

SOLUTIONS

Commentary & Insight from the Professionals at the Mancini•Duffy Center for Workplace Innovation
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Creative Math

A Deep Dive into Workplace Benchmarking

“Not everything we count, counts; not everything that counts can be counted.”

-Albert Einstein

Almost without exception, the first thing clients share with us is that they are seeking ways in which the workplace can support innovation; next, they ask us what other companies are doing. Even before the design process begins, this puts benchmarking front and center in the decision making process.

True benchmarking involves a deep dive into financial metrics as well as business processes, company culture and employee experience. Looking at actions taken by others can prove to be a source of real inspiration if management takes the time to fully understand not only the what, but the how and the why. Too often, however, companies focus solely or primarily on financial metrics without challenging cultural assumptions or

seeking input from employees to test their appetite for change. Companies modeling themselves with such a narrow focus should also consider the following:

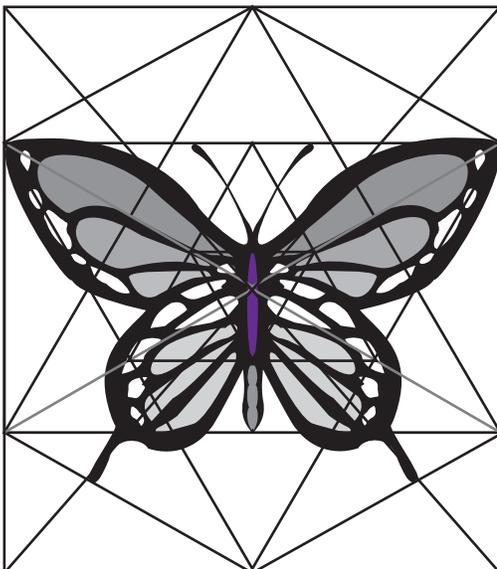
- Might benchmarking in some ways be short-changing the design process?
- How can we better understand the impact of applied metrics on different company cultures?
- Could primarily focusing on financial metrics be leaving innovation on the table?

WHY DO WE BENCHMARK?

Benchmarking is an important part of the design process and essential as decision support in a complex and risk-averse business environment. Since the 2008 financial crisis, it has become increasingly important in corporate real estate as a means of controlling internal costs. But while professional organizations like IFMA and CoreNet have made great strides in standardizing benchmarking definitions, companies still vary widely in their ability to capture and maintain critical data.

Statistics are often compromised by the mix of internal systems as well as the number of external vendors used to capture and manage the data. Additionally, even when information is captured with reliability, it may only tell part of the story.

In the perfect world of fully integrated systems and holistic business thinking we'd see powerful metrics that combine financial data with metrics around employee well-being and employee engagement and perception of company performance.



In that perfect world, in addition to operational metrics like these:

GOAL	MEASUREMENT
Space allocation:	RSF/person; RSF/seat
Cost reduction:	\$/RSF; vacancy rates; operating costs
Standardization:	Office and workstation sizes; adherence to standards

We'd also see performance metrics like these:

GOAL	MEASUREMENT
Top talent:	Time/cost of recruiting; exit interview comments on workplace
Speed to market:	Ability to quickly form teams; access to management; reduced decision time
Innovation:	New product, service or idea development per quarter
Space utilization:	Time spent in various spaces; user preferences for space types
Brand enhancement:	Awareness of what other business units are doing

These metrics are more complicated to obtain and require a bit of creativity to measure. Nonetheless, they also have financial implications, and can be extrapolated from hard and soft real estate, IT, HR and business unit data extracted from a combination of reports, surveys and observational studies. Creating these types of measurements requires:

- Vision to see a future far different from the present;
- Creativity to define value from multiple perspectives;
- Tenacity to extrapolate and coalesce data from multiple sources; and
- Patience to see the process through and measure results over time.

EQUAL PLAY FOR THE QUALITATIVE

By the nature of their work, design professionals have a unique perspective—a window into what many companies are doing—that provides an opportunity to compare and contrast data across multiple clients and industries. In offering this information to clients as decision support, designers and architects also have the responsibility to balance the quantitative metrics that address real estate goals with qualitative data that represents an organization's culture and people.

