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UNISPACE WHITE PAPER

Workplace 2020
Global Industry Insights

Introduction

In mid-2015, Unispace embarked upon a research program to uncover unique global industry insights. C-Suite and property leaders from 100 of the world's foremost organisations were interviewed to understand their views on both the current state and future vision of the workplace.

A sole focus on end-user opinions and the companies selected – from leading innovators to long-established Fortune 500 companies – presents a broad range of responses across diverse industries. Unispace mobilised an internal team located across three regions: Asia Pacific, Europe and North America to conduct the interviews.

We think the eco-system approach, identifying the workstation as a mixture of areas allowing different levels of privacy and not unique individual space will continue to emerge. This approach offers differentiated settings, ensuring users can choose based on task, mood, culture and personality.

Real Estate Head, Global Pharmaceuticals Company

2016

More than 3.6 million baby boomers are set to retire.

Source: Dan Schawbel, Forbes.com (2015)

More than one-fourth of millennial workers will become managers in 2016.

Source: Dan Schawbel, Forbes.com (2015)

2020

Nearly half (46%) of the U.S. workforce will be comprised of millennials.

Source: The University of North Carolina Kenan-Flagler Business School (2012)

2030

Millennials will account for 75% of the global workforce.

Source: Bureau of Labor Statistics (2015)

Top Five

Recurring themes for the 2020 workplace

Responses to where participants see the workplace in 2020 were varied, yet a number of recurring themes presented themselves. For example, half believe flexible working will continue to grow, allowing people to work from home and supporting an increased focus on wellbeing.

01
Flexibility and agility

02
Technology

03
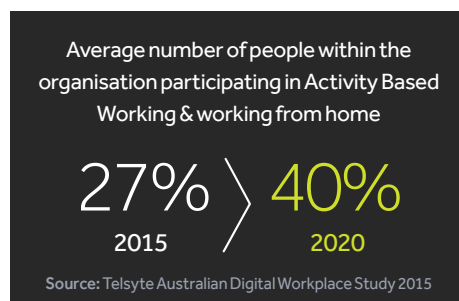Mobility

04
Collaboration

05
Work from home

Workplace 2020

In addition to offering the more intangible human benefits, increased flexibility aligns with a number of organisations forecasting reductions in real estate spend through less dedicated work space and further desk sharing. "This is a process which started a few years ago and which is implemented more and more around the world, but which a lot of countries are still reluctant to adopt due to their cultures," commented one senior executive from a global market research company. He continued: "This will gradually but surely change over the next five years and more and more people will be sharing their work between their home and the office, thus reducing significantly the number of square metres that a company will require."

Unispace Global Design Director Brian Tolman has seen business priorities change immensely from a decade ago due to the ever-increasing pace of change. "Today, 'appropriate' flexibility is more critical than it was in 2005, while density is even more crucial due to outrageous cost increases. People can also work from anywhere, so we need to maximise collaboration potential and get people excited about being in the workplace."

"In future we'll be working much more organically - working from anywhere," he continues. "Functional collaboration will become key and spaces will be built to maximise that. The notion of the personal, assigned workspace will be dead."

One fifth of the program participants believe that in five years Activity Based Working (ABW) will become the norm for many organisations, with one global management consultancy leader commenting that in 2020 their entire real estate portfolio would be ABW.

The growth of Activity Based Working in Australian organisations

28% 2015 > 66% 2020

Source: Telsyte Australian Digital Workplace Study 2015

Average number of people within the organisation participating in Activity Based Working & working from home

27% 2015 > 40% 2020

Source: Telsyte Australian Digital Workplace Study 2015

Interestingly, another participant stated that coping with an increasing lack of personal communication due to ABW will become an area that organisations must address. The multinational insurance company senior executive believes that design of the future workplace needs "something to force interaction as ABW is allowing people to disappear." It is evident that ABW comes with its own unique set of challenges and is not the right solution for every organisation. Supporting this view, another US-based participant stated that while their sales teams use hoteling, and are well trained in using the more flexible space options, the 'static' workspace will likely make a return as "open plan is a trend for young people."

