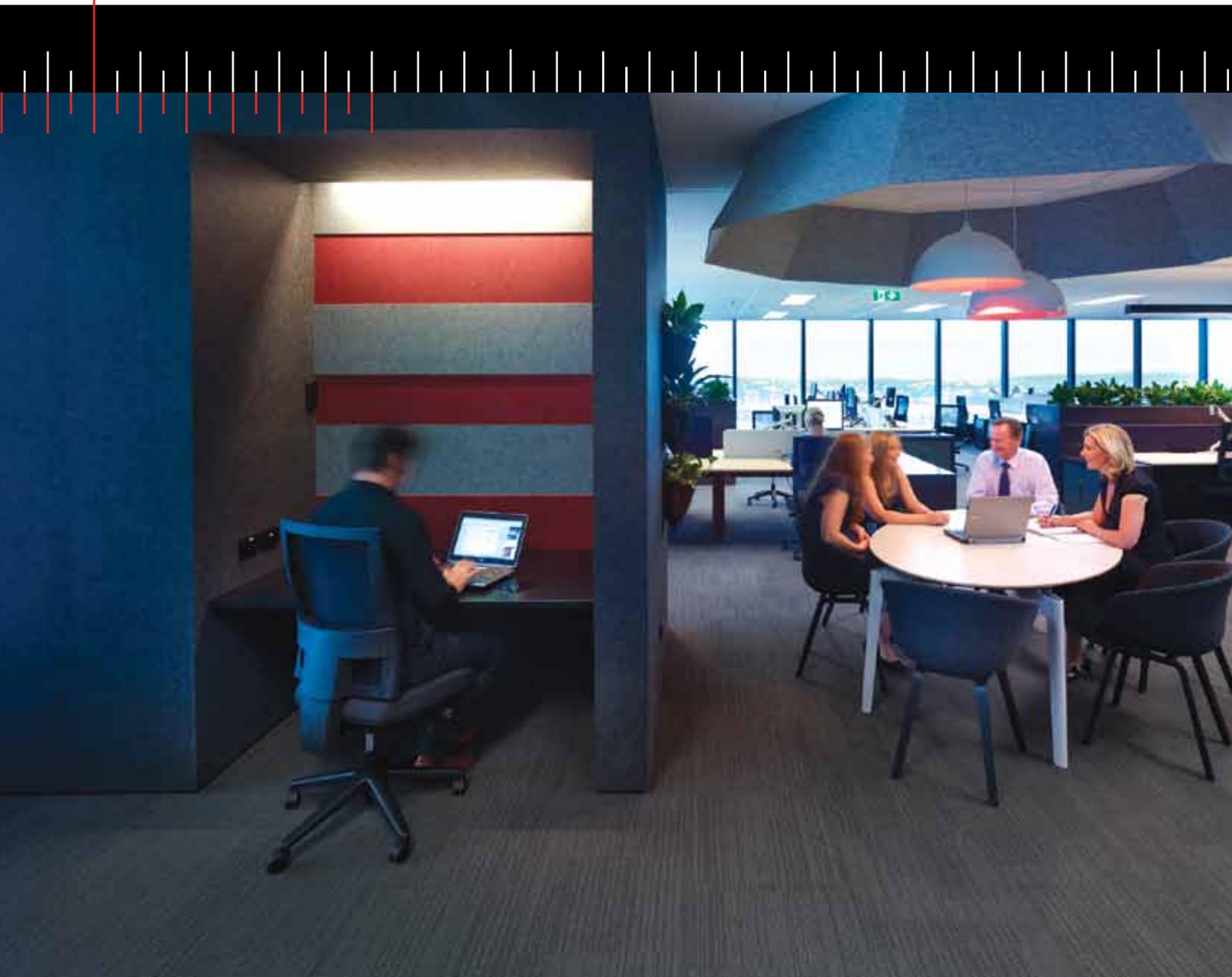


# Activity based *working*





## Introduction

Activity based working (ABW) has been the buzz-word in corporate real estate for more than 24 months now. Proponents expound its ability to reinvigorate a business, create flexibility and improve corporate social responsibility. White papers by the dozen have been written about the benefits, the design principles and sustainability features. What this paper intends to do is uncover the mystic and dig deeper to answer some of the tough questions that activity based working raises. Questions such as **effectiveness measurement** including productivity improvements, the **flexibility** that ABW provides both from a business and real estate perspective as well as **change management** success factors to cater to different generational cohorts and facilitate positive leadership behavioural change.

Our responses are based on our own recent experience with implementing ABW across our 3,600 sqm head office in Sydney as well as interviews with several other major Australian corporates that have been down the ABW path.

But first an organisation must decide if ABW is the right workplace strategy for them, what style of ABW to adopt to suit their business functions and how far to push the boundaries. There is not a one-size-fits-all solution to ABW, rather adaptation is needed based on size, structure, location and business objectives.

## A Quick Refresher

### What is it?

ABW is a workplace strategy that provides people with a choice of settings for a variety of workplace activities. Rather than forcing individuals to undertake all their work at one setting, ABW allows people to physically locate themselves where it is most suitable for them to complete their work. Spaces are designed to create opportunities for intense, focussed work to impromptu and informal meeting space, to formal meeting rooms depending on the work an individual is undertaking. It allows not only flexibility in working style, but affords the Corporate Real Estate (CRE) executive flexibility in their real estate strategy with a workplace that allows for contraction and expansion in demand and headcount over time.