PhDs Robert S. Kaplan and David P. Norton created The Balanced Scorecard (Harvard Business Review, 1996) to help companies to do just that. Recommending the adoption of a broader perspective to determine value, The Balanced Scorecard includes measurements pertaining to quantitative (financial) as well as qualitative (process, learning and growth, and customer satisfaction) measures. The Balanced Scorecard Institute goes as far as to say that a showing of solid financials but weak customer satisfaction scores is an indication of trouble, and that “recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction” as a measure of success.

In the world of corporate workplace-making, the employee (or end user) is the customer. Yet performing due diligence with the (end user) customer can be gated when management resists probing beyond programming data to fully understand not only what is, but what could be. Findings from NewWOW's 2013 Benchmarking study highlight this challenge citing that while ‘people issues overtake costs as top business drivers . . . people issues remain top barriers.’

Why are companies so reluctant to ask employees what they

think? Do they fear reaction to change? Are they concerned about not being able to please everyone? If so, these things will only get worse if not communicated and managed through, and the earlier they are faced the better the outcome and the greater the opportunity for employees to become part of the solution. If resistance stems from the difficulty of obtaining data or because the firm has waited too long in the process, tools abound to help. Bain & Company's “Management Tools and Trends 2013” cites over 25 information gathering tools. Along with Balanced Scorecard and Benchmarking, Customer Relationship Management and Employee Engagement Surveys were among the top five. Granted, gathering data from multiple sources is more complex, but the results promise to be far richer. Once it's decided what's important to measure and how to creatively define it, it's a matter of making data collection, synthesis and analysis part of standard operating procedure. No one is saying this doesn't take forethought, effort and coordination. But at what peril do companies ignore these rich sources of information from which creative and innovative solutions can arise?

“...Where intuition is combined with exact research it speeds up the process of research...”

-Paul Klee

(‘Experiments in the Realm of Art’ 1928)

WHAT CAN BE LEARNED FROM OTHERS?

Companies seeking to innovate might look at how others solved similar problems or achieved similar goals. Doing so in a comprehensive manner will yield the balanced perspective needed to gain approval on initiatives that could make a critical difference but may be costly and/or require significant organizational change. Provided here is a snapshot of several industries on a spectrum from least to most amount of RSF/person. Compare not only space efficiencies but if or how these cultural characterizations resonate with your own organization:

Technology:

Organizationally your company is flat and desirous of a workplace with a 'buzz'. Extreme flexibility is mandatory to accommodate constant and rapid change. Mobile technology enables your employees to work anywhere, anytime.

Professional Services:

Your firm mainly comprises highly independent, mobile employees who use the office as home base. Offices have been eliminated, or are used as meeting spaces when unoccupied. Hoteling and free address are the norm.

Finance:

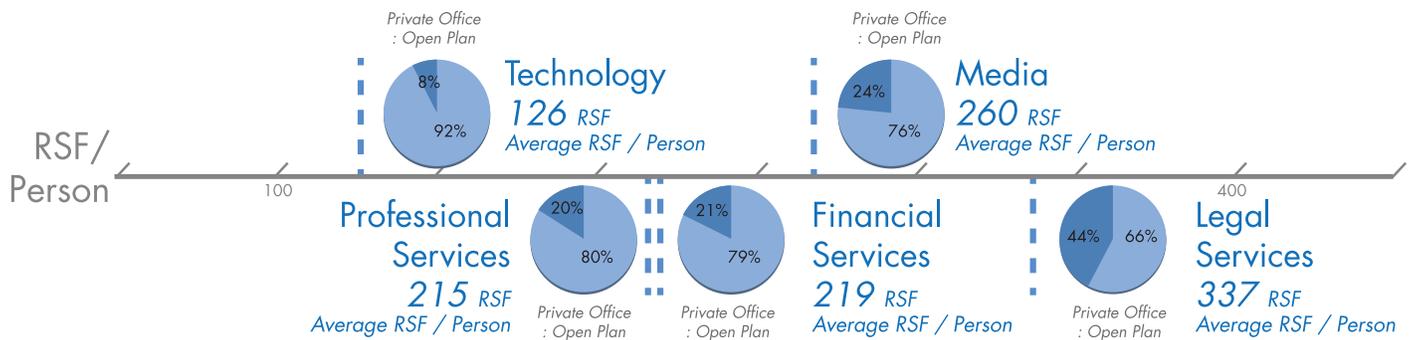
You seek to attract 'Google talent' but your company's culture finds it difficult to forego entitlements. Successful solutions might include different standards for different functions or offering business units the autonomy to select from degrees of choice within a finite kit of parts.