"Priorities have changed considerably from a decade ago, with people and culture informing the workplace design, says Dean Rikanovic, Unispace Design Principal (Perth). "It is now essential to have environments that interconnect people and a purpose for coming together."

Unispace Senior Workplace Consultant Kirsty Laing believes that within the next decade we will all be working completely fluidly with human interaction an integral focus. "I see the office becoming a hub that people go to in order to interact and socialise. The forecasts are all saying there will be a massive increase in freelance and mobile working. But humans are naturally social creatures who want to be together and I believe offices will perform that vital social/family function."

Albert De Plazoala, Unispace Principal - Strategy agrees: "We can all work - for better or worse - anywhere. But there might be an increasing backlash against this as we try to manage workplace balance. I think face to face interaction will continue to be a premium and preferred way of interacting."

"The office is better for the team - design for that. People don't feel included at home."
National Property & Procurement Manager (NZ), Global Business Services Firm

"87% of millennial managers moved into a management role between 2008 and 2013, compared with 38% of Gen X managers and 19% of Baby Boomers."

38%
Gen X

87%
Millennials

19%
Baby Boomers

SAP

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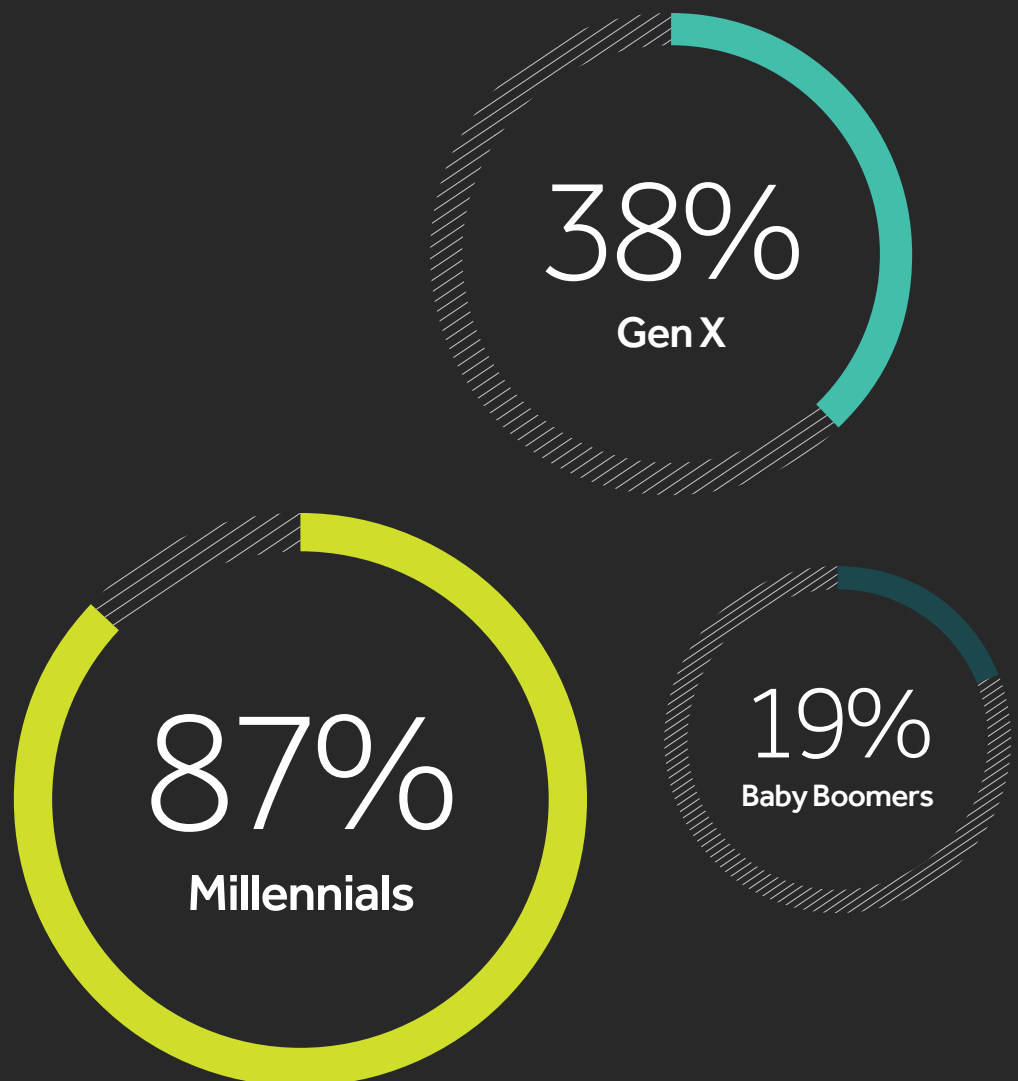
"Co-working is not a silver bullet solution for everything, nor is ABW, nor is setting up lots of suburban work hubs."