### What it is not.

We need to be clear that ABW is not a hot-desking program. Hot-desking is non-allocated seating in a traditional office environment. Whilst ABW has the same philosophy of non-assigned seating, there are many other work settings provided to compensate. ABW also isn't a working from home program. That can be part of an ABW strategy if the organisation decides to implement a mobile working policy. However, ABW essentially focuses on the experience the employee has whilst in their office environment.

As ABW has become a household name in CRE circles, some have questioned the very existence of the office as we know it. Asking the question is the CBD office becoming redundant? Our view is that the workplace will always exist as a physical place to bring people together to collaborate, create a culture for an organisation and provide professionals with the tools to excel at what they do. Clearly the world is changing with the

advent of technology and the workplace is changing with it. CRE has an exciting opportunity to shape how people work in an enterprise workplace.

### What are the drivers?

So why are organisations turning to ABW solutions? There are a number of mega-trends that are directly impacting organisations and requiring a new approach to CRE, shifting the thinking towards ABW as a solution (Table 1).

Companies that have recently implemented an ABW strategy to address these mega-trends have pointed to its ability to support business growth and objectives, create brand differentiation and drive talent retention and attraction as the most important drivers of the program. Interestingly providing a flexible real estate strategy, whilst an important input to the business case, was not the overall driver of going down the ABW path. Improving sustainability credentials were also noted as important, but further down the list. Most organisations showed space utilisation rates of 60% – 70%, meaning at any one time 30% – 40% of the space is vacant. This is not a sustainable solution from both an environmental or financial perspective. Clearly an ABW program needs to be able to prove its capacity to support business growth and objectives, ultimately creating shareholder value.

Also of note was that cost savings was not listed as a major driver for undertaking an ABW program. Whilst still remaining cost conscious, organisations are not ranking cost savings as a reason for embarking on the journey. Rather, they see cost savings as a by-product of an ABW program. It is an important point – that the adoption of ABW is not just about cost – it is the workplace catching up with the way people work and live their life, enabled by technology and connectivity.

Table 1: Mega-trends and their impact on Corporate Real Estate

Mega-trends	CRE needs to create a workplace that...
Hyper-competition	connects high-caliber professionals to the firm and enables them to thrive
Sustainability	reflects the company's genuine commitment to being green
Globalisation	adapts to various cultures, caters to local needs, encourages diversity
Aging population	welcomes professionals from untapped talent pools (women, retired, disabled)
Innovation	fosters creativity via collaboration across regions and functions
Change is the only constant	integrates the agility imperative, helps the firm become more nimble
Decentralisation	anticipates the transformation of global firms from the spider (centralised) model to the starfish (decentralised) model

Source: Jones Lang LaSalle

## Is the workplace redundant?

## Choosing the Right ABW Solution

ABW is not a one-size-fits-all solution. There are degrees of ABW to be applied to different organisational styles, different teams and different geographies. Careful consideration needs to be taken as to what style of ABW program will best fit your organisation, business strategy and objectives, the work itself the company undertakes and the culture you want to foster. Consideration should be given to scalability, the degree of flexibility desired in your real estate strategy, the demographics of your talent pool and of course location.

### Scalability

The early pioneers of ABW style workplaces were larger organisations with purpose-built campus facilities like Macquarie Bank with their Shelley Street building in Sydney in 2008 and more recently Commonwealth Bank's successful ABW implementation in their new head office in Sydney. More recently we are also seeing evidence of smaller organisations in multi-tenanted buildings successfully apply ABW to a more traditional office tower. In the past 12 months, GPT, Goodman and Jones Lang LaSalle have all launched ABW programs in traditional, high-rise CBD office buildings. All of these tenants have been less than 5,000 sqm giving the market evidence that ABW can be adapted successfully to companies both large and small. Rather than being an issue of size, applicability of ABW lies with the business functions that the organisation performs. Its most successful application appears to be to organisations with knowledge workers of diverse work styles, internal and external mobility and management behaviours that support performance over presence. It also has a high success rate with business sectors that are evolving quickly and experiencing rapid change.

Historically ABW has come to life in purpose-built facilities located on the periphery of Australia's CBDs where large greenfield sites have been available for development. However, the recent examples of organisations successfully retro-fitting ABW into existing high-rise office towers open up the pool of suitable buildings and remove any location restrictions. Some of the learnings from these organisations who have introduced ABW to a high-rise tower include:

**Understand the capacity of the building's services** – most existing CBD office towers have a capacity (air conditioning, egress and power) based on a 1 person per 10 sqm. If ABW

crunches this from a 1:1 ratio (one desk for every employee), to 1:0.7 or 1:0.8, the building is going to have to work harder to cope with the load and additional investment may need to be made into building services.

**Technology** – ensure the building is capable of introducing the supporting technologies like wireless networks and adequate communications connectivity to support the enhanced technology requirements.

