

WORKPLACE TRANSFORMATION SURVEY

A GLOBAL VIEW OF WORKPLACE CHANGE

A Corporate Occupier & Investor Services Publication



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OVERVIEW

There is no doubt the corporate workplace is rapidly transforming. Whether in North America, Europe, the Middle East, or Asia Pacific, maximizing the productivity and efficiency of the corporate work environment is a top priority for today's occupier. Most are taking a comprehensive view of change that considers the cost savings, increased efficiencies, cultural impacts, and human resource benefits and challenges. Organizations are moving forward with change at various speeds and pursuing a number of strategies in order to achieve their desired goals.

To better understand the challenges, differences, and consistencies of workplace transformation, Cushman & Wakefield, in partnership with CoreNet Global, recently conducted a global occupier-focused survey on the changing work environment. The results provide keen insight into the drivers of workplace change, the pace in which change is occurring on a global basis, and the barriers to transforming the workplace. Participants were asked a series of questions about their organizations, the level of transformation that's occurring, and whether workplace change is effective. The following discusses the results of this survey and provides a view of the trends driving workplace change.



SURVEY FINDINGS

1. More occupiers globally are implementing workplace transformation programs
2. On average, occupiers cited human resource factors, such as recruiting, workforce productivity and improved work/life balance over cost factors, such as reduced facility costs and lower churn as drivers of workplace change
3. Hoteling (i.e., unassigned seating) strategies are being more rapidly employed in EMEA and APAC than North America
4. Reluctance of company management ranks as the biggest barrier to workplace transformation
5. Most workplace change strategies are effective in helping organizations reach their goals

METHODOLOGY

Cushman & Wakefield's global workplace transformation survey was conducted via two channels. Qualified responses were sought by Cushman & Wakefield and CoreNet Global from attendees at the CoreNet Global Summits held in Shanghai, Amsterdam, and Las Vegas. Participants in each region hailed from a variety of countries and were asked to reply to a series of questions on-line and in person. Responses were received from a range of industries including Banking & Financial Services, Life Sciences, Technology, Telecommunications, Healthcare, and Professional Services. The survey was also administered by Cushman & Wakefield directly to a wider audience of qualified respondents.

RESULTS

The following survey results are presented around five themes:

1. Rate of adoption
2. Drivers of change
3. Types of change
4. Barriers to change
5. Program effectiveness

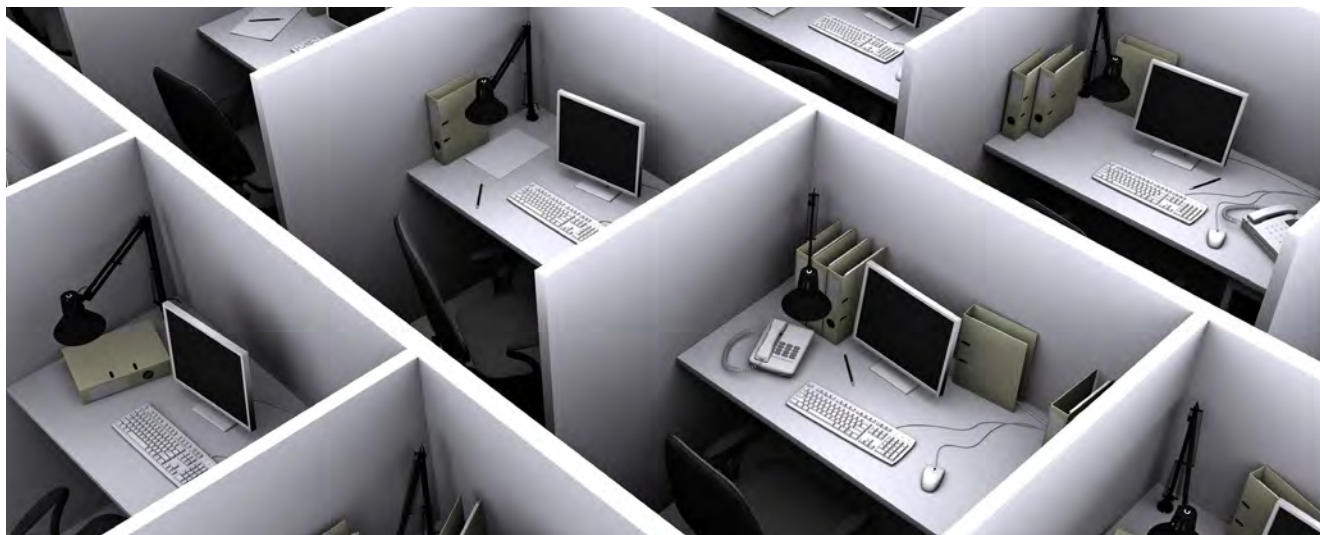
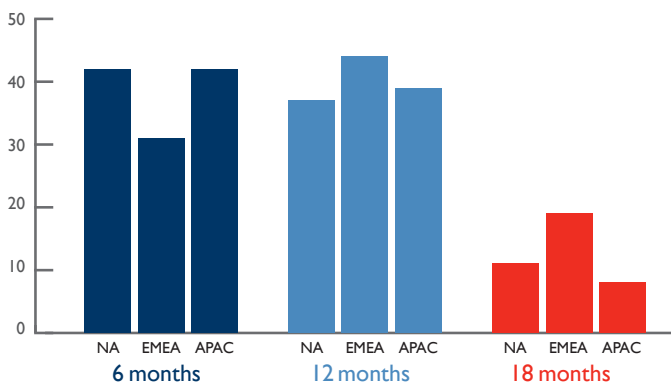
1. RATE OF ADOPTION

