# Today's Workplace is

Even with markets in turmoil and unemployment at its highest in 26 years, organizations cannot afford to ignore their people — and understanding employees' changing needs is critical to prepare for when the economy picks up again.

When CNN's Chief Medical Correspondent Dr. Sanjay Gupta very publicly withdrew his name from consideration for the job of serving as surgeon general of the United States in the Obama administration, he said it was due to expecting a third baby and wanting to spend time with his family. He didn't want to live in Washington, D.C., and commute home only on weekends to be with his family.

This work/life — or rather life/work — decision is happening more and more as the contract between employers and their professional employees is being redefined.

This is a very real requirement for every organization to realize: it's not managing in the same world it was 10 or even five years ago. Even deep in the current recession, today's business climate — of people, technology and environment — continues to undergo major change.

Remember when in the 1960s classic film, "The Graduate," Dustin Hoffman was told "plastics" was the one word to think about? Here in the 21st century, the word that defines the next decade of work is "flexibility."

That flexibility comes into play in several ways:

- Flexibility in lifestyle;
- Flexibility in time;
- Flexibility in work; and
- Flexibility in reward.

One major area of differentiation from the workplace of the past is how employees now clearly define themselves by the lifestyles that they have chosen to lead. They no longer say they're engineers, chemists, pilots, nurses, teachers and the like. They define themselves through the lifestyle that meets their needs with their job — the career they opt for — only a part of that lifestyle.

Thus, they no longer define themselves by saying, "I'm a product manager with the XYZ Corp."

**By Mike Johnson and Andrew Chadwick**

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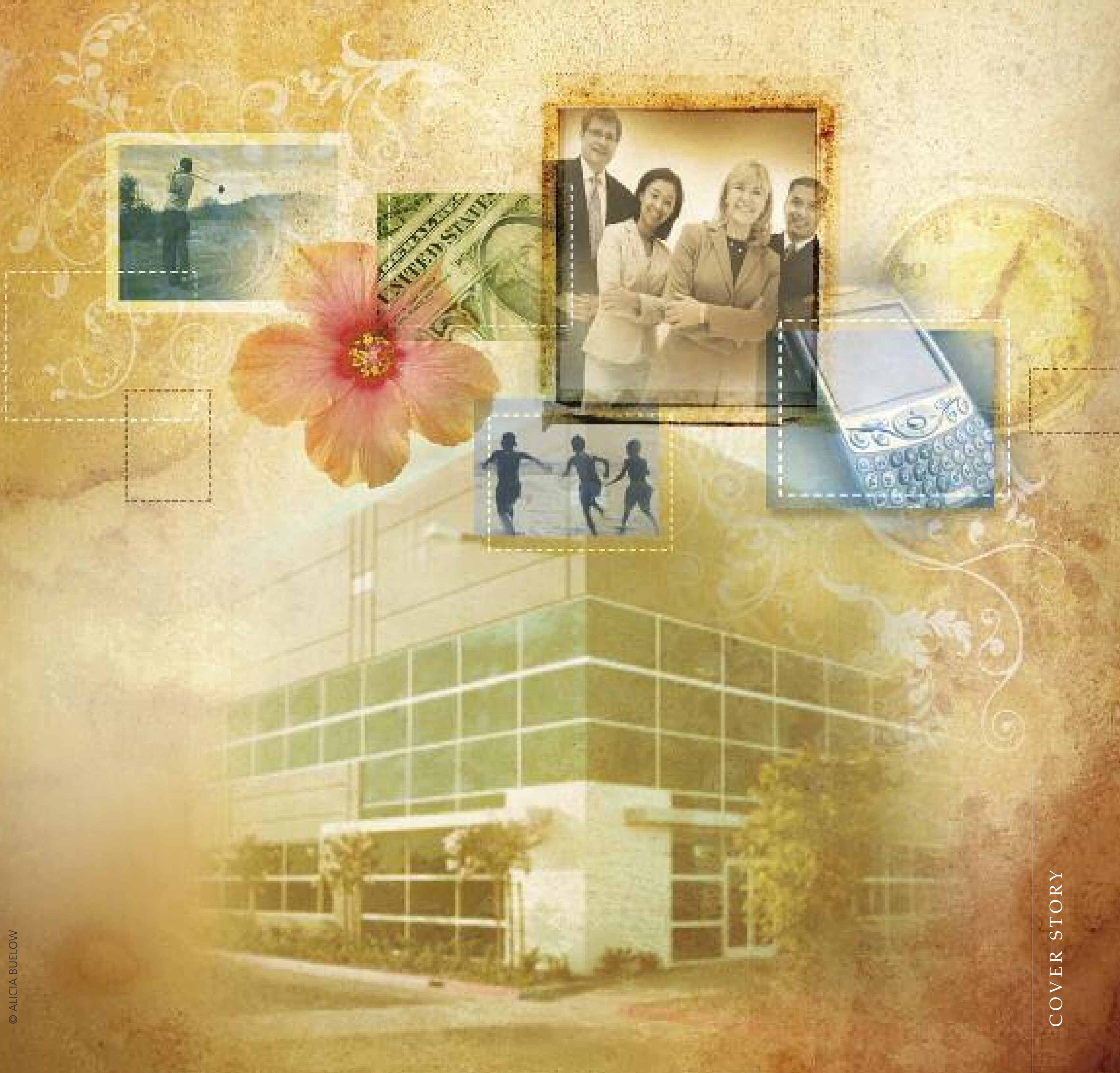
COVER STORY