**Space planning** – becomes critical as you have to work around fixed points which can range from columns to fixed physical spaces such as reception areas, boardrooms and meeting rooms. In a large-scale campus, you have the freedom to place these where best suits, however in an existing building there is a limited range of spaces to physically locate these assets.

**Gathering spaces** – collaboration and gathering spaces need more consideration in a traditional office tower floorplan. Creating attractive meeting places with appealing features such as a café-style coffee machine, drinks bar, or leisure activities (pool table, table tennis) will naturally pull people to interact in these spaces that might not be directly in their line of sight as they would in a campus building. Many organisations have opted for an internal staircase to promote the flow of traffic between business units.

### Talent - Responding to Different Generational Requirements

We are fast approaching a workplace that will be shared by four generations with very different work experiences, work styles and expectations. Any ABW strategy needs to be mindful of these variations and the near 50-year age gap that is becoming more commonplace within the workforce.

#### Baby Boomers

Baby boomers make up 25% of the Australian workforce and are increasingly extending their retirement ages, however in many instances adopting a more flexible approach to their traditional employment terms. Many are opting for part-time, consultative roles or working from home arrangements. Whilst their long tenure in a traditional work environment may not lend them to being ABW champions, their more flexible work practises do fit with the philosophy. Anecdotally a number of

**Is my business too big or too small for an effective ABW solution?**

organisations that have embraced ABW shared their initial expectations of Baby Boomers being some of the strongest resisters to change, but this not actually materialising as they went on the journey. In some instances there was more resistance from the up and coming Generation Y and their view of self-entitlement which extended to their own personal desk or office.

### **Generation X**

Generation X comprise 50% of the Australian working population and are characterised by an ethos of 'work to live' rather than 'live to work' like their Boomer elders. Most are juggling families, with a strong representation of females (many of whom are working on a part-time basis) and have their sights firmly set on the senior leadership roles soon to be vacated by the retiring Baby Boomers.

Gen X were brought up on technology and are more open to change than previous generations. Their working style is characterised by diversity, challenge, honesty, innovation and creativity which lends itself to a more fluid work environment.

A flexible workplace is a must for Generation X who are balancing their career ambitions with the needs of a young family. They are the most appreciative generation of a more flexible working environment that helps them to better manage the competing responsibilities they face at this period in their life.

A number of organisations who have recently implemented ABW in Australia tapped into Generation X – their middle management – as the key influencer group in the change management process. They felt this Generation could best manage up and down as well as peer to peer through the process.

### **Generation Y**

These technological whiz kids currently represent 20% of Australia's workforce but are predicted to move up to almost 50% by 2020. Not bound by the shackles of the traditional office environment, this generation is willing and able to work anywhere anytime. Whilst inter-personal communication is still important to Generation Y, they are just as comfortable with digital communication and are connected 24/7, finding it difficult to 'tune out and drop out'. They have a thirst for information and an impatience for fulfilment.



**Does ABW support the widening generational gap in the workforce?**



As a result, a dynamic work environment becomes all the more important with Gen Ys averaging less than two years tenure in a role. This is where ABW can step up and play a huge role in attracting and retaining talent from within this generation and creating loyalty to the organisation. Gen Y can also enjoy the freedom to move around an office environment, building their professional network in a bid to fast-track their career path and improve their own productivity. They are hungry for knowledge and in an ABW environment can seek out a range of mentors outside their own team to build their own professional knowledge base and accelerate their progression through the organisation.

The 'what's in it for me' attitude that has characterised Gen Y means it is very important for the change management program to clearly communicate the trade-off for giving up their assigned desk. Features such as technology advancements, access to BOYT (bring-your-own-technology) and mobility will resonate with this generation.

### **The Millennials**

The Millennials (also referred to as Generation Z) are only just entering the workforce and make up less than 5% of the Australian working population, so there is limited evidence of their working style. What is certain is their acceptance of the digital age into which they were born. They have never known a world without computers, the internet, mobile phones, email or instant messaging. The way in which they consume and use information is completely different to the generations that have gone before them.

Millennials grew up in a fast-paced, constantly changing world. They want to be challenged and avoid boredom. They are accustomed to a flexible schedule and balancing work and their personal lives. They don't understand the rationale

behind the traditional work day of 9am to 5pm and are quite happy to work from 7pm to 1am and spend the day surfing. They have an absolute expectation that flexibility will be the norm within their enterprise.

An ABW approach gives organisations the luxury of better mixing the different generations in the workplace to encourage collaboration and knowledge transfer. In a traditional office environment there were physical barriers between the generations – with Baby Boomers housed in offices around the perimeter of the building with younger generations located in small workstations in the centre. ABW removes that physical and hierarchal barrier.

