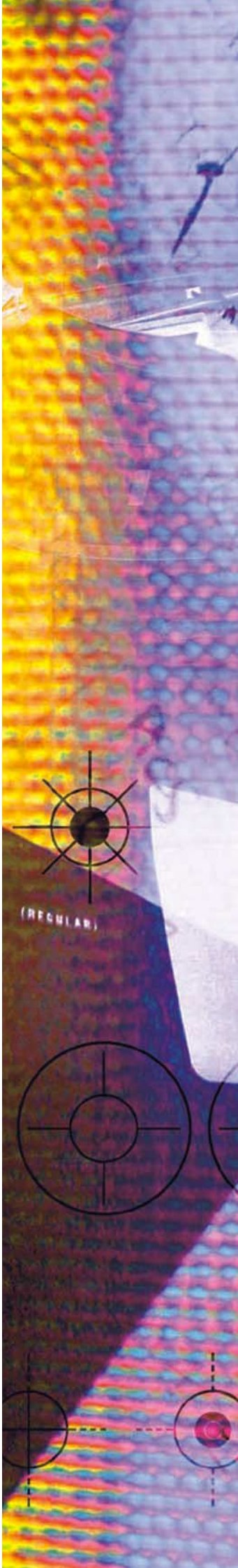


# The Advanced Workspace Portfolio

Advanced Working Papers -  
A series of thought provoking insights  
into work and the workplace





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To mark the 10th anniversary of the formation of Advanced Workplace Associates (AWA), we are publishing a series of twelve Advanced Working Papers, one each month throughout 2002.

The papers, written by leading experts within AWA's senior team, discuss the changing nature of work, the workplace and workplace management. They are designed to challenge traditional thinking, stimulate new ideas and promote a debate about the future of the workplace amongst senior business professionals. The titles of the papers are:

- 1 The History of Work and Where to Next?**
- 2 The Advanced Organisation - New Models for Turbulent Times**
- 3 The Workplace and its Impact on Professional Productivity**
- 4 Alternative Business Infrastructures - Planning for *Business As Usual* in the New World**
- 5 The Advanced Workspace Portfolio**
- 6 True Global Partnering**
- 7 Making Change Happen - Dream or Reality?**
- 8 Developing Business Support Functions for the Advanced Organisation**
- 9 Offshore Transaction Support Centres**
- 10 Advanced Technologies for Advanced Organisations**
- 11 How Can Change Projects Survive Change?**
- 12 Advanced Working - Scenarios for the Next 10 years**

The papers are not an end in themselves - they are merely the beginning of an ongoing debate. To continue the debate and enable contributions from a wide range of senior business professionals, we will be running a series of events throughout 2002 linked to topics within the Advanced Working Papers.



## The Advanced Workspace Portfolio

The world of commerce is constantly evolving. What singles out the early years of the twenty-first century is that the extent of change is much more than it has ever been before – dramatic economic shifts, revolutionary technological development, new visions of how business should be run and how organisations should be shaped in response to the changing business dynamics. In short, the world of work is changing as it has never done before<sup>1</sup>. Against this backdrop then, it is all the more surprising that the work environment inhabited by most people today owes more to an age of the penny post and horse-drawn carriages than to one of email and portable technologies.

Regrettably the picture is all too familiar. Routinely workers are faced with noisy, poorly serviced and ill-fitting workplaces. Stress and work-rage are becoming increasingly familiar symptoms of the inadequacies of the workplace. Added to which, almost daily businesses are having to grapple with the consequences of operating with long-term commitments to inflexible buildings, where they can only guess at the impact the misfit is having on their corporate performance. There has to be a better way. We believe there is, and it lies in adopting an *advanced* approach to workspace - its development, its procurement and its management - the subjects we discuss in this paper.