# About Flexibility



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COVER STORY

Long gone is the "company man," who had one job for life, from which he retired with a gold watch and rich pension. In today's workplace, professionals change jobs an average of 12 times during their lifetimes. Thus, companies still using the "old definition" are making a huge mistake.

They might be a "keep fit, opera-loving, bicycle-riding single mother of two," who also happens to be a biochemist; or a "Harley-Davidson-riding, Herman Hesse-reading, 55-year-old grandfather," who also is vice president of marketing for a supermarket chain.

Their definition of who they are has changed forever. Thus, firms can hire them and fire them, reward them and disappoint them; they are who they are and do not belong to the company.

Long gone is the "company man," who had one job for life, from which he retired with a gold watch and rich pension. In today's workplace, professionals change jobs an average of 12 times during their lifetimes.

Thus, companies still using the "old definition" are making a huge mistake. To engage new-age employees, employers will have to do better. To gain the respect and consequently the commitment of the millennials — workers in their 20s and early 30s — firms have to acknowledge who their employees really are. The result? Those organizations that build their workforce with the new thinking will be winners at keeping their best people.

Managers are now tasked with understanding the needs and expectations of their employees (young and old, skilled and semi-skilled) and would-be employees as well as their chosen lifestyles.

It's important to know about the subtle changes that have taken place in the last few years and create a work structure that allows for maximum flexibility. It also involves a good dose of innovation and a willingness to make changes in how employers approach the job with their employees.

Most of the available research points to the small and medium enterprise (SME) category as being more able to cope with this updated workplace situation, because the smaller size of the firm creates a family-type atmosphere. But this is not always the case.

Often SMEs lack the resources in both money and manpower to quickly react to emerging trends or make effective decisions. This lifestyle revolution is no different. Far from identifying closely with the company's products or services some, at least, will find that this is not what they get out of bed for five days a week. In an SME, this can have dramatic consequences.

### It's About Engaging Employees

Now, this focus on flexibility in business — both in the private and public sector — is not new. Trends such as telecommuting, job sharing, part-time work, interim and outsourced work have been around for many years; but make no mistake — it's different now. Vast numbers of employees are redefining their lifestyles and consequently, their workstyles, too.

Basically, this means that individuals everywhere will self-select employers on the basis of how they want to build their own lives.

Employers that are not open to drastic change in how they run their businesses will end up starved of the very talent they require to succeed.

Conversely, those employers that make the changes in how they organize for work will earn the respect of their employees; they will become the new "great places to work."

To re-engage the new workforce means being prepared to meet their needs more fully and with far more flexibly than is widely being offered today.

Will the current recession — predicted to last years, not months — push these practices to the back burner? Not likely. For those organizations that don't begin to embrace these ideas now will reap a bitter harvest come the upturn. Simply put, employees will leave as soon as they can find a better place to work. It is all about employee engagement.