In fact, ABW helps organisations address the generational gap by providing:

- Flexibility of work settings for a variety of different work styles
- More collaboration space vs personal space – which is what Gen X & Y are looking for
- Homezones – allowing Baby Boomers (who are not as self sufficient as other generations) access to support staff and team resources. Also allowing Gen Y access to mentoring and learning experiences from their more senior team members
- Trust-based leadership that is focused on outcomes – while this is a stretch for some Boomers, it is what Gen X and Y are looking for and is part-and-parcel of ABW
- Improved technology tools – support the way in which Gen Y and Gen Z are accustomed to communicating and working

**How should your lease negotiation strategy shift or adapt as a result of ABW?**



## Flexibility

The flexibility benefits of ABW to an organisation's real estate strategy are well known. The ability to add and contract headcount without expanding or shrinking floor space is a welcome reprieve for the CRE executive. Traditionally the bottleneck in any real estate strategy has been the future headcount forecast one, three, five and ten years out which makes it very difficult for a CRE leader to negotiate the right amount of space and respond quickly due to the rigid nature of real estate. Understanding the difficulty of getting forecasting right, the CRE's hand is forced to take expensive options for expansion and contraction rights. This is no longer the case with an ABW strategy. Instead those big contingencies are eliminated from the balance sheet.

ABW by its very nature affords the organisation flexibility in space utilisation. For those companies who want to take a softer approach can start with a high density ratio of desks to people and as the organisations progresses along the adoption curve, bring those lower down which will leverage the space harder.

If ABW is implemented across an entire real estate portfolio, rather than just one location, the organisation has the benefit of a more flexible and transportable workforce. There is the ability to move people around based on client demand without the need for re-stacking every time a new client or project is won given the diversity of work settings that are not specific to one style of working. Organisations that have implemented an ABW strategy have found their churn costs reduce significantly.

### Lease Negotiation

Traditionally occupiers sought flexibility by taking a long-term lease with options plus mechanisms to deal with expansion

and contraction through the lease term. This level of lease flexibility came at a cost to the deal. However with ABW, organisations are able to achieve this flexibility through the workplace model, and as a result may opt to take longer term leases. This may result in a better incentive, more simple lease structure and more attractive rental level as they are able to offer the landlord security of income. Thus the lease negotiation process may be less focused on getting the right expansion and contraction options, but rather on doing the best financial deal on a ten year lease and not having to worry about building-in flexibility.

Another consideration in the lease negotiation process is the performance specifications of the building. An ABW environment will 'work' the building harder than a traditional office fit-out as the space is being more highly optimised. This may have implications for heating and cooling systems, egress, security and BCA requirements. Tenants need to ensure that the service levels on offer from the landlord will meet the requirement for their increased density.

### Future Proofing

Does ABW allow organisations to more effectively future-proof their space for an exit strategy? There are arguments to support it does. Given the non-assigned desk policy of ABW, if an organisation finds itself with 20% vacancy on each floor, there is not a requirement to re-stack the individual floors and be faced with a jigsaw puzzle of trying to fit teams into set locations. Instead an ABW organisation may decide to give up an entire floor and simply re-allocate home zones. In addition, the fit-out in an ABW environment tends to be less dense and if any churn is required, will be easier to move or relocate and any make-good would be significantly cheaper than a traditional office environment.

## How do you measure productivity improvements?

### Effectiveness Measurement

#### The Business Case

If an ABW solution is determined to work for your organisation, the first challenge CRE teams are likely to face is building a compelling business case. This will also serve as the ROI calculator and ultimately house a number of the effectiveness measurement metrics. The business case needs to be built with thinking about how the business and leadership think. Consider for a moment their typical objectives:

- increasing worker productivity
- decreasing costs
- attracting & retaining top talent
- creating a cohesive culture
- positively impacting the bottom line
- creating shareholder value

#### Productivity Improvements

One of the legacies of the GFC the world over has been to place productivity front and square onto the corporate agenda. National and state governments have followed suit, with regular commentary on the need to drive greater productivity of the economy, workforce and private sector balance sheets. Business focus has shifted irrevocably to how to 'do more with less' in which real estate has a strong role to play. The figure below shows how a company could consider a productivity framework, using ABW and real estate as one of the levers to achieve overall productivity gains.

ABW is a real opportunity to help organisations achieve these productivity gains being asked for by the C-suite. What is important when setting the metrics for an ABW program is to clearly understand from leadership the productivity gains they are seeking to achieve, then reverse engineer the ABW program metrics to support the broader organisational objectives. Productivity improvements are a common goal of the C-suite in any M&A activity, where real estate has a strong role to play in not only consolidating the portfolio, but driving efficiencies and productivity gains to have one platform supporting multiple businesses or brands.

In addition to the real estate metrics, a number of organisations who have recently implemented ABW had success metrics shaped around the key areas of customer satisfaction, people or human performance and financial performance.

#### Common Metrics

Companies that have recently implemented ABW had a combination of both qualitative and quantitative metrics to measure overall effectiveness.

#### Quantitative

Metrics should be tied to the organisational objectives and as such will vary for each company as they implement their own version of ABW. However there are a common set of metrics that have been employed by companies who have already commenced the journey which are shown in Figure 1. The easiest to demonstrate value are from a real estate perspective, which might include reduced rental costs, ability to consolidate locations, reduced churn costs, energy savings, improved space utilisation, extended life of assets and improved cycle times. But a truly successful ABW program will enable CRE to demonstrate positive impact on human performance, financial performance and overall organisational performance. The practise of measuring ABW impact on human performance is gaining momentum. With turnover costs estimated to represent 15-40% of earnings for organisations, the ability to prove reduced attrition will capture the attention of the C-suite.