***“stress and work-rage are becoming increasingly familiar symptoms of the inadequacies of the workplace”***

## The Elements of an Advanced Workspace Portfolio

Each business’s workspace portfolio will of necessity be unique, reflecting it’s own operations, resources, markets and culture. However there are six key elements that every *advanced workspace portfolio* should possess, namely:

- **Location independence** - workplaces within the portfolio are capable of functioning collectively as one composite work environment irrespective of their location - local, regional, national or international;
- **Supporting workstyle diversity** - the provision of workplace settings that truly meet the various and varying needs of workers enhancing their productivity through support for their processes of work;
- **Cost effectiveness** - day-to-day operational costs relate directly to the flows of business i.e. workspace is purchased a *commodity*;
- **Flexible provision** - workspace wholly aligned to the business’s operational needs and therefore capable of *flexing at a macro level* to suit fluctuations in business demand;
- **Flexible adaptation** - enabling work groups and their required workplace settings to be readily reconfigurable and therefore capable of *flexing at a micro level* to suit fluctuations in individual and team demand;
- **Environmental responsibility** - by addressing each of the preceding five elements appropriately, all aspects involved in supporting the processes of work should be determined after having given due consideration to minimising their environmental impact.

<sup>1</sup> AWA Advanced Working Paper 1 - *The History of Work and Where to Next?*



Finally, and what could almost be called the seventh element of the portfolio, there is in addition to the attributes of the workspace itself, the need for those responsible for its management to develop new skills and techniques appropriate to this challenging portfolio.



*Diversity of workspace types and locations*

## **Alignment of Workspace with Business Needs**

The criteria that determines the amount, type and attributes of a business's workspace can be derived from the organisation's business plan. Rarely at present, but increasingly, we will see the reverse being applied, i.e. organisations shaping their business plans based upon a comprehensive understanding of the opportunities afforded through deployment of alternative workspace strategies. This reversal is born out of experience. Experience in which the mismatch of workspace alignment with the needs of the business has been both a drain on corporate resources as well as inhibiting commercial potential from being realised (McGregor and Then, 1999). The mismatch to which we refer occurs for most businesses at strategic, or tactical levels, or both, and is typified by the following:

### ***At strategic level***

- Mismatch arising from an unacceptable amount of workspace that is surplus to business requirements, across the whole operational portfolio;
- Mismatch arising from uneven distribution of the appropriate types and mix of workspace across the whole portfolio, often resulting in *pockets* of surplus space and/or unsatisfied demand scattered across the portfolio;
- Mismatch arising from having a poor balance between types of building and/or facilities and the requirements of the business, either in terms of inappropriate physical conditions and/or environmental servicing of workspaces (technical obsolescence); inappropriate location in relation of resources availability e.g. workforce, raw materials or markets (functional obsolescence); or unacceptably high cost of upgrading to required operational levels (economic obsolescence);
- Mismatch between the current tenure, and the longevity and reliability of the business's forecasts for workspace.

### ***At tactical level***

- Mismatch arising from an imbalance between timing of need and timing of delivery of workspace;
- Mismatch of spatial and service quality expectations of the business and their supply by facilities providers;
- Mismatch arising from uneven distribution of the required types and mix of workplace settings within a building or across the whole portfolio.

Mismatches such as these typically arise as a direct consequence of businesses'

inability to forecast precisely their needs because of their understandable uncertainty about their future prospects. It is largely because of this uncertainty that we advocate taking an advanced approach to the structure, attributes and procurement of workspace portfolios and their management.

The *advanced workspace portfolio* envisages a *balance* between the business's demand for workspace (predictable and unpredictable), and a mix of supply options to suit. We say *balance*, as opposed to steady state, since there will almost always be a mismatch between demand and supply - the key is keeping the mismatch to the practical minimum. However, true alignment of workspace with business needs, calls firstly for an advanced approach to be taken the development of workspace.