Australian Co-workspace & Virtual Work Hub Firm

On the reverse side, some respondents foresaw no major changes in the workplace over the next five years. 10% of respondents, primarily based in the insurance, financial and banking industries, see the current office model as being suitable for their business, due to the early adoption of more open and alternative workspace models. However all of these organisations believe that technology and connectivity will affect their workplace to some degree.

The need for increased collaboration and creativity within the 2020 workplace was mentioned numerous times by participants, often in relation to an organisational focus on open and transparent cultures, less hierarchical structures and wellbeing.

Janey Saunders, Unispace Senior Associate - Strategy, has seen these priorities change drastically over the past decade. "Before the priority was on status and title, but now organisations have a flatter structure. Technology allows people to work from

anywhere and managers don't have to physically be there to supervise their people. And there's also a 'changing of the guard' with an influx of a large, younger work population."

Benefits from activity-based working

Better Team Collaboration 8.0

Less office lease space/costs 7.9

Less need for organised meetings 7.8

More knowledge sharing 7.8

More innovation 7.8

Improved project management 7.6

Better, more real-time customer engagement 7.5

0   2   4   6   8   10

Q: What benefits does activity-based working bring, or could it bring, to your organisation? (Scale of 1–10 where 1=No 10=High Benefit)

Source: Telsyte Digital Workplace Study 2015

"87% of millennial managers moved into a management role between 2008 and 2013, compared with 38% of Gen X managers and 19% of Baby Boomers."

Source: Generations Survey, EY (2013)

Following flexibility and agility, technology was the second most common recurring theme for 2020. Yet technology is not seen as merely a way for a company to implement the latest and greatest; it is envisioned as a tool to enable new ways of working and to empower people. For example, cloud technology was mentioned by participants as a method to link their entire workforce together beyond the building's walls.

From the micro to the macro, one banking industry participant also explained his workplace technology vision as "smaller devices will have more seamless connection with larger devices." This shrinking of technology and push towards flexibility is seen as leading towards a diversification of where, when and how work happens.

Artificial Intelligence will move us from a knowledge economy into a new creative economy.

Explaining the changes he's personally seeing across the industry, Unispace Global Design Director Simon Pole says: "We are at a tipping point with technology where the big providers understand that they need to collaborate with the smaller innovators to get an integrated solution. Consumers and employees are making the decisions about which software and apps they want to use to be more productive, rather than corporations forcing their people to use clunky and over-engineered, sanitised and compromised solutions."

"Unispace is currently working with clients who are investing in artificial intelligence (AI) to drive greater efficiencies in the process and data analysis fields," says Simon. "AI is going to be the holder and dispenser of knowledge as it learns and retains information better than we do. Looking back at history, industrialisation minimised the repetitive work in manufacturing, ultimately moving us into a knowledge economy. Now AI will move us from a knowledge economy into a new creative economy."

"2020 will be what forward thinking companies are doing now."
Director of Global Real Estate and Facilities, Global Technology Firm

Another theme evident in the program findings was the experiential office: the workplace as user experience and as an organisational storytelling opportunity. One global technology industry leader commented that every mobile worker will run their life off an app telling them where to go in the workspace based on activities. Meanwhile, the global head of real estate at a business services firm explained their workplace experience enhancement strategy is aligned to a focus on the 'Best and Brightest' employees, all of whom are under thirty.