#### Qualitative

In addition to the hard and fast metrics outlined above, most organisations have also pursued some qualitative metrics to get an overall read on the effectiveness of their ABW program. These include post-occupancy questionnaires which ask individuals about their satisfaction with their new work environment and their perception of their own productivity.

Many companies referred to water-cooler conversations that had been relayed to them as well as anecdotal evidence. This might include employees feeling more productive as they are able to co-locate with relevant business units to complete a project faster. Or having shed the significant paper storage cluttering their desk (and in some cases thinking) from a traditional office environment, to be able to better prioritise tasks and achieve quicker completion.

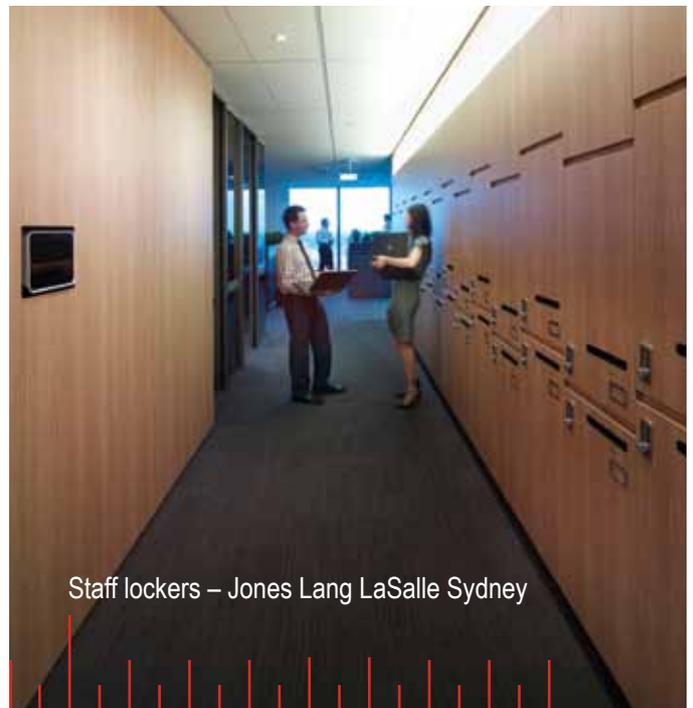
Anecdotal evidence from users points to a real change in their own working style after entering an ABW environment. This includes more collaboration, an ability to get projects across the line quicker by forming and dissolving clusters with

Figure 1: Productivity Framework

	Goal	Objective	Metrics
Business	> Creating shareholder value	> <ul style="list-style-type: none"> <li>Positively impacting the bottom line</li> <li>Reduced cost base</li> <li>Improved speed to market by fostering collaboration and cross selling</li> </ul>	> <ul style="list-style-type: none"> <li>Speed to market</li> <li>Market share</li> <li>Customer satisfaction</li> <li>Revenue / profit growth</li> </ul>
People	> Creating a cohesive culture	> <ul style="list-style-type: none"> <li>Creating an inspiring workplace to enhance the work experience</li> <li>Attracting &amp; retaining top talent</li> <li>Reducing staff attrition rates</li> </ul>	> <ul style="list-style-type: none"> <li>Employee satisfaction results</li> <li>Level of employee engagement</li> <li>Absenteeism</li> <li>Staff retention rates</li> <li>Time to hire</li> </ul>
Real Estate	> A real estate strategy that enables business performance	> <ul style="list-style-type: none"> <li>Increased space utilisation and flexibility</li> <li>Contain rental costs over time</li> <li>Improved sustainability credentials</li> </ul>	> <ul style="list-style-type: none"> <li>Sqm per person</li> <li>Space utilisation studies</li> <li>Accommodation costs per person</li> <li>Real estate costs as % of revenue</li> <li>Energy consumption of facility</li> <li>Storage space per person</li> <li>% of portfolio churn</li> <li>Procurement savings</li> <li>Extended life of assets</li> <li>Facility up-time</li> </ul>

relevant teams through the life of the project, better access to leadership (who are no longer behind closed doors) and a much lesser reliance on paper documentation. All users agreed they had more exposure to different business lines that they didn't frequently interact with in their old office environment.

Users also spoke of a 'better vibe' at work, a clearer understanding of the strategic direction of the organisation and communal 'town hall' spaces were considered to be important and highly relevant designations of office space. The comment around a 'better vibe' was attributed to both an aesthetically appealing design as well as the freedom that comes with the flexibility to move around the office environment. There was strong support for a diversity of work settings in an ABW environment, typically in excess of 10 different settings compared to the traditional two – a meeting room and work station in their old environment. It was particularly the informal meeting spaces that were most popular, with users enjoying the ability to have an impromptu meeting or discussing in a different type of setting.



How is ABW being assessed or measured?

# Change Management

## The Change Program

Even with the best intentions, at least two third of change initiatives fail globally. Workplace change is no exception. Few of the companies that have been exploring new ways of working have been able to roll out their change programs without encountering exacting difficulties. Projects prove difficult to implement because of a series of barriers, such as the lack of senior management support, resistance of the 'rain makers' to give up offices, the lack of mobility of certain employees and IT security issues.

