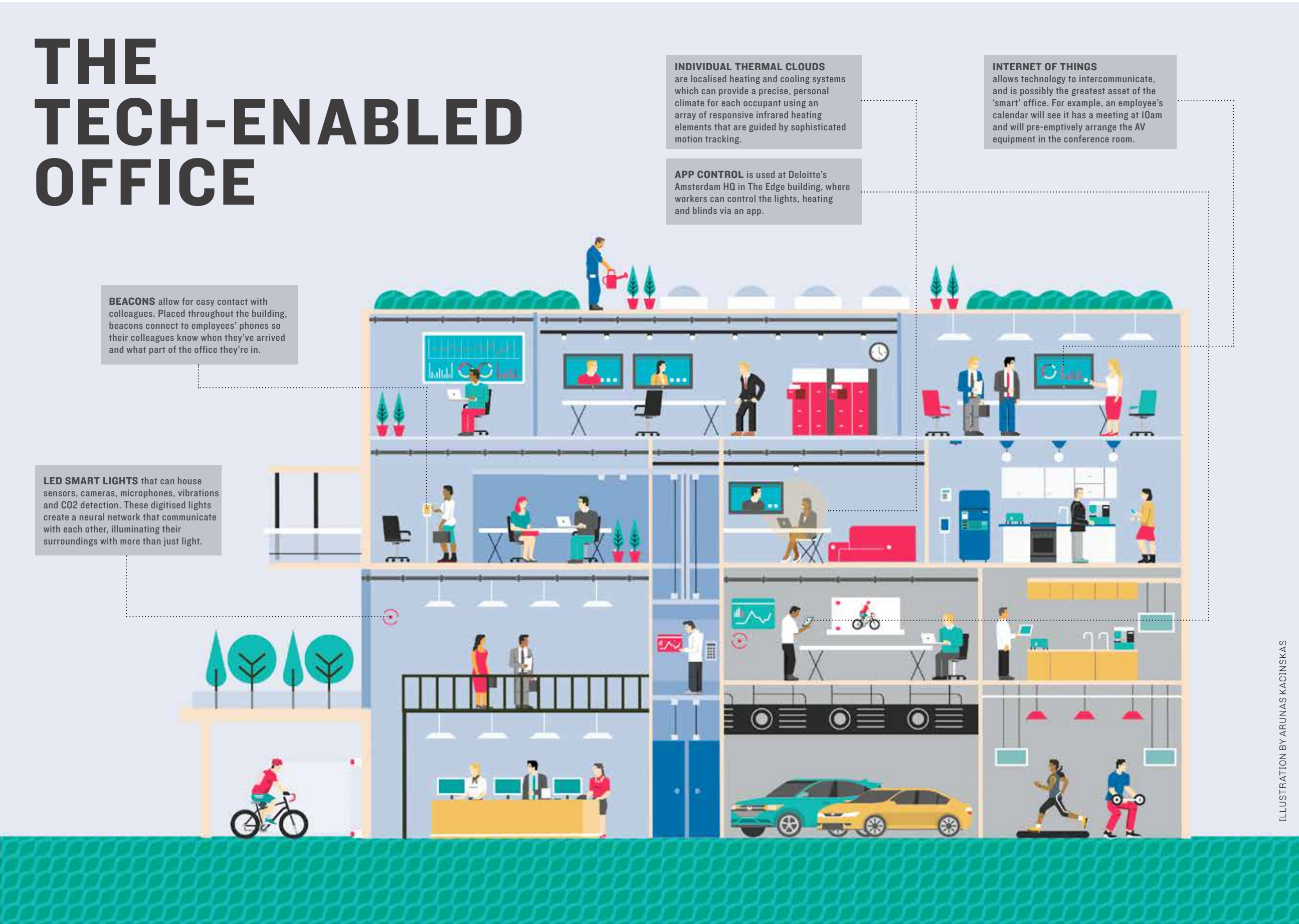
Of course, a multitude of factors will equip the workplace for future business success and each organisation will continue to have its own priorities based on its workforce and outputs. But we are confident that what successful businesses will all have in common is that they have shifted workplace further up the value chain. ■

### WORKPLACE DESIGN FOCUS / CHALLENGE



<sup>1</sup> The Internet of Things is a network of internet-connected objects able to collect and exchange data using embedded sensors without requiring human-to-human interaction or human-to-computer interaction.





## Despina Katsikakis

Industry leader and workplace transformation consultant

The social value of the workplace has changed and this is particularly relevant with renewed focus on mental health issues in the workplace. There is so much data around how people are so much happier when they feel connected to others in the workplace.

People who have friends at the office are at least four times happier at work than those who don't and 71% of millennials want their co-workers to be a second family. So this notion of being connected and having a sense of community becomes a really critical issue.

The real power behind the growth in the co-working

environment is around belonging to a creative community, a creative ecosystem. And the more we become seamlessly virtually connected, the more important physical place becomes to bring us together in very meaningful ways.

The physical environment is constantly giving messages that influence behaviour, and you can either use that as an organisation or ignore it.

I work with companies where on so many occasions I'll speak to senior managers who say that they want to be open and inclusive and accessible and they're sitting behind an enclosed door with a secretary in front of them who acts – with

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**The physical environment is constantly giving messages that influence behaviour, and you can either use that as an organisation or ignore it. Sadly, the majority of organisations ignore it.**

the best will in the world – as a guard dog. The message that gives is not accessible, not open, not inclusive.