## Attributes of Advanced Workspace

The origins of AWA lie in a research project sponsored by the Learning Building Group (LBG) conducted in 1990-91. Part of the output from this study was the recognition that buildings that support the activities of work (i.e. workspace) need to possess five key attributes in order that they may be able to meet users' needs through time (McGregor, 1994). The attributes referred to are:

- **Adaptability** – Ensuring the workspace can be configured and re-configured to suit different building users, their changing needs, work processes and layouts;
- **Capability** – Providing the potential to introduce, replace and change building elements, services and systems throughout any user's occupancy of the workspace and the building's life;
- **Compatibility** – Ensuring that all aspects of the building are wholly co-ordinated and integrated, and none selected or installed without its impact upon, and the influences from, all other elements being considered;
- **Controllability** – Providing users with the means to maximise their use and operation of the workspace, its services and facilities, while minimising the conflicts between corporate values and individual values;
- **Sustainability** – To ensure that the workspace and its facilities are operated and maintained to enhance individual and corporate productivity, and their health and wellbeing at all times, in an environmentally responsible manner throughout the entire life of the building(s).

More than 10 years on these attributes are no less relevant today, and their value is unlikely to diminish in the future.

## Locational Independence in Workspace Portfolios

In the recent past, most work has had to be conducted in specific locations either as a consequence of a geographic dependence (access to customers, tools or resources) or because there was no imperative to do otherwise. Much of today's work involves the development and sharing of knowledge rather than manual labour. More and more business is conducted in global markets and technological developments (especially



processing power and portability) enable people to interact effectively over great distances. Consequently the geography of work is changing. At a macro level, virtual teams and virtual supply chains are changing the geography at a national and international level. At a micro level, the capacity and mobility of technology is enabling interchangeability of workplace locations within office buildings, in transit and at home.

However, the changing geography of work should not just be seen as placing strains adversely on conventional workspace portfolios, but rather giving rise to new opportunities. In Paper 9<sup>2</sup> we discuss the macro level geography of work where businesses attracted by lower costs of labour and facilities, and enabled by falling ICT costs, add off-shore locations to their workspace portfolios. However there are also benefits to be derived closer to home. The ability to interconnect various UK locations such that they are able to operate as a single virtual workplace can afford many benefits in terms of property and facilities costs, as well as providing access to remote labour markets.

Although much of work is a lot less location dependent than it used to be, location is still an important criteria in the selection of appropriate workspace. However the range of locational criteria is likely to change particularly in terms of procurement and tenure arrangements.

At a micro level the ability to support a range of workstyles and activities is also a prerequisite of the *advanced workspace portfolio*.

## Supporting Workstyle Diversity

As we indicated in Paper 1, the concept of work is constantly evolving, as is society's reaction to it. As the inextricable links between the performance of the workplace and the performance of individuals and teams, and hence of the enterprise as a whole, registers with business leaders, then businesses will question their work environments far more critically than they have in the past. No longer will the inadequacies of workplaces be tolerated. Only work settings that truly support the processes of work and the productivity of users will be acceptable<sup>3</sup>.

***“inextricable links between the performance of the workplace and the performance of individuals and teams”***

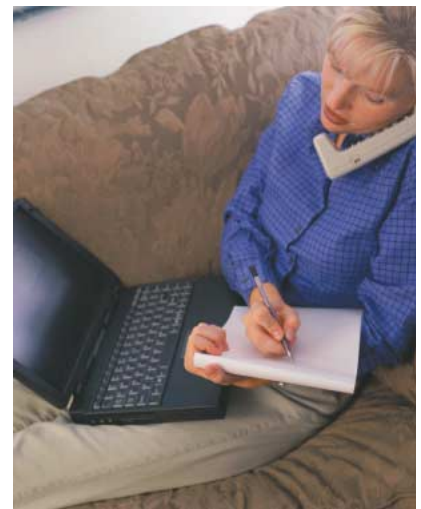
Increasingly work comprises more cognitive and interactive styles than in the past, and in so doing challenges the capability of any one workplace setting dedicated to an individual worker to satisfactorily address all of his/her varied needs. Added to which, work activities are commonly of intermittent frequency and erratic durations. These irregular and transient aspects of work are also major contributors to poor utilisation of workplaces. Conventional workplace allocation of a dedicated desk for each individual, means that when people are working at other locations i.e. in a meeting, collaborating with colleagues at that colleagues' workplace, off-site or elsewhere, the workers dedicated desk lies unoccupied. It is not uncommon for surveys to reveal utilisation levels of 40% or lower. In other words, routinely 60% or more of a business's workplaces