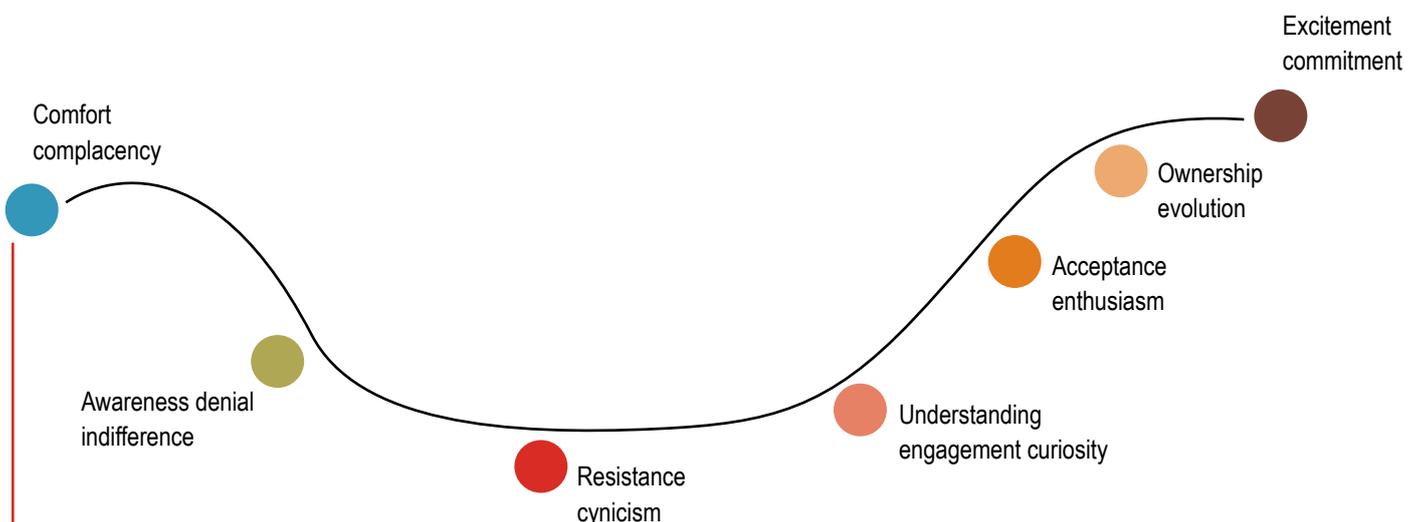
By nature we are a territorial culture. Much like the Australian dream of owning your own house, most professionals have traditionally had strong ties to their individual office or desk. If this is taken away as part of an ABW program, it needs to be addressed upfront in the change management strategy. Employees need to see in their own mind a fair trade-off between giving up their own, assigned desk and the benefits they will receive from a more innovative design and workplace. The majority of companies in a traditional office environment have two work settings – the desk and the meeting room. If people wanted to work in a different setting they had to leave the office, which saw the rise of the 'coffee meeting' as office workers flooded CBD cafes to conduct business in a more relaxed environment. ABW houses it all under one roof, with

communal spaces replacing the need for an exodus to the coffee shop. Those companies that have gone down the ABW route have an average of 10 different work settings that their people can interact with.

All companies that have implemented ABW in Australia agree that an effective change management program is the critical success factor. And all emphasised that you cannot start too early. Most started their formal change management program 12-18 months ahead of their go-live date with planning commencing well before that. Typically an initial period of 3-6 months was used to gain leadership support, who then become instrumental to the broader change management program. Timeframes of between 9-12 months were typical for an organisational-wide program for companies implementing ABW. Each organisation will have its own reasons for adopting ABW, but what is common is a need to create and communicate a vision for the organisation with a strong key message that permeates all aspects of the change management program. What is also critical to note is that the change management does not stop the day you move into your new ABW environment. Ongoing feedback, refinement and communication is essential.

Figure 2: What is change management?

**A structured approach to transitioning individuals, teams, & organisations from a current state to a desired future state**

