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"A Convergence of People and Place"

New research reveals why the performance of commercial property is key to productivity, wellness and overall employee satisfaction

Iain Shipley at Managed Office Solutions provider, Portal, who sponsored the research provides a summary of the findings and how they affect HR professionals

The last few years has seen a fundamental shift in where commercial property sits within the corporate agenda. It is no longer just a space where your staff come to work, but is now central to the overall performance and future success of a business. This development is just one of the conclusions reached by the latest independent research into 'Redefining Commercial Property Performance' but is only part of the story. Other topics explored that should resonate with Human Resource professionals are around how and why buildings and workplace are becoming more pivotal within an organisation's entire strategy, what benchmarking techniques are available to measure performance, what role, responsibility and contribution should the HR department bring to the party, and finally what benefits can they expect to realise.

Workplace - more than a business support function

First let's examine exactly why and how office space has become more important in the boardroom. Amongst some of the property professionals, research bodies, consultants, associations and end-user organisations who were interviewed for the research, Director UK Commercial Property Professional Group at RICS, Paul Bagust believes that conventional attitudes towards commercial buildings may prevail but suggests new ways of thinking about property are emerging with it being viewed as "more than a business support function but one that is strategically linked back to the business...the key is that it becomes part of the conversation and not some add on piece." He also talks about how in the recession the trend was all about keeping costs down but now this has shifted towards employee retention and recruitment. This is mirrored by CIPD's 'Labour Market Outlook, Autumn 2015' that found that 87% of business leaders will be concerned about retention and engagement over the next 12 months.

John Pike, Senior Adviser to Bellrock Property and Facilities Management, and Managing Director of 40 Percent Symposium is also of the opinion that attitudes at the top are changing, "Within the large corporate sphere, the C-Suite now has a much deeper understanding that to get the best people they've got to create the best working environments, so that their people are more productive."

Measuring up

Now that senior managers are recognising the importance of 'place', the next challenge has been around measurement and benchmarking. In the past the industry relied on rather crude yardsticks such as the space utilisation, i.e. whether and how the space is being used; alongside the utilisation rate, which calculates the frequency rate and occupancy rate. Whilst this may show how space is being used, the downside is that it won't tell you the effectiveness of your workplace. This is what the Leesman Index has set out to do since its launch in 2010: "to provide a wholly independent measure of workplace effectiveness and show that the purpose of the workplace is to support employee productivity and organisational performance - by taking a measure of what the workplace contributes, not what it costs."

With a more sophisticated method of measuring output and productivity, it is now simpler to see the tangible results, but perhaps the bigger question is how organisations design workspaces that continue to score highly.

Productive workplace

According to recent Leesman figures, which has reached over 130,000 respondents, 54.4% of employees asked to participate in their survey responded to say that the design of their workplace enables them to work productively; whereas 18% don't think it affects them either way, and 29% - nearly a third of the working population say that the design and infrastructure supplied by their employer does not allow them to work productively.

The figures suggest that a significant proportion of organisations are still failing to provide the perfect environment for staff, so how can this be addressed? According to Peggie Roth, Development Director at Leesman there are two main components that create a productive workplace:

- A deep understanding of an organisation's individual needs; and
- The way in which that workplace encourages interaction, by not only supporting employees in their individual activities and tasks, but also how it aids collaborative activities by helping to build a social infrastructure.

The Holy Grail

Ian Ellison Senior Lecturer and Course Leader in Facilities Management at Sheffield Hallam University is also interested in the factors that contribute to a "genuinely inspiring" workplace. He agrees with Roth that the best way of evaluating the effectiveness of a workplace is to focus on the needs of an individual organisation, which

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can only be achievable by exploring the diverse needs and experiences of the people who will occupy that space. The biggest obstacle though according to Ellison is "In organisations, no one discipline is responsible for 'work' because it's the thing that everybody does. You may have elements of HR, IT, Property and FM - all representing people, process and place; at the sweet spot is work getting done. Who can claim they're totally responsible for this bit, which is why it's the Holy Grail?"