Laurie Aznavoorian, Unispace Global Strategy Leader believes the office experience boundaries are blurring. "As we approach 2020, many of us will still go to an office in a city or suburb, but we will also have greater choice as to whether we want to go there every day and where we sit within that office precinct," she explains. "Workplaces will not only be the building but the plazas, outdoor spaces and neighbouring buildings that surround them. Hopefully we won't feel afraid - as many workers do now - to execute our ability to choose. New technologies will offer us enhanced experiences: as the digital and physical worlds combine, the interaction and impact of the 'Internet of Things' will be seamless."

Other trends identified during the interviews include opportunities for **coworking** within the workplace, a move from **sit to stand worksettings** for added health benefits, **spaces dedicated** to simply **using the phone**, and an increase in **workplace transparency** whereby customers and even the wider community can be invited into the heart of the organisation.

"We're welcoming clients back into the office, finding more opportunities to engage them in a different way. It's about bringing the outside world into the office - being more open, less private."
Workplace Strategy Lead, Global Consulting Firm

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Your last workplace project:
key successes and challenges

Resoundingly participants outlined how vital change management and strong communication was to the success of their recent workplace projects. The global real estate head of a top tier business services firm was also adamant that the change process can never begin early enough during the project journey. Further comments relating to change included the requirement to engage leadership in the project and to continuously keep employees informed.

Of the participants interviewed, 45% utilised in house resources for change management with 19% utilising external resources and 36% utilising both. In addition, many of the organisations utilising internal resources cited that they would be looking to move towards incorporating external expertise in future.

Change management expertise

External 19%
Internal 45%
Both 36%
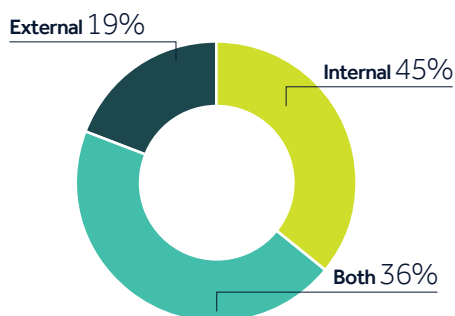
"There's never enough change management and you can't ever start the process early enough."
Global Real Estate Head, Business Services Firm

Another approach that led to successful project outcomes was when organisations retained central control over the project while ensuring their consultant teams were informed and clearly understood expectations from the outset. Further to this, hiring the best people also led to successful outcomes, with one London-based participant commenting, "We have always selected the best professionals in all fields of work, in all countries around the world, which minimises the chance of a failure of a project."

"I personally find the opportunity to work directly with the end users of a space inherently motivating," says Harry Rowntree, Unispace Design Principal (Auckland). "I encourage my clients to take an active role in the evolution of the design - it should always be a two-way dialogue with an engaged and robust process."

Other success measures included setting clear objectives for what the project outcomes should be such as brand and culture alignments, a focus on bringing clients into the work environment, increasing productivity, creating outdoor spaces for socialisation and wellbeing, and the realisation of more agile spaces while reducing the number of meeting rooms.

"Productivity of an ABW employee is 16 per cent more than a regular employee - equivalent to an extra 6.4 hours per week."
Director of Global Real Estate and Facilities, Global Technology Firm