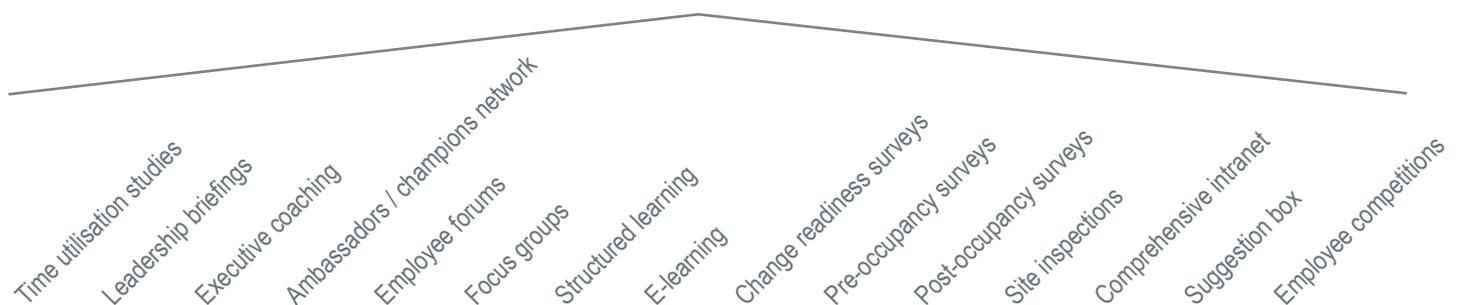


The change management program needs to factor in these likely resistance points and employ a variety of tools to help overcome them. These might include executive coaching for leadership who are struggling to see the value or one-on-one sessions with individual resisters with the change management team or executive sponsor. Focus groups are a good tool to apply peer pressure, mixing ABW advocates with resisters. Using role models is also effective, preferably senior leadership within the organisation or 'rain-makers' as well as other organisations in the industry who have successfully implemented ABW. Consistent and frequent messaging through the change management program is paramount. Communication should be open and honest, provide feedback channels, be relevant and engage different stakeholder groups emotionally through the process.

### Likely Change Management challenges for ABW:

- Fear of the unknown / fear of change
- Fear of new technology
- Concern over loss of status / entitlement
- Concern over loss of personal space / identity
- Concern by managers of diluting their team spirit with a more dispersed team
- Employees fear of 'not being seen' in the office
- Territorial issues associated with hierarchy
- Passive aggressive behaviour – paying lip service to the program but not following ABW protocols
- 'Rain makers' who see themselves 'above' the rest of the organisation
- Frustration have having to packing up the desk each night
- Belief that lockers will be harder to manage their personal storage than pedestals beside the desk
- Belief that they need more team storage than has been allocated

### Change Management Tools



## What leadership behaviours need to change to support ABW?

Arguably the most crucial component of an ABW change management strategy is moving to a trust-based leadership model whereby leaders manage by outcome rather than line-of-sight. This typically involves a significant shift for a large portion of an organisation's leadership team. Managing a mobile team requires managers to have a higher degree of trust and a different communication approach to ensure objectives are clear, achievable and measurable. ABW creates an environment that allows people more scope to indulge their personal styles and motivations. As such, leadership need to refine their approach to accommodate the greater diversity of personal and professional preferences that are likely to materialise in an ABW environment.

The workplace has become a home away from home for many generations and with the rise of the GenY and the Millennials, there will be less acceptance of an environment and leadership approach that is not aligned with their values of flexibility, individuality and innovation.

It has been recognised that autonomy is an important motivational trigger for knowledge workers<sup>1</sup>. PwC puts it as being 'a matter of having the institutional courage to let people be who they are so they can contribute with the whole of what they can bring to the team.' The workplace becomes a strategic enabler to self-actualisation – helping people to be the best they can be. It is moving from managing by 'command and control' to managing by results and output. Workers who feel more autonomous, feel more respected and trusted, which in turn improves their loyalty to the organisation. As PwC stated 'flexibility gives a diverse workforce room to breathe, which in turn fosters thinking and facilitates regeneration and innovation'<sup>2</sup>.

One of the companies who have implemented an ABW solution recognised that it strongly supported the existing leadership qualities that they had identified for their business leaders and was an opportunity to put those leadership behaviours into practice.

### Implementation Challenges

One of the most common resistance points in an ABW change management programs is around non-assigned seating. The \$64 million question is - what is the optimum utilisation rate that will deliver the objectives of the program but not alienate your workforce at the same time? Those organisations that have recently implemented ABW in Australia have ranged between 1 desk to 0.75 – 0.8 people. If your employee base is particularly conservative, it might be wiser to start with a ratio of 1 desk to 1 person (ie 1:1) and then move to a 1:0.8 or 1:0.75 as you move through the change program. Another enabler to success is introducing the concept of home-zones or team-zones which are areas designated for particular teams to gather. This might be where a team executive assistant resides permanently, the team storage is located and it can act as the first port-of-call when locating a team member. These team-zones come with flexibility and are not mandatory, with people encouraged to co-locate with other teams depending on the task they are seeking to accomplish. But they do provide some loose organisational structure and help people come to terms with the concept of non-assigned seating.

Some organisations overseas have learnt the hard way that mobility and ABW strategies can go too far. The desire to empower employees and give them an ability to work anywhere, anytime and anyhow can destroy the very culture that companies want to preserve. Employees can lose connectivity with the organisation if they are not encouraged through the appropriate space to enter into collaboration and discussion with their colleagues. People are social beings by nature and still want to have a 'work experience' where they can connect with others. It is just the way in which they connect is adjusted in an ABW program. Another option to consider is the hub & spoke model to support a mobility program where the head office in the CBD is right-sized based on ABW but smaller offices in decentralised locations adjacent to employee pools are also developed.

<sup>1,2</sup> Workforce Inclusion: Maximising Business Performance – Is your top talent flying under the radar or soaring to its true potential? PwC, June 2011.

A number of recent ABW adopters highlighted the importance of technology in supporting the concept and the need for the organisation to make sometimes heavy investments into technology systems. All ABW workplaces are wireless environments, with a number of them offering a guest wireless network as well as a corporate network. ABW workplaces also require their entire employee base to be working on laptops which may not have been the case in the previous traditional environment. Other innovations might include soft-phones, meeting room booking systems, smart-boards and enhanced digital collaboration tools. There is an important training component to the change management program around technology skills. The objective should be to have employees well versed in the technical tools available to support them in an ABW environment. Technology was often a significant percentage of the total investment for those organisations who have implemented an ABW solution, in most cases involving a major refresh of the user equipment and systems as well as the back-end infrastructure.