Media & Entertainment:

As an image-based firm you need high profile executive and visitor spaces and specialty areas that use a lot of space. Co-locating these functions reinforces image, creates touch points and generates excitement within and outside your organization.

Legal:

Also highly image-driven, your profession is at the top end of the real estate utilization scale. While your culture is extremely risk-averse, your profession is under pressure to drive change. Key differentiators might include incorporating new technologies and consideration of new attorney/support ratios.



Note: Data represents NYC-based properties, 3-4 companies per industry sector. Pie charts represent percentages of open to closed work spaces based on seat count, not on square footage.

ROUNDING OUT THE SCORECARD

Mancini•Duffy believes that many of the workplace solutions companies seek lie within giving people more of what they want and need whenever and wherever possible, and that many of these 'gives' can be accomplished without significant cost to the enterprise. In 2013, The Coordinate, a quarterly survey conducted by our Center for Workplace Innovation, looked at key workplace topics from the employee perspective.

Findings showed common themes across more than 30 industries, indicating that indeed, there may be more commonality than divergence around desired workplace characteristics. For more information, please visit our website at www.workplaceinnovation.com.

HOW TO MAKE THE MOST OF BENCHMARKING

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|---------------------|----|---|
| Executive Discovery | 1 | Create your “ideal future state” based on long-term strategic business objectives. Suspend disbelief on obstacles—at least temporarily—to imagine what could be. |
| | 2 | With objectives set, evaluate how your company is currently performing relative to these goals. |
| | 3 | Determine if the goal is a new idea or something in which the company has already invested. |
| | 4 | Create measurements that balance quantitative with qualitative data. (Both have financial impact.) |
| Employee Engagement | 5 | Get your employees’ perspective on “Current State” (this creates a delta between vision and reality and shows you how much work is ahead). |
| | 6 | Adapt the actions of companies who have successfully achieved similar goals to your own company culture. Consider testing these initiatives with a pilot and measure results. |
| | 7 | HEADS UP: even good changes can be disruptive. Plan proactively for the effect of change on your organization. |
| | 8 | Use the transition process as an opportunity to involve employees in creating your ideal “Future State”. |
| Measurement | 9 | Measure—and continue to measure—your results. |
| | 10 | Remember, this is an ongoing process; monitor/modify as necessary to ensure continuous improvement. |

ABOUT MANCINI•DUFFY

Mancini•Duffy is a leading architectural and interiors practice. Our mission is to create architectural environments powered by innovative design that positively impact the lives and businesses of our clients. For nearly a century, our firm has delivered award-winning design excellence to clients in the United States and abroad and across multiple industry sectors, including retailers, hospitality groups, law firms, branch banks, new media companies, publishing agencies, insurance corporations, educational facilities and government agencies—to name a few.

SOURCES

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NewWOW 2013 New Ways of Working Benchmarking Study. Jim Creighton. <http://www.newwow.net/>

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ABOUT THE CENTER FOR WORKPLACE INNOVATION

People are a company’s most valuable asset and in today’s business environment it is people who make the difference. Our mission is to combine real estate, technology and business processes to create exceptional spaces that empower people to do their best work. We align design solutions with actual business drivers and create performance metrics to establish a feedback loop that continues to inform. This builds agility into the workplace to support the way people work today while enabling its evolution to support the way they will work in the future.

CONTRIBUTORS

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