Top 10

Leadership tips for a successful workplace project

01 Use change management (and start early)

02 Communication is key

03 Active and engaged leadership

04 Apply past learning lessons

05 Retain central control

06 Be clear on objectives

07 Align with brand and culture

08 Be bold and go big

09 Appoint the best professionals

10 Don't forget change management!

Workplace strategy is just the beginning of a process
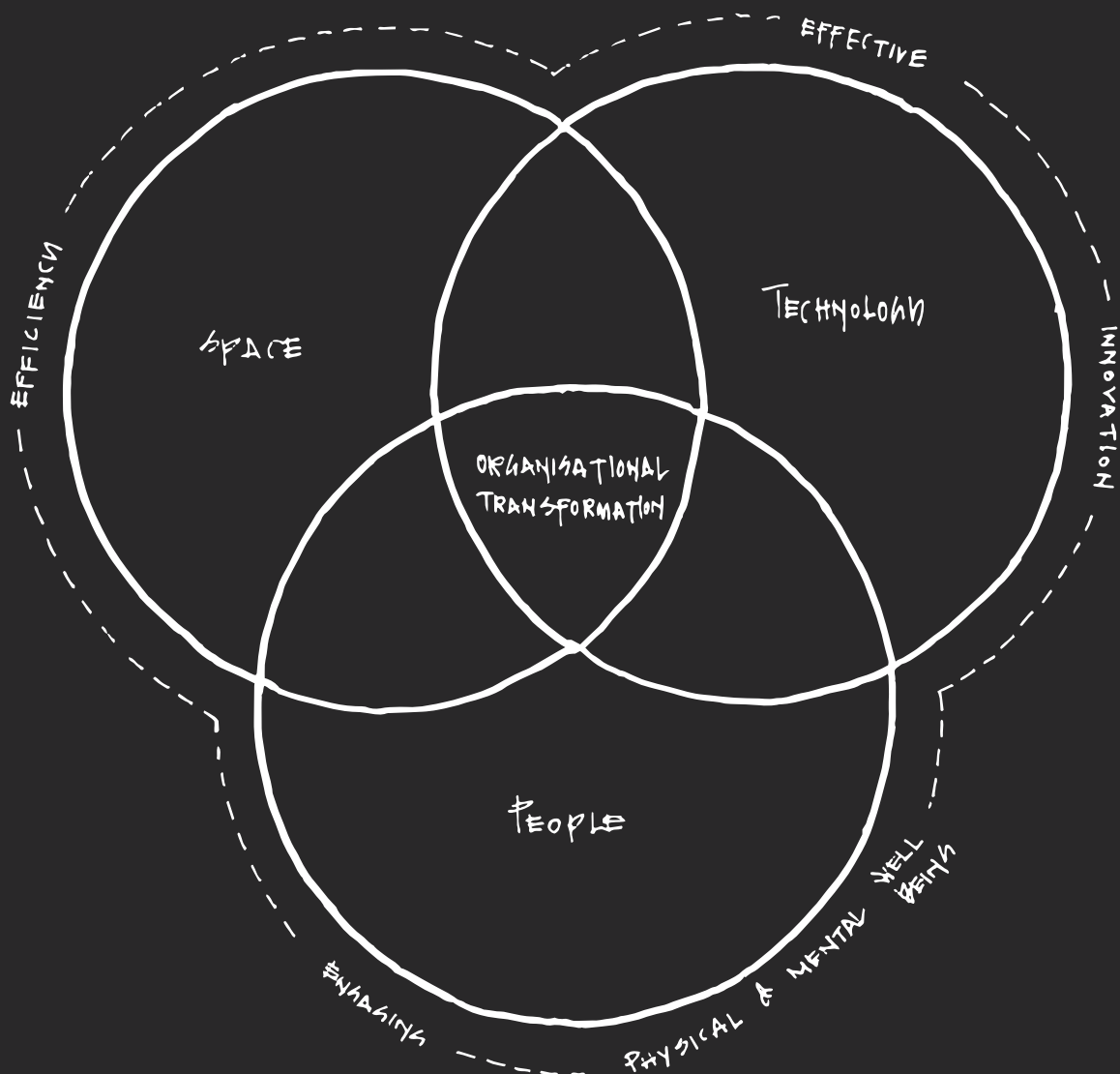
Experimental project for Dexus

"In Europe, the last decade has seen companies increasingly aware of the need to implement a thorough workplace strategy, which is not considered an optional extra anymore," explains Antonio Borghi, Unispace Design Principal (Italy). "Leaders are also aware that a workplace strategy is just the beginning of a process that involves design innovation, management skills and implementation of the right technologies."