## Conclusion

ABW is here to stay and whilst it might not suit all styles of companies, adaptation to and consideration of business strategies and objectives will allow for a workplace that breathes new life into an organisation. The two most important responsibilities of a CRE in the entire process are establishing a robust business case that allows for effective measurement and a change management program that brings the employee base on the journey.



Discussion Pod – Jones Lang LaSalle Sydney

## Critical Success Factors for an effective ABW program:

### Choose the best timing

- ✓ Mergers & acquisitions
- ✓ Cultural change
- ✓ Restructures
- ✓ New building or workplace
- ✓ New work processes
- ✓ New technology

### Think like business leaders

- ✓ Understand the business
- ✓ Understand the need for change
- ✓ Present a robust, relevant business case
- ✓ Align the solution with the business vision
- ✓ Gain endorsement and effective visible leadership

### Understand local dimensions

- ✓ Social/Cultural
- ✓ Economy
- ✓ Technology and infrastructure
- ✓ Demographics
- ✓ Talent

### Plan a relevant change management program

- ✓ Understand the stakeholders at all levels
- ✓ Engages relevant stakeholders to create a shared need
- ✓ Shapes the vision based on the needs and objectives of the business
- ✓ Mobilises commitment and initiates action among employees
- ✓ Segment the workforce to customise the solution if needed
- ✓ Introduce right behaviors, systems and symbols
- ✓ Makes change last through on-going communication, choosing the right forms of engagement and communication channels
- ✓ Gain stakeholders' buy-in to effect speed of change
- ✓ Reinforce sustainable behaviours

### End-to-end execution is King

- ✓ Doesn't matter how good your strategy is, what's important is that it is executable
- ✓ Add measurable value to the enterprise
- ✓ Build in flexibility to adapt to cultural variances
- ✓ Develop and deploy a robust change management program to accelerate adoption
- ✓ Establish a sense of community
- ✓ Prepare for the road ahead

## About the Authors



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Tony's national role focuses on coordinating the delivery of corporate solutions to government and corporations. This involves the alignment of real estate with the business objectives of the corporation and includes strategic advice, transaction support, performance optimisation, projects and development services and integrated facilities management.

Tony has been with Jones Lang LaSalle since early 2007 and prior to that spent ten years providing real estate advice on behalf of KPMG and Ernst & Young.



**Michael Greene**  
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Michael's role is to develop strategic direction and to develop high level occupancy strategies for key clients of Jones Lang LaSalle; to co-ordinate the implementation process; and to negotiate large and complex transactions including build to suit developments.

Michael has a track record of more than 20 years in the property sector, having worked with the firm in London, New York, as well as in Sydney, Melbourne and Brisbane where he is currently based. He has been involved in lease negotiation, portfolio management and strategic planning for clients including Suncorp, ANZ, ExxonMobil, Sun Microsystems, Microsoft, Ericsson, EDS, AXA, Nortel, HWT (a News Corporation company) and IBM.



**Rajiv Nagrath**  
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Rajiv has more than 20 years experience in corporate real estate strategic planning and management. Rajiv coordinates multi-disciplinary professional teams to deliver integrated real estate strategies for clients. He works with clients to align real estate decisions to business objectives and optimise facility assets performance.

Rajiv has been a lead advisor on many high value complex real estate transactions and lease/sale negotiations for leading Australian corporations and Government departments. He is able to provide strategic business, planning and development advice on real estate transactions and portfolio/single asset management. He also has extensive experience in developing innovative workplace strategies and facilitating organisational change supported by new workplace initiatives.



**Anna Town**  
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Anna has more than 12 years experience in marketing, communications and research in the commercial and hotel property sectors. She is responsible for setting the marketing strategy and executing strategic programmes for the Corporate Solutions business in Australia. She has experience in brand strategy, change management, client retention and acquisition as well as the full spectrum of marketing and communications. She has global experience, having worked across Asia Pacific markets and spent four years in Jones Lang LaSalle's London office.

## About Jones Lang LaSalle

Jones Lang LaSalle pioneered the corporate real estate offering in Asia Pacific. Today our platform provides unmatched services across a single project, country or global portfolio. Our commitment to shaping our business around helping our clients improve their productivity and by delivering on our promises keeps us at the forefront of our industry. Our global platform of transactions, lease administration, project and facility management services is backed by our expertise in strategic consulting, workplace and portfolio strategy to provide an end-to-end service offering.

Our Corporate Solutions specialists leverage extensive real estate experience and industry knowledge to drive value across the entire real estate life cycle. Our integrated platform not only promotes greater operational efficiency and reduces delivery risk, but creates additional value, allowing for innovation and collaboration on all assignments regardless of size. We eliminate redundant activities, excessive oversight and gaps that may occur when managing multiple providers. The outcome is greater efficiency, risk management and sustainability for our clients.

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