A study by consultants Towers Perrin of 35,000 U.S. workers described levels of engagement: "A key focus of [the] research was measuring the respondents' level of engagement in their work. Just under a fifth of our total respondent group — a disturbingly small percentage — are highly engaged, freely giving that extra effort on an ongoing basis.

"An equal number are disengaged, meaning they have probably checked out from their work. The remainder — roughly two-thirds — are 'moderately' engaged at best."

The study goes on to ask: "Why does engagement matter so much?" Because, it concludes: "Engagement remains the ultimate prize for employers. Companies may use different names or define it slightly differently, but the endgame is the same for everyone — discretionary effort."

In addition, the Towers Perrin report states: "But employees' willingness to deliver is neither infinite nor self-renewing. The flip-side of the coin — diminishing cooperation and engagement — is all about risk for the employer."

This risk is explained where the moderately engaged will slide toward increasing disengagement; risk that resiliency will harden into recalcitrance; risk that job performance will erode over time; or risk that as the economy rebounds, less than fully engaged employees will seek other employment.

Towers Perrin concludes: "The challenge lies with the large number of moderately engaged" [in this report, the "massive middle"]. Left to their own devices, the report suggests, "these employees could easily slide toward the wrong end of the engagement scale.

"Indeed, the sheer size of this group — probably the single largest group in any organization — means it will have a disproportionate impact on the mood and morale of the workforce overall. Strengthening this group's level of engagement may be the most critical task virtually every employer faces today."

Without an employer's best efforts (aided, no doubt by ever cheaper technology) to meet the expectations of the individuals firms employ on a case-by-case basis — which will change and metamorphose at different times in their lives — effective recruiting and retaining will be impossible.

This isn't as simple as granting the odd extra day off or extra vacation time.

Changing demographics and fast-moving social trends demand plans that meet these new developments head on. Aging populations and economic hardship means that many in the workforce will have to work longer. So, for example, firms need to know how to employ those over 60.

Other lifestyle issues complicate benefits programs — changing legislation on gay marriages, an increasing number of divorces, re-marriages, single mothers and sandwiched employees (faced simultaneously with child and elder care) — mean that those firms seek to employ are part of whole new societal niches.

The reality is they no longer employ thousands of John and Jean Smith look-a-likes; they employ a diverse mix of individuals, and all with different needs and aspirations.

### Life/Work, the New Work/Life

In recent years, there's been a great deal written and spoken about work/life balance. One problem, however, is that much of it attacks the issue from the wrong way.

To employees the "life" bit comes first and then the "work" part. Businesses got this order wrong initially since it was written by someone from the corporate view — and not that of the individual. Starting with work doesn't begin to get close to balance as far as individuals are concerned.

If trying to sell a concept of "work/life balance," all that's really being done is disconnecting the employee — imposing a concept that is not his or her reality or view of life.

When considering the work/life balance view, most sensible managers don't agree with the concept. Most believe that if smart people are hired, they will find, define and execute their own work/life balance equation regardless of what a company view is.

## Space — the Final Frontier

One thing that often gets overlooked when considering economizing is the space a company inhabits. Most offices — and a great deal of other corporate real estate — are either underused or poorly utilized. Although in the current recession real-estate costs are unlikely to rise much, there are huge savings to be gained by simply auditing the space a firm needs.

Strangely, despite being global leaders in much of the office-technology revolution (desktop devices, telecommunications and Wi-Fi products), the United States has been slow to change its decades-old model of workplace occupancy and design.

This reluctance to embrace new methods and new trends has meant that much of the corporate real estate across the U.S. is still based on simple, inefficient use of space.

Much of the reason for that can be ascribed to the fact that land — compared with other countries — was relatively cheap. It was also based on a reluctance to change and move to more efficient ways of occupying a building.

Bizarrely, the U.S. office model has been relatively unchanged for the past 50 years and is often — for lower-level employees — a rather dark and gloomy place. Window walls are occupied by closed offices, which are viewed as status symbols by their occupants, and the dark (or artificially lit center area) is filled with waist- or head-high cubicles.

Contrast that with Europe — and much of the rest of the world — where bright offices with varied workplace settings are commonplace. Companies outside the U.S. are seeing productive advantages and experimenting with flexible work techniques that are improving the quality of worklife for everyone — not just the vice presidents in their corner offices.

