



**TRASCENT**  
MANAGEMENT CONSULTING

# Welcome to the Workplace Revolution

How RE/FM can seize current trends and  
drive workplace effectiveness now

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# Executive Summary



The old saying that culture eats strategy for lunch needs an update. Or at least it needs an update for the real estate and facilities management (RE/FM) world. The workplace experience – where, how, with whom and with what tools people work – increasingly defines culture and will determine business success in the coming generation.

If that seems an overstatement, just consider how leading companies like Bloomberg, Google, and Facebook recognize the critical link between culture and space in terms of driving workplace effectiveness. To a large extent, that is the business case behind their large-scale and ongoing investments in world-class headquarters. Similarly, the world’s most successful consumer packaged goods firms, pharmaceuticals and high-tech manufacturers understand how leading-edge design facilities and production plants deliver tangible value and sustainable competitive advantage.

But it’s not just global behemoths and world-class brands that can benefit from the brave new world of technology-driven collaboration and “work anywhere” possibilities. In fact, smaller firms can spark rapid – even exponential – growth and make major competitive inroads by enabling their people to work smarter, faster and more dynamically than bigger organizations. These are among the reasons that so much talk of workplace revolution is in the air.

But why do these ideas matter more today? After all, we’ve been talking about a workplace revolution for years. **The short answer is that the stakes have increased.**

On a practical level, real estate portfolios – including monolithic HQ buildings often inconveniently located in city centers – can be a significant drag on both worker productivity and corporate finances, a fact increasingly noticed by CFOs and other senior executives. Are hourlong commutes really good for anybody? Is having everyone in the office at roughly the same time truly a business imperative or simply a matter of optics? It is for these reasons that some creatively disruptive thinkers are reimagining the role of headquarters, and even asking if they’re necessary.



Perhaps more importantly, research shows that employee engagement levels are at historic lows, a fact that has major bottom-line impacts for billion-dollar corporations. Gallup's most recent State of the Global Workplace report found – shockingly – that a mere 13% of workers worldwide are engaged. Those precious few folks who are glad to come to work every day are outnumbered 2-to-1 by disengaged employees (who, according to the survey definitions, “are negative or potentially hostile to their organizations”). The overall economic impact is measured in the hundreds of billions of dollars, the study concludes, while drawing a link between employee engagement and stronger financial performance. The summary is harsh:

***“The bleak reality is that 63% of the world’s employees have essentially checked out.”***

Does anyone seriously believe that companies can grow and innovate with this epidemic of apathy? RE/FM can and must help solve this problem.

This paper will look at the top trends driving the fundamental and profound shifts that are reshaping how, where, when and even why we work, and providing a new business case for workforce effectiveness. Specifically, it will:

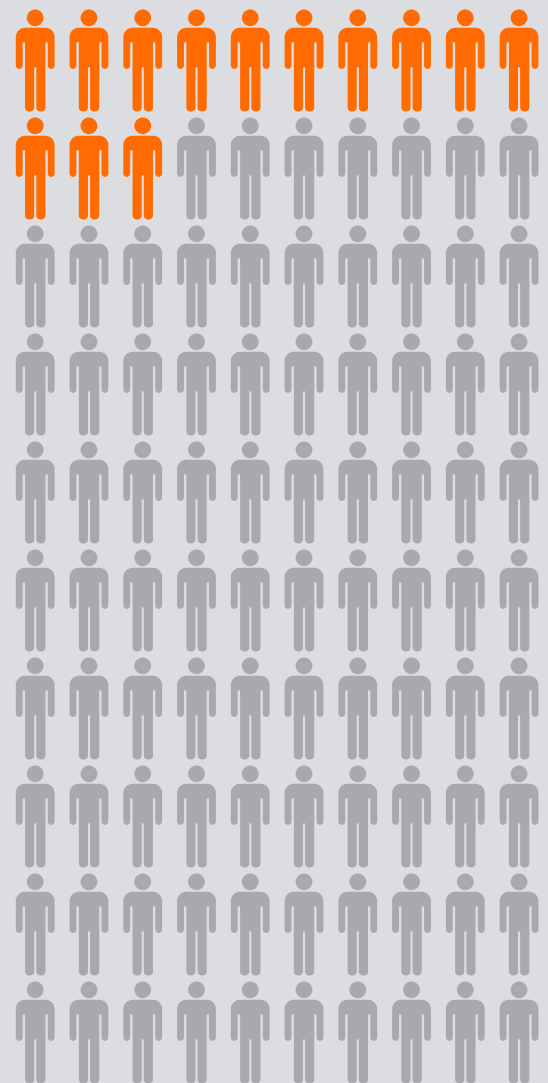
- Define and outline the parameters of the workplace revolution
- Highlight why the workplace experience is so important now
- Show how leading companies are seizing transformation opportunities by rethinking their approach to workplace effectiveness, as well as their overall portfolios of real estate and facilities.
- Outline some of the traditional barriers to adoption.