<sup>2</sup> AWA Advanced Working Paper 9 - Offshore Transaction Support Centres

<sup>3</sup> AWA Advanced Working Paper 3 - The Workplace and Professional Productivity

could be vacant at any time. When taken together with the total cost of provision at between £10,000 and £15,000 per workplace per annum, it is easy to see that businesses can be carrying substantial financial burdens for continuing to promulgate outmoded workspace management principles. In their recent study for the RICS, 'Property in business - a waste of space?' Roger Bootle and Sabina Kalyan assessed that UK office-based businesses could save up to £6.5bn by implementing new working practices that reduce their consumption of workspace. (RICS 2002) As organisations continually look to reduce the cost of business, no longer will such largesse be acceptable. Instead in many organisations this will mean severing ties with their traditional allocation of a dedicated workplace for each worker. In the *advanced workspace portfolio* a range of workplace settings are provided on a shared basis, each designed and equipped to support specific activities of work such as quiet, communicative, collaborative or solitary working. Some settings will be bookable, others will be available on demand to satisfy spontaneous operational needs. The key feature is that they are available for use as and when needed to satisfy the various and varying needs of the business's community, and not the restrictive domain of an absent *owner*.

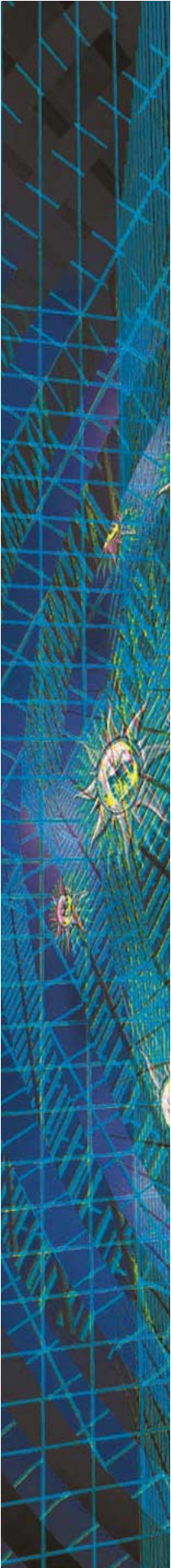
Adopting advanced workstyles, which has choice and flexibility of workplace settings at its core, is not without its challenges. In Paper 7<sup>4</sup> we explore the prerequisites for sustainable change and the issues to be confronted. While improvements in individual and team performance are the main prizes to be won, the real estate benefits can be considerable. Simplistically, sharing workplaces can reduce the amount of workspace required or increase the number of personnel the workspace can support, or both. However, a more fundamental benefit can be derived - *elasticity*. By *de-coupling* work from place, businesses can liberate themselves from the traditional, and for most facilities managers - frustrating, knee-jerk response to increases and decreases in corporate headcount, namely a corresponding increase/decrease in demand for additional workspace. By adopting flexible workstyles businesses can accommodate fluctuations in headcount by increasing or decreasing sharing ratios. We have experience of 20% increases in headcount being accommodated by clients who have embraced advanced workstyles, without them needing to replan their workspace let alone securing any more.



*Work is not only conducted at a desk in an office building*

## **Flexible Provision of Workspace**

A key route to flexibility of workspace provision lies in the flexibility of its procurement. Less than 30% of UK office-based businesses are owner-occupiers (Crosby and Murdoch, 1998). The remaining 70% lease their workspace. While this ratio is not uncommon in many other countries, what makes the UK almost unique is the base term of the typical lease, of 25 years. When few businesses are able to forecast their future needs 25 weeks ahead with any degree of certainty, the concept of securing workspace for 25 years is bizarre to say the least. Driven by UK institutional funding



conventions, such long-term commitments are progressively being questioned by businesses that find such arrangements too restrictive. Additionally, with increasing amounts of global activity, many businesses are experiencing a variety of different landlord and tenant arrangements in other countries.