Into this debate come new ideas of what the ideal "office" should be.

Many experts believe the less celebration of hierarchy the better, because executive floors, corner offices and executive dining rooms function symbolically to heighten the separation between top management and "the rest."

An office that is built to separate flatly contradicts stated corporate beliefs of openness and the breaking down of staffing levels. Today's employees see their lifestyle set in a classless meritocracy. Companies that send other signals from their penthouses do so at their own peril.

Additionally, the advantages of thinking differently and setting about to shrink a firm's huge occupancy footprint are not just about quality of life for the people using a building. Changing the way people work can also have a massive bottom-line impact.

That impact can be summed up in stark, economic terms: currently, typical occupancy ratios in the U.S. are one person per 200 square feet. This number can easily be halved. Not only can 50 percent of the space needed for each employee be cut, at the same time, they can also have a smarter, greener and more flexible work environment.

Applying the latest thinking can get that 100 square-feet number down to 75 or less by using "hot-desking" methods, meaning that people only use their "space" when they need it. Properly executed, hot-desking can make a great deal of difference.

Consider what halving a firm's per-square-foot costs would be with fully loaded costs running at $17,000 per square foot in Midtown New York, $8,300 in Chicago, $6,750 in Atlanta and $6,500 in Los Angeles. Then again, for firms with global aspirations, real estate costs can be a big "decider" on just where to locate.

Operating costs per person (that takes in rents, rates, local taxes, utilities, estate charges, etc) are very important to any smart chief financial officer, and these costs can vary widely. Consider, London's West End would cost around $20,000 per person per year, Dallas would run just $5,500 and even Delhi would cost a whopping $11,400.

This is where CFOs and their advisers need to think not just in straightforward space terms. They need to acknowledge that the way the average employee works has changed. Many employees either work from home or some satellite office for part of the time and spend days on the road communicating by cell phone or other communication device.

So, they simply don't need the space they used to require. Giving up that unused space not only saves costs in real estate taxes, utilities and rentals, it also makes certain that the business lays down an ever greener footprint. Literally, less space and less commuting equal less energy usage.

So what's a hard-pressed CFO to do? Audit, audit, audit and get back to basics.

Look at what is, compare that with what is really needed and begin from there. At the same time, spend some of the real estate budget savings on making sure that the firm is providing a cutting-edge place in which its people work.

*— MJ and AC*

A balanced view might be expressed as such: the equation begins with each individual's lifestyle and that this governs all the workstyle issues. So, if there is any balance, it is lifestyle/workstyle. Those that proceed from that point might just have some chance of engaging those people who have an increasingly independent approach to life and work.

True, there may be times in a person's life when the balance part isn't there — since due to circumstances they are overworked and stressed. But rarely do these periods last for long. Today's employees know how to make the choices that get their chosen life/work back on track.

Also talked about for years is the concept of "empowering the employee." Guess what? They've now done it; They're empowered and they've done it on their own.

Similar issues surround commuting to work. Main business centers, such as Amsterdam, Atlanta, Brussels, Paris, London, Los Angeles, Frankfurt, New York and Zurich are practically at gridlock status. Any sane employer who wants productive employees must see that one, two or three working days spent at home is an extremely wise alternative.

> As employees define what they want, they will make choices based on their ambitions. Whether that includes a particular firm depends on the attitude it takes toward fulfilling their lifestyle/workstyle scenario. A caution: firms need to make certain in defining flexible work practices that they have policies and don't make ad-hoc deals with employees.

Again, as employees define what they want, they will make choices based on their own real-life ambitions. Whether that includes a particular firm depends on the attitude it takes toward fulfilling their lifestyle/workstyle scenario, which, remember, is unique to them.

But there is a caution here. Firms need to make certain that in defining flexible work practices, they have policies in place. Don't make ad-hoc deals with employees; ad-hoc deals breed resentment and accusations of favoritism.

For example, there are many cases of protests in offices from individuals saying that those with children get better treatment, "because they are allowed to work from home if the child is sick," etc. Also, those with elder parents or chronically ill spouses, etc. have some similar situations.