As many RE/FM veterans realize, the most prominent physical manifestations of an organization’s brand and culture are the spaces where its people work to achieve its objectives. While not exactly a radical proposition, that idea is shaping the next generation of workers and companies.

Adoption will clearly be a challenge. Many companies have been thinking about these issues and even experimenting with pilot projects for years, even decades. They must overcome challenges ranging from tight funding to organizational inertia.

But the time is now: companies in general and RE/FM leaders in particular must seize the moment to shape the workplace of the future. As an industry, RE/FM has a rare and important opportunity to increase its strategic and bottom-line contribution to the business.

Gallup’s most recent State of the Global Workplace report found – shockingly – that a mere **13% of workers worldwide are engaged.**



Legend: ■ Engaged ■ Not Engaged

Source: Gallup State of the Global Workforce, 2013

# Generational jumps: demographics dictate new ways of working



By 2025, millennials, also known as Gen Y or those born in the 1980s and 1990s, will make up the majority of the workforce. Indeed, their impact is already being felt today. Many executives across the enterprise are asking if these young workers are truly ready for the workforce. Millennials themselves are more inclined to ask if the workforce (not to mention current management) is ready for them.

Why will this generational jump be so tricky? A comprehensive study from Bentley University, explains that millennials have vastly different expectations for work and career than previous generations. For instance, because they believe work-life separation is a false boundary, they seek greater flexibility in their working arrangements. They don't mind working "after hours" or on weekends, provided they work on their own terms. They don't necessarily gravitate toward specific businesses or positions, but rather toward meaningful work or jobs with a purpose. In fact, recent research from the Brookings Institution report found that

***"64 percent of millennials would rather make \$40,000 in a job they love than \$100,000 job they think is boring."***



On the positive side, millennials think of themselves as self-directed and as natural leaders and entrepreneurs. They take pride in being highly versatile, ready and willing to try new things and work across functions and disciplines. On the downside, they exhibit a tendency to “job-hop,” frequently changing positions and companies. Further, some older managers see their readiness to lead and resistance to hierarchies as overconfidence, as if they’ve not yet earned the right.

Their technology-saturated lifestyles account for some of this. As *USA Today* summed it up: They don’t aspire to the big corner office. They don’t even want it. And they don’t need an assigned work station to call their own. Their cherished family photos adorn not their cubicles but their computers’ wallpapers. They’re kept on smartphones and posted on Facebook, not pinned to a bulletin board at desks.

Having grown up digital, millennials are happy to serve as their own IT service desk. But they expect to use the latest tools and apps, rather than be constrained by outdated and inflexible infrastructure.

All of these factors have major impacts for RE/FM leaders (as well as their counterparts in IT and HR) seeking to boost worker productivity and ensure the company has the talent it needs. For instance, outdated technology and cubicle-centric space plans may hinder workplace effectiveness and become a recruiting liability for the company in future competitions for talents.

The time for action is now: RE/FM leaders should partner with other business leaders to ensure the workplace value proposition is aligned to overall recruiting strategies and talent needs. If HR tries to identify and filter fitting candidates for a variety of jobs, then RE/FM leaders can make major contributions in attracting and retaining top talent by creating the environments in which they can work most successfully.



Millennials don't aspire to the corner office or even need their own cubes.