If you change that and put the same person for part of the day in an open, social setting where people can talk to them at any time, they're giving a very different message. This is the physical environment combined with behaviour and attitude.

The open-plan office was designed by Frank Lloyd Wright at the turn of the century and it was designed to enable the uninterrupted flow of work and clear visual supervision. It worked exceptionally well but in 100 years a huge amount has changed and not so much has changed in the physical environment.

We know now that open-plan offices tend to be the antithesis of collaboration, sometimes actually promoting isolation. But if you begin to layer the work environment with places that support connection, places that allow people to be open and spontaneous and accessible to one another, you can actually create the

opportunity for innovation through collaboration.

If workplace professionals were rewarded on increasing the perception that the organisation looks and feels like a great place to work, then their driver would be very different in terms of what they were delivering.

To truly enable a people-centric workplace you absolutely have to have management vision and practices. You need to have the right culture and behaviour and you need to have the right space, technology and services. Unless you have those policies and practices in place and people are walking the talk, there's no point. ■

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# PROPERTY AND PRODUCTIVITY ARE INTRINSICALLY LINKED

By Alison Nimmo CBE  
CEO of The Crown Estate

Much has been said about the UK’s productivity crisis as it continues to be in sharp focus for government and business. Raising productivity levels is essential to deliver stronger economic growth and the Chancellor placed it central to his Autumn Statement.

Of course, productivity itself is a controversial subject. As a metric it alienates industries that exist to collaborate, serve customers or innovate – the basis of many of today’s business models. Every business will have its own performance metrics, however, and in seeking greater shareholder return or higher performance, will be using various organisational performance levers.

So far the national debate on UK productivity has been silent on real estate, facilities management and workplace, yet, according to the UK and Ireland Leesman Index, only 53% of respondents agree that their workplace allows them to work productively. This is an unpalatable figure for any business leader to read, and one that cannot be ignored.

The research in *The Stoddart Review* has uncovered an explicit link between how well a workplace supports the

activities that employees undertake in their role and the extent to which they say that their workplaces help them to work productively. This might sound like stating the obvious but the more tailored the infrastructure (hard, soft and virtual) to the needs of those it accommodates, the better employees perform.

When it’s so patently apparent, why is it that so few organisations place sufficient strategic importance on the physical working environment as a key driver of organisational performance? Why do so few employers place the creation of a workplace that is fit for purpose centre stage?

*The Stoddart Review* is named after the late Chris Stoddart, an exemplar in the workspace industry who worked with The Crown Estate on our Regent Street portfolio. *The Stoddart Review* is a cross-industry initiative which examines these questions. It has a single purpose: to help business leaders fully understand the contribution of the workplace to organisational performance – in short to see workplace as a key performance lever.

The *Review* is led by a group of experts from real estate, workplace strategy and evaluation, facilities management and academia. Leading figures across

all disciplines supporting the workplace industry have shared insight as well as those at the helm of leading companies in a range of knowledge-based sectors.

It’s not surprising that the *Review* has uncovered paradox and ambiguity. Indeed, there is no silver bullet for the workplace productivity debate, and the *Review* does not set out to find one. But the *Review* did find several recurring themes.

Rather than isolating workers, as one might assume, technology is actually bringing them together and facilitating greater levels of collaboration and innovation. A workforce with access to good technology now has the choice of whether to come to the office – and that office plays a vital role in facilitating community and cohesion. As companies chase a ubiquitous talent platform transferrable to any organisation,

workplace brings competitive advantage as the psychological contract is shifting.

The tech-enabled workplace, or smart workplace, which at the time of this *Review* is entering the mainstream, is also the most humane workplace delivered to date.

It provides a level of individual customisation and data previously unimaginable. The skill base needed to support this is also under adaptation.

But workplace, like other performance levers, needs regular appraisal and calibration. Annual appraisal sits at the heart of all talent management programmes, and yet the *Review* found that measurement or appraisal of workplace is only regularly undertaken by an enlightened few. For many, workplace strategy is still dictated by lease events.

Measurement to date has largely been about utilisation of space rather than productivity of it. *The Stoddart Review* believes this is a misleading metric.

Measuring utilisation – how many people per square foot of accommodation – has led design and occupancy strategies to support density at the expense of performance and productivity. Leading figures were keen to help the *Review* understand the fundamental impacts in reframing an integrated business case around improving the performance of 90% of a typical organisation’s cost base, rather than value engineering accommodation costs, typically comprising 7%.

Overwhelmingly though, the *Review* found a disconnect between the workplace, the industry serving it and the people it is intended to benefit. ‘People-

first’ became a mantra, whether in relation to determining its effectiveness, shaping the design or finding the right size, style and purpose. Ultimately, productivity is a human outcome, not an organisational one. Those leading the *Review* were reminded time and again that the purpose of the workplace is to make employees as effective as they can be. But the *Review* also saw that when workplace is hardwired into an organisation’s purpose, values and brand, it drives pride and engagement and unlocks discretionary effort.

Workplace has been a hidden performance lever for too long. Duncan Weldon’s visualisation of a 1% increase in productivity has profound benefits for us all. The vital work in *The Stoddart Review* helps every business leave this stone unturned no longer. ■



**Why is it that so few organisations place sufficient strategic importance on the physical working environment as a key driver of organisational performance?**



## Where the future works

International Quarter London will deliver 4 million sq ft of new office space to create the capital’s new home for progressive businesses.