To avoid workplace problems related to such scenarios, companies need to create policies so that everyone knows what the rules are. There will always be those employees who prefer being in the office, if only for the social cohesion it brings to their lives. (This, of course, is a lifestyle choice!)

And, employees value time off. In countries like Belgium, the Netherlands and Switzerland, three- and four-day workweeks are legal (for those over 40, at any rate), indicating a huge rise in job-sharing.

A survey conducted by the Department of Trade and Industry in the United Kingdom found that 70 percent of workers would like more time off to pursue an arts hobby and 38 percent have already changed their working hours to accommodate outside interests.

And Great Britain isn't alone in thinking working hours don't work out. Europeans think so too. Students polled in Belgium, France and Germany said they would prefer to work a four-day week, if that was possible.

Another emerging phenomenon — especially in European countries where personal taxation is high — is the trend to exchange salary for time; say 10 percent of salary in exchange for a specific number of days vacation. In a high-tax country like Belgium, giving up a slice of one's cash income isn't that hard, because it's getting taxed heavily anyway.

This technique turns out to be a great way to motivate and retain people by giving them what they want.

### More Employers Offer Flexibility

Among key findings on "teleworkers" from a survey by global human-resources association WorldatWork:

- The number of employee telecommuters in the U.S. increased 39 percent, from 12.4 million in 2006 to 17.2 million in 2008.
- The number of all teleworkers climbed from 28.7 million in 2006 to 33.7 million in 2008; 43 percent from 2003 to 2008.
- There is a shift away from full-time telework to occasional telework: the number of employed teleworkers who work remotely at least once a month grew while the number of those working remotely almost every day decreased slightly.
- The most common locations for remote work are home (87 percent), a customer's place of business (41 percent) and car (37 percent). Restaurants and libraries are becoming less common locations for telecommuting.
- Some 61 percent of employed respondents who are not currently working remotely but feel they could said they are unwilling to give up some pay in exchange for being allowed to telecommute.

"Employers seem more willing to try new ways of working," says Rose Stanley, work-life practice leader at WorldatWork.

### The Work Environment

London publisher Pearson (owner of the *Financial Times* and other products) decided to leave its central London offices and head for new headquarters in an industrial park more than 50 miles outside of the city.

Most of its staff was on average age 28-30, single, and few had children. What no one in management took into account was that employees who lived in London would now have to reverse commute and would not be in a place where they could meet their friends after work or at lunchtime.

The new location and the move — giving up expensive London real estate looked good on paper — was entirely what the employees *didn't* want. So, even with media jobs scarce at the time, more than 70 percent of the employees took the financial package the company offered (something it was required by law to provide, since it moved a distance that gave employees that choice).

This situation is a prime example of a company that was unable to satisfy employee expectations and thus unable to engage them and seek their commitment. Such corporate decisions can destroy that key asset of the firm — its people.

In this case, management seemed totally unable to understand the real problem. "I can't understand why they left; we even had a subsidized Starbucks in the building," a spokesperson said.

On the other hand, some employers are taking things further, meeting the needs of their employees and reaping the rewards. As noted in the example above, firms can locate the most beautiful office facility in the wrong place and no one will want to work there. The work environment begins with the location and the ease of getting to work. And yes, the internal facilities need to be there to feed those lifestyle/workstyle needs.

For example, employees don't mind working late if they know there is a take-out they can access and a bistro or bar nearby. Equally, smart companies that seek to ease the domestic drudgery of their employees win out. Laundry, dry-cleaning services, auto service drop-offs, video rental, medical, dental and supermarket shopping services onsite all help to keep employees engaged and not concerned about other issues while at work.

On environments, an example is Softstar Development Labs Inc., a service-management company in Denmark. It has a company dog that spends work hours at reception. If employees get stressed, they can take the dog for a walk in the woods around the building. Maybe that's impractical in downtown Chicago, San Francisco or New York, but it's working in Denmark.

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MIKE JOHNSON *is a United Kingdon-based writer and consultant and chairman and founder of the FutureWork Forum who also cntributes to* Financial Executive. *He's also author of 10 books including,* The New Rules of Engagement. ANDREW CHADWICK *is an award-winning architect and principal of Chadwick International, a London-based global architectural practice specializing in creative space economy.*