# Telecommuting, virtualization and the meaning of work



## WHERE IS WORK?

For many companies – big, small and everything in between – that basic question is very much on the table. The corporate real estate community has obvious and significant interest in helping businesses find the right answer, but our point of view has been revealing. Consider the uproar when Marissa Mayer, Yahoo’s CEO, recently limited telecommuting. Many industry veterans viewed this as a retrograde decision. If employees are required to work in an office workspace, aren’t we turning away from our recent progress toward alternative and virtual office environments? Of course, many RE/FM pros were once vehemently opposed to telecommuting.

In my view, Mayer’s higher-order motive – to reignite teamwork and collaboration for higher performance – made perfect sense. After all, profitability and market share were in serious decline. But once in my career, I struggled with a culture that required senior leaders to be at their desks or otherwise visible at Midtown Manhattan headquarters by 9:00 a.m. I held a C-level position at the time, but had a long commute. It was much more productive to work from home in the early-morning hours (when I do my best thinking) and come in to the office around 10:30 or after rush hour. My position demanded for me to “manage by walking about,” participating in meetings and connecting with people, as opposed to sitting behind my desk doing email or taking calls. Even though I routinely stayed late in the evening and was often the last senior executive to leave, my boss was more focused on the “optics” of arrival times than actual work outputs.

The point is work is something you do, not a place you go to. That is more true the higher up you are, though, sadly, my boss at the time did not get it.

Clearly, many smaller, highly agile firms demonstrate that remote working works. Automatic, the organization behind the content management system WordPress, is almost entirely virtual. 37 Signals, the firm that developed the Basecamp project management software, is both global and constituted of remote teams. In fact, its founders wrote a book-length manifesto, called *Remote*, touting the merits of the “work anywhere” ethos. Legendary venture investor Marc Andreessen has backed a company called Teleport that aims to make location irrelevant for mobile workers. Their value proposition is about unbundling talent clusters away from New York City, London and Singapore, on the theory that “jobs do not equal places.” To me, this sounds suspiciously like Uber for the realm of human capital management.

Skeptics in the RE/FM world may think that they’ve heard all this before. They would be right, of course. However, it’s hard to argue with the growing achievements of these firms. The key for those of us in real estate and facilities management is to avoid thinking like retail executives in the last days before Amazon, music industry executives before iTunes, and hotel executives before Airbnb. The forces we face are just that powerful.



So what’s the answer to this telecommuting conundrum – more remote workers or more F2F collaboration? It’s a hard question, to which there are no easy answers. It’s all about companies striking the right balance for their own objectives, cultures and teams. Many large firms believe having more people in central locations is better, but they also provide unique settings – long hallways for walking meetings and cubbyholes and snugs for solo ideation – within large-scale environments. Smaller firms will use their lack of real estate as a competitive edge in terms of going faster and operating leaner and cheaper. The widespread use of videoconferencing to connect necessarily global teams will only continue to grow – which means workplace experiences and workforce effectiveness will increasingly be a function of technology and virtualization.

RE/FM leaders must stay on top of the ongoing market developments and technology advancements. They must seek opportunities to reshape current workplaces by applying new tools and approaches that drive better outputs, like improved collaboration.

**The bottom line: where people work is less important than how they work.** Especially for knowledge workers, work is wherever they can do their best thinking – either individually or within teams. Increasingly, companies rely on the ideas, intellects and energy of their people. Think financial services professionals tending to client relationships. Think R&D teams applying scientific concepts to develop new products. Think marketing teams getting together to brainstorm creative campaign ideas. Think boards dealing with highest-level strategic issues in regular in-person meetings. Optimizing the environments where these interactions take place must be an imperative for RE/FM leaders. Finding the right balance will be a long-term and ongoing process, which is why we must start the journey now.



# The innovation imperative: high-velocity ideation and high-productivity collaboration as competitive advantage

The reason workplace effectiveness is so critical today is that market success is increasingly correlated to innovation, which is so often the byproduct of effective collaboration. The collaboration can be virtual, of course, but the critical point is that collaboration is a critical first step to enable innovation.