THE PACE OF ADOPTION IS STRONG

The pace at which the corporate workplace is transforming across the globe appears to be strong. Across the three regions surveyed, between 62-65% of respondents indicated that their organizations were either in the process of implementing a workplace change program (35-40%) or planning to implement a workplace change program (25-27%).

Of those planning to implement a workplace change program, an overwhelming majority stated that they plan to begin within the next twelve months (72% in APAC, 75% in EMEA and 79% in North America). Between 24-27% of respondents stated that their organizations have not started a change program, where between 10-12% have recently undergone workplace transformation.

WHEN DO YOU PLAN TO IMPLEMENT A WORKPLACE CHANGE PROGRAM?



2. DRIVERS OF CHANGE

HUMAN CAPITAL AND ORGANIZATION OBJECTIVES SEEN AS DRIVING WORKPLACE TRANSFORMATION

Respondents were provided a list of twelve factors widely seen as driving workplace change and were asked to identify the top three drivers of change within their organizations. Cost factors, while significant, were not seen as the most influential drivers of change. Despite ranking reducing real estate costs as the highest individual driver of change, with 17.6% of respondents identifying it as a factor, the next five most influential factors related to either strategic or human resource related objectives.

Only 27.5% of respondents cited cost control factors (i.e., reducing real estate costs, lower churn, etc.) as being primary drivers, with organizational goals such as increasing communication and collaboration, generating high levels of creativity, and improving agility and customer responsiveness being cited over 37% of respondents.

DRIVERS OF WORKPLACE CHANGE – GLOBALLY	
FACTORS	%
Reduce real estate costs	17.6%
Attract and retain employees	15.6%
Increase communication and collaboration	14.6%
Increase employee productivity	14.2%
Increase creativity and innovation	10.0%
Improve agility and customer responsiveness	6.4%
Reduce churn and facilities costs	5.9%
Improve work-life balance	5.1%
Reduce other costs (e.g., paper, utilities, travel)	4.0%
Reduce carbon footprint	3.0%
Enhance business continuity and disaster recovery	2.8%
Other	1.0%

TOTALS	
Human Resource Factor	38%
Strategic Factor	37%
Financial/Cost Factor	24%
Other	1%