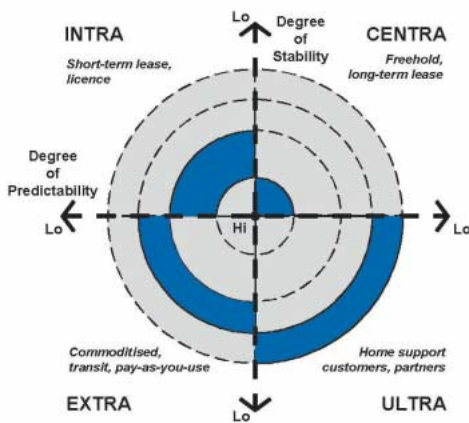
The wholesale outsourcing of workspace encapsulated in concepts such as corporate (sometimes called private) PFI schemes, are still in their infancy. Stemming from a desire if not a necessity, to transfer, or as a minimum share, the risk associated with aligning workspace provision with volatile business requirements, such initiatives are predicated upon innovative funding arrangements. Given the need to balance the risk of the investment against the return, we expect such arrangements to develop over the coming years as insurance-backed schemes emerge. In such arrangements the risk of non-occupation of workspace is underwritten (wholly or in part) using fairly conventional risk evaluation techniques in what have until now been unconventional business applications.

The emergence of serviced offices from twilight zones to corporate respectability, has been a key feature of the property market over past 10 years. Born out of businesses need to balance demand and supply of workspace, pay-as-you-use facilities are playing a small but increasing part in the portfolios of corporate majors. However why should flexible procurement models stop there? Commoditisation of workspace need not only be synonymous with high premium serviced offices. Treating workspace and its related facilities services as commodities to be purchased only when needed, could give rise to other consumption-based models. The adoption of software provision by means of application service providers (ASP) and the outsourcing of data storage to remote data warehouses, obviates the need for the corporate data centre. In such arrangements workspace and attendant costs are paid by the consuming businesses only when the commodity i.e. software and data is consumed. Similarly in call centres, leased workspace could be paid for by way of enhanced call charges i.e. the cost of the premises is directly related to the occupier's flow of business.

All of this leads to the view that most businesses would be best suited by operating with a *concentric workspace model*, comprising the following mix of procurement and tenure arrangements:

- **Centra workspace** - the stable elements of the business could be accommodated in core workspace possibly secured on freehold or long-term leasehold tenancy;
- **Intra workspace** - elements of the business, where their size and configuration is dependent on movements in the market, would best be accommodated in workspace on flexible terms such as short-term leases, and possibly including off-shore locations;
- **Extra workspace** - the most volatile elements of the business, as well as the most transient, would be serviced from peripheral workspace which would comprise business centres, telecentres, hotels and other just-in-time serviced space offerings;
- **Ultra workspace** - where it makes most sense in terms of customer service and partner operations, as well as matching the lifestyle aspirations of workers, elements of the business would be serviced from the workspace of customers, partners and suppliers, as well as featuring telecommuting and homeworking.

Spurred by businesses' aspirations to *change without pain* innovations in workspace procurement have none-the-less a slow gestation. While the supply side of the



Concentric workspace model

property industry is improving the range and commerciality of its offerings, progress is slow and it is still lagging far behind the operational needs of its customers. Consequently, it is likely that new models for operating workspace may be fashioned from the hands of occupiers themselves in the name of expediency. In addition to supply-side innovations we expect to see more examples of occupiers experimenting with *self-help* arrangements with a view to mitigating the cost of workspace provision while increasing flexibility. This will embrace schemes where neighbouring businesses rather than make their own dedicated provisions, will collaborate and share accommodation and facilities, such as catering, social and welfare facilities, and even workplace settings. For some these arrangements will be nothing new, however it is the likely future scale of their application that will differ from previous initiatives.

## Advanced Workspace - Advanced Management Skills

From the foregoing it is evident that the *advanced workspace portfolio* is more complex, with a wider geography and greater diversity of content than its conventional predecessor. Accordingly, those charged with its effective management will need to develop and deploy new skills and techniques in order to ensure that the workspace operates at its optimum enabling its users to perform at their best.