John Seely Brown, a former chief scientist at Xerox, believes that innovative cultures share three basic characteristics: “visionary leadership, a commitment to breakthrough thinking and a place that supports the work of innovation.” That place can take many forms - innovation labs and virtual meeting rooms. Of course, it’s critical to remember that true innovation and breakthrough thinking require both group and individual work. That means RE/FM teams need to ensure they understand the tools and technology that are necessary for individuals to work productively and effectively, wherever they are. There are many different levers to adjust in these areas. It might be about tearing down walls for more open, collaborative spaces or boosting knowledge management and transfer capabilities.

The “Super Desk” at the Barbarian Group, a New York City-based advertising agency is aptly named. According to their leadership, it’s “a desk that we could all share, literally—4,400 square feet of undulating, unbroken awesomeness to keep people and ideas flowing.” Talk about working together! Everyone at the company - all 125 employees - has a place at the table, as it were. I would call this an example of a flat hierarchy, but the desk itself is multi-tiered, with areas for those who prefer to work standing up, seven very large hills, with cubbies and small recesses underneath, designed for small groups to work or individual ideation.



True innovation and breakthrough thinking require both group and individual work.





RE/FM teams must not only help other workers innovate, but also heed the call to innovate themselves, within their own operations and offerings.

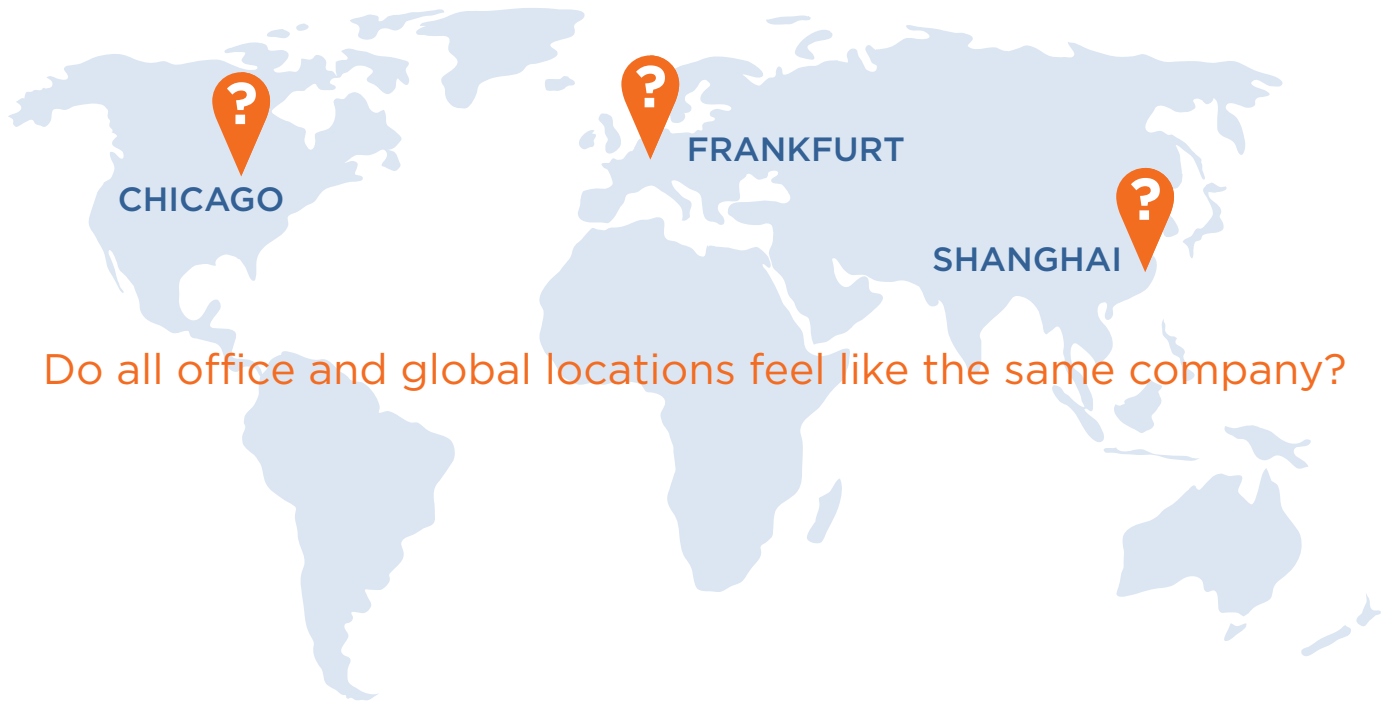
Morton Hansen, a business professor at UC Berkeley and author of *Collaboration*, would no doubt love the superdesk. Why? Because he believes the critical element of effective innovation is “cross-unit” collaboration. But how many corporate campuses and floor plans put up huge barriers to this sort of process. Now, real estate can’t necessarily solve this problem alone, but there is plenty we can do to promote the connected communities of practice that Hansen views as another critical element for effective collaboration and, ultimately, innovation.