3. TYPES OF CHANGE

EARLY ADOPTERS CONSIDER DESIGN STRATEGIES FIRST

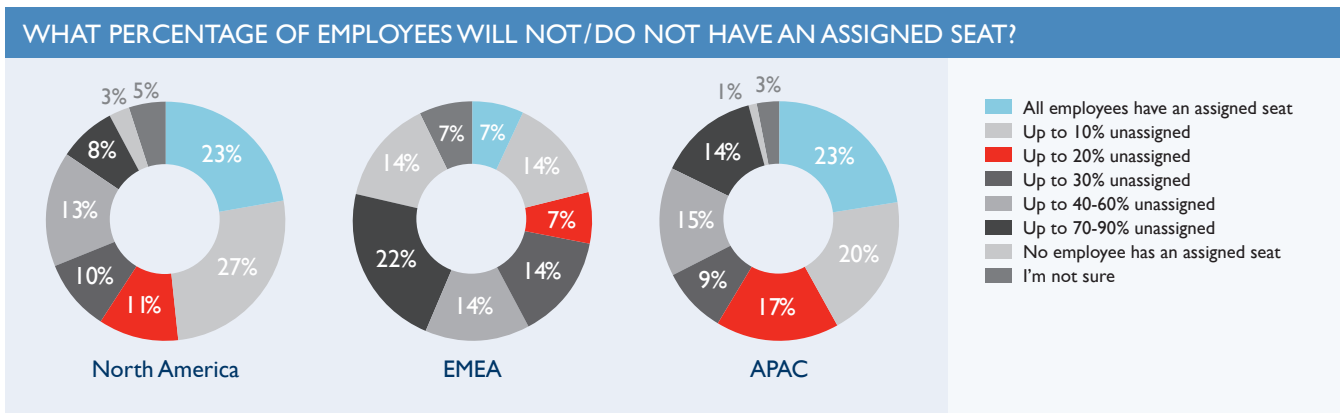
The majority of respondents planning new workplace initiatives cited design changes as being the most highly considered change strategies. Open plan architecture, flexible layouts, and furniture solutions, as well as reducing the amount of space per person in favor of increased collaborative space all ranked high.

WORKPLACE CHANGE CONSIDERATIONS – GLOBALLY	
STRATEGY	%
Open plan / reduced office space	11.0%
Flexible layouts and furniture solutions	10.7%
Increased meeting rooms and collaboration spaces	10.0%
Increased social and relaxation spaces	7.1%
Unassigned seating (employees with no fixed desk)	6.8%
Touch down zones	5.9%
Working from home	5.8%
Increased use of natural light	5.6%
Quiet zones and rooms	5.5%
Increased communication tools (e.g., chat, conferencing)	5.3%
Flexible work hours	4.8%
Remote network access	4.7%
Sustainability accreditation (e.g., LEED)	4.0%
Phone booths	3.4%
Social networking tools	3.1%
Increased provision of mobile devices	3.0%
Follow-me telephony	2.3%
Other (please specify)	1.1%

TOTALS	
Design Focused	56%
Cultural Focused	33%
Technology Focused	10%
Other	1%

UNASSIGNED SEATING LESS POPULAR IN NORTH AMERICA

Respondents with workplace programs complete or underway were asked about seating. Approximately 50% of those answering from North America stated that 10% or less of their organizations would not have assigned seats in their new workplace. In contrast, responses from EMEA and APAC indicated that unassigned seating strategies are being more rapidly employed in these regions, particularly the EMEA.

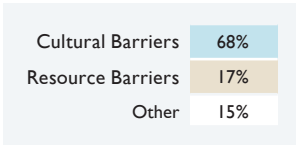


4. BARRIERS TO CHANGE

CULTURAL BARRIERS IDENTIFIED AS THE PRIMARY OBSTACLE TO IMPLEMENTING CHANGE PROGRAMS

Resistance from managers, staff, and senior leadership were cited by 41% of respondents as impeding the adoption of workplace change. Notably, a lack of funding also ranked high with respondents as preventing workplace change, suggesting some organizations have not yet been convinced that the benefits of change lead to revenue and earnings.

BARRIERS TO IMPLEMENTING WORKPLACE CHANGE	
Resistance from managers	16%
Lack of funding	15%
Resistance from staff	13%
Resistance from senior leadership	13%
Unsupportive organizational culture	11%
Inadequate change management	9%
Lack of enabling technology	7%
Lack of people to implement	6%
Inadequate training	4%
Other	4%
Inadequate employee performance management	4%