In addition to outlining their success stories, participants were also open in sharing some of the challenges they faced. One stated his organisation's last workplace project failed because they were not bold enough and tried to be too incremental in the changes they were seeking.

Another commented that, as a global technology firm, they found it challenging to reach the perfect balance between 'cool' design and functional space. Her organisation pushed for bespoke settings, which although offering aesthetic benefits, are also inflexible - every time this has led the project to failure and they have had to spend more money and time "fixing it to be more flexible".

"Success happens when spending less time on why we should change and more time on what we're doing and when we spend less time worrying about hierarchical models, instead focusing on how people work."
National Property & Procurement Manager (NZ),
Global Business Services Firm

A number of participants asserted that the lessons learned from past projects must be applied to the next project. "We should all remember that each project has to be better than the one before – the aim is to add value from the existing situation as well as improve the processes," commented one global head of real estate. He further went on to state that failures are always a result of over commitment and under delivery and gave an example of a significant recent project in Boston. Originally planned to be a technology showcase for his business services firm, the IT products required were not available on day one. The lesson learned? Always under promise and over deliver to ensure project success.

We're seeing increased variety, organic planning and more 'homelike' qualities in the workplace

Wellbeing in the workplace

Each participant agreed that wellbeing is a focus for their workplace strategy, however some organisations clearly have more advanced programs than others. While some believed that wellbeing is about offering employees subsidised gym memberships or fresh fruit, others understood the deeper psychological benefits of a holistic workplace program.

One London-based leader stated, "Companies have realised that it is not sufficient to increase payroll, and sometimes is not even required, which is why more and more attention is placed on creating an enjoyable environment in their 'home away from home'".

"We're seeing increased variety, organic planning and more 'homelike' qualities in the workplace," says Brian Tolman. "It's really the end of the office feeling "office". It's about

strong value in design, in uniqueness, in great amenities that support the enterprise goals – it's not just "playing" at work."

Participant comments regarding embedding wellbeing within the workplace environment included creating opportunities to encourage movement, integrating outside space with inside space and providing quality basic needs like natural light, fresh air and flexibility.

A number of comments related to the need for physical spaces that support wellbeing. "We're always encouraging employee wellness," explained the Director of Real Estate and Facilities for a global technology company. "We have wellness trainers and we provide wellness classes. We provide space for it and I think that's the biggest challenge for companies. If they're going to focus on [wellbeing] they need to provide space for their employees to have these activities."

"I recently visited a number of global company headquarters whilst travelling in the United States," says Daniel Grinter, Unispace Design Principal (Christchurch). "It was evident that the focus was on creating a physical environment that reinforces a strong team culture. People are the greatest asset an employer has, so spaces that promote collaboration, wellness and provide areas to relax and take a break are seen as fundamental."

Another recurring theme during the interviews was the increasing collaborative approach between Human Resources and Facilities Management teams who are working together to realise new wellbeing visions for their organisations.

Technology and Cost

Participants also weighed in on how these future changes, as well as how changes already underway in the workplace, would and are affecting cost.

Despite observing a reduction in square footage for office space, participants also highlighted an increase in overall costs spent on workplace. Participants highlighted that cost increases were largely due to inflation and technology, which accounts for ~18%* of project expenditure.

"We obtained great success in being able to optimise the space and being able to accommodate 45% more people in a same size building due to this optimisation of space and also have more common areas, more areas dedicated to wellbeing "
Global Energy Company

"A few years ago, the average spend on technology was 10%, compared to 30% for services and the remainder on partitioning and furniture," says Simon Pole. "Fast forward to today, and the technology spend has nearly doubled at 18%."

"Technology is becoming the key enabler and driver for more efficient ways of collaboration, flexible ways of working, and impactful ways of turning data into information – smart analytics to support business decisions," explains Natasha Bonugli, Unispace European Design Director.

*As an average from survey respondents who were able to provide these figures.

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In conclusion

A number of fascinating insights into the future workplace were identified through these interviews, along with useful learning lessons for every leader and management team preparing to undertake a workplace project of their own.

Unispace will continue to explore these topics in future research papers. Visit www.unispace.com for more.

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