The end goal here is not to create some archetypal “alternative workplace,” but rather to establish workplace effectiveness. Thus, the RE/FM community needs to both expand and refine its view of what innovation really means. Some obvious improvements have happened, but there’s a long road ahead. Innovation must be broader than getting faster Wi-Fi and expanding bandwidth capacity across the corporate campus. We need to work urgently to find the right opportunities and shape the right plans. There is ample opportunity for RE/FM leaders who are inclined and motivated to accept the invitation to innovate. Much of the innovation action to come is likely to be in technology, but it certainly won’t be exclusively driven by tech. Remember that a generation or two ago, it seemed highly innovative to add day care, gyms, dry cleaning and other amenities to corporate buildings and campuses.

Sometimes innovation opportunities hide in plain sight, in the cafeteria, for instance. At one of my former companies, the line for sushi was always far longer than those for salads, sandwiches or hot meals. As my team and I examined the situation, we considered a number of options in the context of our overall objectives. We wanted the employees to work productively (i.e., not waste time standing in line), eat healthy and tasty foods, and not necessarily leave the building. Did it make sense to add a delivery service to bring sushi to employees’ desks? Was there room for more sushi stations? Now, often time, the relatively high cost of sushi or additional amenities (like delivery) might have overwhelmed the discussion. But, a strict focus on cost misses the innovation opportunity and, more basically, the bigger-picture business goals.

In the end, we found ways to increase the access to sushi, which enhanced the employee experience and kept more people in the building to work productively with their colleagues. That’s a winning business case for RE/FM, especially when RE/FM leaders start asking themselves about other parts of the dining experience that could be disrupted or reinvented.

# Globalization in context: what it means to work locally when growth is global



The location question - where is work - can actually be viewed in context to a broader question, which is actually much easier to answer. Where is business taking place and where is growth coming from? Around the world of course. Global growth is a top priority for companies in many industries. Therefore, it must be high on the agenda of RE/FM leaders. The good news is that RE/FM teams are well positioned to facilitate successful global expansion. For instance, quickly and efficiently scaling up operations in new geographies should be a “sweet spot” capability for RE/FM teams.

But RE/FM leaders who are ready to engage with other business leaders and share their expertise can go much further. Crafting plans for the creative reuse and repurposing of buildings to support mixed-use campuses or environments is one area where skilled pros can help. Ensuring that there is cultural consistency across company facilities is another.

Similarly, RE/FM leaders with strong communications skills can possibly play quasi-ambassadorial roles - both educating local suppliers about company operations and culture and informing internal audiences about business practices in the new markets. Lastly, companies with significant operations in areas where there is geopolitical turbulence must ensure that executives and other workers are safe (both in transit and when at corporate facilities) and property is secure. Increasingly, this is a common task for more companies in an increasing number of industries.

For RE/FM executives to shape the global workplace experience, they must be proactive. For example, a high-technology company where I once worked needed to expand its global presence. There were several business drivers. One, rapid growth was generating huge demand for both office space and skilled resources. Two, the company's headquarters was located in the Bay Area of California, meaning an earthquake could potentially devastate the business. An infrastructure-focused RE/FM strategy was simply not sufficient. The RE/FM embraced Monte-Carlo and other risk simulation analysis models, as well as advanced planning techniques, to project near, mid- and long-term flexibility into our portfolios.