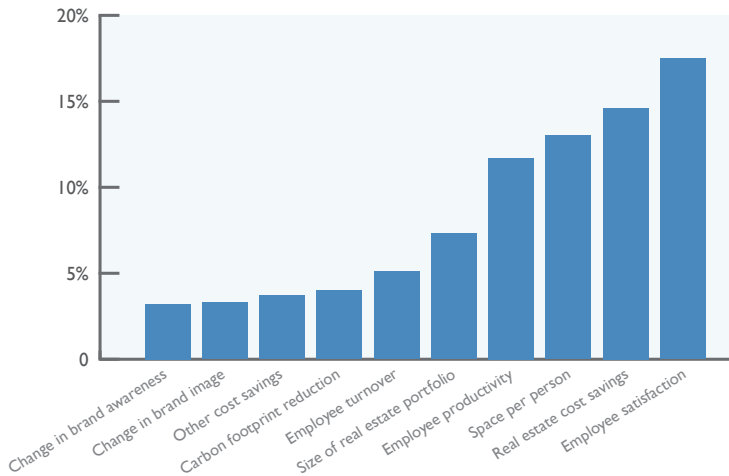
5. PROGRAM EFFECTIVENESS

EMPLOYEE SATISFACTION CITED AS THE BIGGEST MEASURE OF SUCCESS

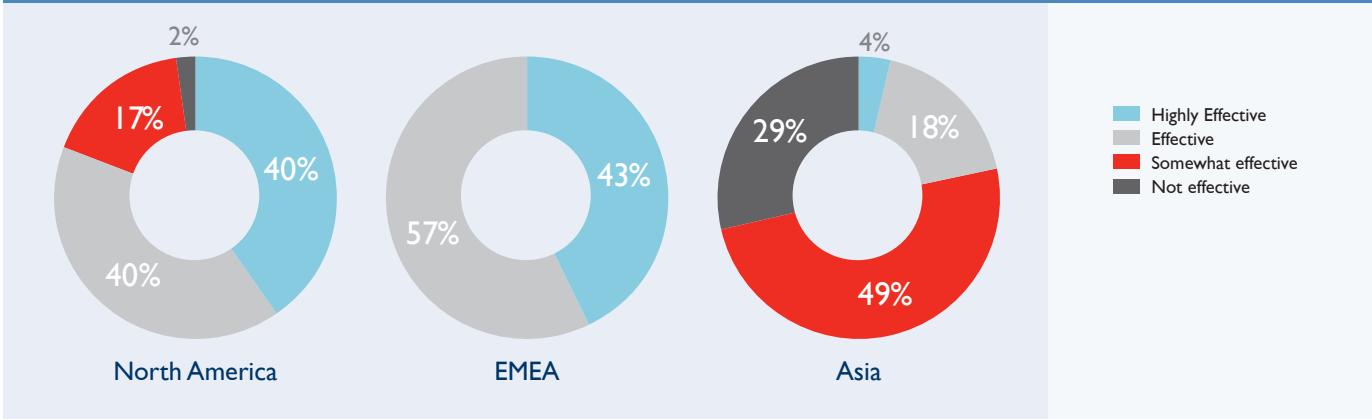
Respondents were asked to identify the factors that their organization are using, or will use, to measure the success of workplace change programs. Employee satisfaction ranked the highest, with 17% of respondents identifying it as a measure of success. Cost savings ranked second with 15%, followed by the amount of square feet allocated per person at 13%.

When respondents across each region were asked whether they believed that their workplace change programs were working, over 80% in North America responded that their programs were either highly effective or effective, with 100% in EMEA responding in similar fashion. While only 22% of respondents in APAC indicted that their programs were effective in helping organizations reach their goals, almost 30% stated that it was too early to tell.

WHAT IS THE BIGGEST FACTOR USED TO EVALUATE SUCCESS?



HOW EFFECTIVE HAVE THE CHANGES BEEN?



SUMMARY

Workplace transformation remains in its early stages and many organizations are just beginning to understand how changes in design and the use of technology can lead to improved operating performance. Across some industries, such as technology and telecommunications, the corporate workplace transformed years ago. For others, such as banking and financial services, and legal services, change strategies are just beginning to make their way into real estate strategies. Expect the rate of change to continue at a brisk pace, as many of those organizations that were early adopters of change revisit their strategies or enter the next phase. Clearly, cultural change is a significant barrier to workplace transformation and that will likely continue within many organizations until it becomes clear that not embracing some form of workplace transformation becomes a competitive disadvantage.





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Global CIS teams collaborate through the sharing of best practices, use of consistent tools and processes, alignment of goals and priorities through industry-leading performance management and governance programs and flexible, effective technology. C&W partners with clients, enabling them to focus on their core business, confident that real estate experts are attending to every strategic and operational detail required to create, optimize and protect business value.

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Cushman & Wakefield's global occupier survey administered in partnership with CoreNet Global, the world's leading association for corporate real estate (CRE) and workplace professionals, service providers and economic developers. CoreNet Global's mission is to advance the effectiveness of CRE professionals and the entire industry engaged in delivering value to corporations through the strategic management of corporate real estate and workplace resources.

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