People and place

So how do employers achieve this nirvana? In order for a workplace to be truly effective, there must, argues corporate real estate expert Chris Kane (ex-Head of Corporate Real Estate at the BBC), be a convergence of people and place. They are he says, a company's most valuable assets and only by developing them both in tandem will you unlock their true value. He believes strongly that this requires organisations to break down the silos between the "people" side of the business and the "place" side, which means thinking beyond property as just a tool to improve efficiency and reduce property costs. This opinion supports the idea that all the relevant departments and necessary third party suppliers, including HR, need to work together to create a workplace that is optimised to fit the specific and often unique needs of a particular company.

Flexibility & alignment

The theme of being able to continually adapt your workplace in line with changing strategy is also highlighted as a factor towards meeting corporate goals, both now and in the future. Having built-in flexibility to scale up and down your capacity is now considered a key part of aligning your business property with overall commercial objectives. Ensuring that an office can accommodate anything from 50% to 90% staff turnout is becoming more common as is hot-desking and flexible working, but the other side of the coin is how businesses protect themselves from unforeseen circumstances, such as growth or contraction.

According to Cameron at Cushman & Wakefield, "Many firms are considering where they are going in the future so looking at the longevity of the space and overall taking a longer term strategy on how the office will be managed." An alternative to Serviced or leased agreements that can mitigate risk in the future is the concept of Managed Office Solutions that provides a tailored property, fit out and services solution that can be structured to an individual organisation's needs without involving capex, dilapidation or exit fees.

The ability to customise a property to reflect the unique needs of an organisation is something that Ian Ellison at Sheffield University concurs with who advises, "So don't start by looking over the fence and seeing what the Jones' are doing, workplace wise - start by asking what do we as an organisation want to achieve? A reshaping of the workplace mind-set is required, so rather than 'managing facilities', if we start thinking more about 'enabling communities' of people to work together, we can change the way we approach workplaces and 'measuring effectiveness' because enabling communities is the sort of approach the likes of Microsoft [named the most attractive major employer to work for worldwide] understands. Whilst this might sound like wordplay, the deeper implications are profound".

According to Deloitte's Annual Global Human Capital Trends 2016 survey, ninety-two per cent of the UK's human resources and business leaders see redesigning their organisation as their most important priority. If organisations want to yield maximum returns from what is one of its greatest assets, its 'people' then it's time for HR to get fully immersed in the property conversation to ensure that its 'workplace' will motivate higher levels of wellness, satisfaction and productivity from all staff, both now and in the future.

Case study - TD Wealth International

TD Wealth International (tdbank.com) - part of the Canadian Toronto-Dominion (TD) Bank Group, is one of the UK's leading online investing providers with offices in Leeds and Manchester. In 2013 the firm set out to undertake a full refurbishment of the Leeds office which housed around 400 employees.

Explains Pervinder Khela, Head of Shared Services at TD Wealth International: "We asked ourselves, how do we make the best out of our assets while delivering our employees a space in which they can work which uplifts them when they enter it and is somewhere where they want to come to work every day?"

Building on the design proposals of design consultancy TSK (tskgroup.co.uk) the firm carried out a series of team meetings with senior leaders and canvassed 360 degree feedback from staff via working group champions. This was then translated into a scheme that would achieve the needs of the project but more importantly the needs of the occupants.

The finished design is an open and collaborative space, which offers the team access to pockets of space and break out areas as well as quieter areas for work that requires more individual concentration.

According to Pervinder Khela the main ingredient to the success of the project was that a key stipulation was that the changes were not something that was "done to people", but was something people were a part of to make the whole change process a lot easier.

To summarise, the changes have resulted in:

- An effective and productive workforce evidenced through increased collaboration and pace of work
- An attractive place to work evidenced through employee feedback and feedback from agencies who we use to bring in employee/ staff attending interviews
- An environment which talks to the culture of our organisation creating a legendary employee and customer experience

Concludes Pervinder Khela: "We delivered our vision, which was all about our staff, giving them the right space, tools and environment in order to be able to deliver at their best which translates into the best customer service for our customers."

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