We worked directly with the business units to identify the advanced engineering skills we needed for the future. Then, to find the right workers, we mapped global labor pools and partnered with academic institutions and governments to tap into their scientific and technology programs. The end product was a 10-15 year roadmap to a global footprint that was designed to drive competitive advantage to the company. That roadmap outlined not only the necessary workspace, but also factored in overall enterprise risk, proximity to customers, regional growth patterns and the need for skilled resources.

In the end, the company invested billions of dollars in new facilities in multiple regions of the globe, including within the U.S. But more significant than supporting the construction of high-end LEED-certified facilities, the RE/FM team demonstrated its ability to truly serve as a business partner (out in the forefront not on the sidelines), helping the company chart a smart course to global growth, taking into account the risk management, business operations and human resource implications. We even counseled senior leaders on the value proposition of distributing the C-suite. In other words, the RE/FM team played a crucial role that enabled the company to become and operate as a true global enterprise, not a California-based international company. Success of the expansion was measured not just geographically, but also by skills, capability, culture and all the usual business metrics.

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# Sustainability and social awareness: new metrics and new rules for a new era



Sustainability has become a hotter topic in the C-suite as consumers shift their purchasing habits and brands reposition around “green.” It’s a recruiting issue, too, as millennials have higher levels of environmental consciousness than previous generations of workers. Many large companies have responded to the signals: in 2013, nearly 75% of the S&P 500 filed sustainability reports, according to the Governance & Accountability Institute, up from only 20% in 2011.

RE/FM are natural leaders in shaping the corporate agenda around sustainability. In fact, we have delivered impressive results in areas such as building design, energy management, utility spend consolidation, recycling and other areas. These successes have helped embed sustainability into the operational DNA of many companies. It’s no longer a separate agenda item for most RE/FM organizations.

Of course, there’s still plenty of opportunity beyond the achievement of LEED-certification and platinum-status building. I believe there are many breakthrough innovations to come, and that we’ve only just laid the foundation for RE/FM’s value proposition relative to sustainability. Those gains will come in forms big (like collaborating with manufacturing plants to devise ever more energy-efficient and intelligent systems) to small (finding the optimal mix of recyclable materials). The bar will only continue to be raised: at PNC Bank’s new headquarters in Pittsburgh, 91% of the floor space can be illuminated through natural light.

It’s bears repeating that sustainability and green have important market-facing implications. Consumers increasingly make their purchasing decisions based on a brand’s reputation for sustainability, fair-trade practices and the like. That’s why capital markets pay attention to what companies are doing in these areas. It will only become more important as millennial workers overwhelmingly seek to associate themselves with companies that share their values relative to environmental and other social issues. In fact, that Brookings Institution study found that 89% of millennials express a stronger “likelihood to buy from those companies that supported solutions to specific social issues.” Higher levels of trust and loyalty also result, according to the findings.



# People, assets, space: translating culture and strategy to optimal environments

RE/FM teams must have a deep and intuitive understanding of how the culture manifests itself and how buildings and environments reflect that culture and drive the achievement of core objectives. Sometimes the solutions are simple and clear. For instance, Whole Foods has a residential kitchen in the lobby of its headquarters. Starbucks has multiple stores in its Seattle headquarters - which are training environments as well as functioning retail outlets. Employees, all of whom receive barista training, are practically required to brew their own beverages in the extraordinarily well stocked break rooms; they delight in showing off their special drinks to visitors. These features serve to remind everyone where the "front lines" are and where the moments of truth with consumers take place. Firms in other, less retail-oriented sectors might ask themselves how they can recreate the physical and virtual spaces where their wares are offered and key customer interactions occur. Increasingly, that's the core job of workplace design.

It's all about engaging workers so they are fully committed to their roles and empowered to do their best work. Inspiring people and unleashing their creativity through well designed workspaces and quality facilities will add a lot more value than simply knocking a few more dollars off a supplier budget.