In Paper 8<sup>5</sup> we describe in detail the range of multi-disciplinary skills required of the business support functions for an advanced organisation, which includes workspace management. We set-out below the three key attributes for effective management of the *advanced workspace portfolio* that are required in addition to those necessary for conventional workspace management:

- **Holistic vision** - while being a workspace specialist, it is vitally important to possess an open mind that is receptive to input from multi-dimensional and multi-disciplinary contributors, since the essence of the advanced working model lies in its holistic approach;
- **Performance oriented** - understanding the interrelationship between the performance of workspace, the performance of the individual and hence of the enterprise as a whole, and the ability to communicate it effectively to core business managers;
- **Business focus** - the ability to construct and operate an integrated workspace model, in which the workspace strategy is in tune with business planning, while being capable of practical implementation in terms of workspace procurement and tactical workplace planning.

Obvious though these three aspects may be, experience indicates that they are not currently widely in evidence in most workspace management teams.

## The Advanced Workspace Portfolio

Businesses are faced routinely with a climate of change and uncertainty which is creating a need for a new order. From the foregoing it can be seen that the *advanced workspace portfolio* comprises many elements aimed at addressing those issues, the key features

<sup>5</sup> AWA Advanced Working Paper 8 - Developing Business Support Functions for the Advanced Organisation



of which we summarise as follows:

- It comprises real estate that is procured on terms that are wholly consistent with the stability of the business and the reliability of its forecasts. For many business it is likely to involve core and peripheral workspace, procured on a range of commercial terms commensurate with the stability of the business and the reliability of its forecasts;
- Payment for the use of workspace is as far as practically possible aligned to the flow of productive business i.e. on a pay-as-you-use basis;
- Work environments are designed and constructed to enable their adaptation to suit the varying needs of occupiers, as well as those of various occupiers throughout the life of the building;
- Through the deployment of collaborative technologies, a dispersed rather than centralised workspace geography will evolve, possibly including off-shore elements, progressively leading to a virtual work environment;
- The provision of work environments that truly support the activities and processes of work, in addition to the lifestyle needs of workers. Typically this would comprise a range of workplace settings that are available for use on a shared basis in line with workers varying needs, with attributes selected to enhance the diversity of workstyles and productivity of the users;
- Decisions about the structure, location and operation of the workspace portfolio are taken following due consideration of the processes of work and their longevity, the environmental impact of the workspace and its operation, and the lifestyle needs of workers; and
- The management of workspace is entrusted only to those who are appropriately trained and equipped to discharge their duties, recognising the implications their actions have upon the performance of both workers and the enterprise.

There is no universal one size fits all, in fact it is from this false assumption that many of the current problems with workspace emanate. Instead, the *advanced workspace portfolio* encompasses a range of workspace types, in a variety of locations, procured on different commercial models, supporting a variety of shared workplace settings, all of which are monitored and evaluated to ensure their performance is adding value to the business, and not consuming its vital and limited resources.

To many business managers such a description of workspace will seem a fantasy. To others it will be a challenge if not a threat to their very existence. To some however, migrating their current real estate and the workplaces within it, to an **advanced workspace portfolio** will be the key contributing factor to their future corporate success.

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Founded in 1992, AWA is an independent, multi-disciplinary management consultancy that works with leading organisations to help them make the transformation to advanced approaches to work, the workplace and workplace management.

**Our services include:**

**Strategic Workplace Planning** - evaluating current workplace performance; identifying potential for improvement; recommending practical actions; researching new locations; quantifying opportunities for advanced workstyles and workplace models to provide best value against defined business scenarios.

**Advanced Working Transformation** - defining the prerequisites for advanced workstyles; identifying the dependencies for sustainable advanced working; facilitating the process of transformation in safety from traditional to advanced approaches to work, workplace and management.

**Service Management Transformation** - evaluating current performance (cost, utilisation, satisfaction and value) of workplace services, processes, procurement models and management; recommending practical arrangements to align services to business objectives to derive the most effective workplace experiences for people.

**Workplace Management Transformation** - evaluating current performance of internal service departments (facilities, real estate, HR and IT); identifying scope for improvement; facilitating the process of transformation from internal technical contributors, to effective service-led pre-eminent business contributors.





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