Realizing the vision will take committed individuals and teams who can see beyond considerable obstacles and embrace new approaches to addressing longstanding challenges. It will take sustained efforts around organizational change management - the kind that has historically been used to support the implementations of major new systems, process changes, new product launches or mergers and acquisitions. That is the scale on which RE/FM leaders must think. The workplace revolution will deliver a comparably significant impact. We must embrace current demographic, technological and workforce changes as the extension of societal changes and as potentially beneficial opportunities for improving the performance of our corporations.



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# The bottom line: revolution, evolution and transformation

Global businesses are just now coming to terms with the “workplace revolution.” The revolution means new ways of working, designing and innovating new products, vastly more collaboration and significantly less physical or traditional space. It provides the strategic agility smaller companies need to make bigger market gains faster compete more effectively and innovate more fluidly. And it has the potential to fully neutralize the traditional advantages of scale and scope that corporate giants have so long enjoyed. Forward-looking CEOs of big, mid-sized and small companies are fully using real estate and facilities management as one of the strategic transformation levers to generate value from the revolution.

## ABOUT TRASCENT

Trascent, a premier global management consulting firm, drives measurable performance improvements and generates quantifiable results in Real Estate and Facilities Management (RE/FM). The firm’s clients span biopharmaceuticals, consumer packaged goods, diversified industrials, financial services, high technology, media, oil and gas and other sectors. Main areas of focus include sourcing, governance, technology strategy and enablement, portfolio and workplace optimization, organization optimization and operational improvement. Trascent’s top-rated industry conferences have been attended by senior RE/FM and business leaders from more than 100 companies in the United States, Europe and Asia. For more information, visit [www.trascent.com](http://www.trascent.com)

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## ABOUT THE AUTHOR



### George Bouri, Managing Principal

George Bouri is a Member of the Global Board of Trascient Management Consulting, LLC and the Managing Principal for the Americas region, with over 20 years of combined senior-level management consulting and corporate experience. Mr. Bouri has a proven track record in leading global blue-chip companies to financial and operational success. His expertise is focused on the fundamentals of business transformation, specifically on addressing people, change management, process improvement, performance management and technology enablement.

In his global role at Trascient, he is responsible for leading the Americas region while providing leadership for the firm across a broad range of operational and market-facing activities, including driving growth strategies, building client solutions, spearheading key accounts, and optimizing service offerings. Mr. Bouri serves in a leadership role on a number of key global accounts, including Bristol Myers Squibb, General Electric, Thomson Reuters, United Technologies, among others.

Prior to joining Trascient, Mr. Bouri served as Senior Vice President of Global Shared Services Real Estate and Facilities for Time Warner Inc., where in an effort to more efficiently manage resources across the company, he spearheaded the creation of a center-led organization that represented a first across the Time Warner companies and became the blueprint for other shared services initiatives to follow. Over the course of his career, Mr. Bouri has held senior management positions at blue-chip companies, including Deloitte Consulting, Andersen Business Consulting, Sun Microsystems, Hewlett-Packard and Richard Ellis (now CBRE). While at Deloitte, he orchestrated business transformation initiatives for numerous clients resulting in significant efficiency gains and profitability improvements, including American Express, AIG/Chartis Insurance, Citigroup, DuPont, GE, Merck, Pfizer, Turner Broadcasting and Warner Bros. among others. With an emphasis on business transformation and through innovative capital asset and workplace programs, clients experienced reductions in cost and in employee turnover while gaining major improvements in employee morale and job satisfaction, and overall business performance.

George has been frequently featured on broadcast media and quoted in national media publications, such as The Wall Street Journal, Forbes, Fortune Magazine and San Francisco Chronicle as well as many leading industry journals. He often serves as a keynote speaker, panelist at conferences and visiting faculty member at numerous academic institutions. He has published multiple articles on his fields of expertise, including business transformation, operational improvement, corporate real estate & facilities management, change management, and shared services.

Mr. Bouri received a Master's degree in Business Administration (MBA) from the University of Denver, Daniels School of Business and a Bachelor's degree in Business Administration (BBA) from the University of Wisconsin. He is a member of CoreNet Global.

To learn more about Trascient and our  
breakthrough performance solutions  
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