

SIX WORKPLACE
TRENDS FROM
NORTHERN
EUROPE



WHITE



PAPER



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The office of the future will serve as a platform for organizational culture, brand management and innovation. No longer just a workplace, it will be a meeting place. Nowadays, we can work anywhere and any time, but to be able to nurture and manage our culture, our brand and innovation optimally, we need to gather physically and make people want to come to our office. Not just our own people, but our clients, partners and other stakeholders too. We need to gather to collaborate and innovate. So we need to make our offices as attractive, productive, efficient and sustainable as possible, and this is something Coor believes applies to all workplaces and organizations. Whether they're within northern Europe or beyond it.

“We believe that the future office will be a platform for organizational culture, brand management and innovation. No longer just a place to work, it will become a meeting place.”

In this white paper, we summarize the current workplace trends we're seeing in Northern Europe. This mainly means the Nordic Countries (Sweden, Norway, Denmark and Finland), but the same trends are also partially evident in the UK, the Netherlands, Belgium, and some other regions within and outside Europe. So, what's happening in northern European workplaces?

Six major workplace trends:

- Increased C-level attention
- Workplace Holistics
- The Workplace as a Process
- The Workplace as an Experience
- Living the Brand
- Activity-based Workplaces

Increased C-level attention

Traditionally and generally, the workplace itself hasn't been very high on the strategic C-level agenda—if it's been there at all. But we're now really seeing increased strategic C-level attention in northern European workplaces.

A summary of the background follows, starting from the key change drivers. Readers will probably recognize these drivers as key within their industries and the wider world. They are fairly universal, spanning all industries and continents.



What we're noting is:

- A sharper focus on cost/price due to factors like increased competition and globalization
- A sharper focus on sustainability—not only environmental sustainability, but also social and economic sustainability
- Rapid technological progress
- More intense competition over talent and productivity

For our cost focus, we're noting a migration from a cost focus to a value focus. Within sustainability, we're seeing a shift from sustainability being perceived as a hygiene factor, to a genuine business opportunity, and ultimately, organizations that are not viewed as sustainable won't be able to attract employees or customers.

Within technological progress, this is no longer merely a matter of new technology, but also older technology that we're starting to utilize better. QR codes, a very simple technology that is now over 20 years old, is an example. We're also seeing how people and organizations are taking a far more mature view of technology, seeing its opportunities and value, as well as in their desire to adopt. If things don't work, we now generally feel more courageous and keep trying to push forward. Coor has been working on service development and innovation for a long time, and until recently, it was hard to get even our internal sites to test new solutions, and even tougher to get our customers to test them. Everyone wanted to try a solution once the solution was already tested, so success was almost guaranteed. This is no longer the case. Our internal sites and customers are now keen to test prototypes—now, they want to be first.

The demographics count against northern Europe, and much of the rest of Europe, in the competition over talent. There is already today a shortage of talent across many sectors and industries, and this shortage will accentuate in the future. To stay competitive, we'll need to keep increasing the productivity of all our employees. Basically, it's fair to say that our world is changing faster than ever. And it will never change as slowly as it is now again. So, all these changes present new challenges for our organizations, and we can see that they are also fairly universal across all sectors and organizations worldwide.

We can now take a simplified look at some of the C-level roles and the challenges that these different roles face today. The HR Manager's challenge is **attraction**—how can we attract and retain talent? And of course, attraction isn't just about attracting employees, but also attracting customers, partners and other stakeholders. We want to have the best employees, but to be the most innovative, we also need the best customers and partners. The CEO's challenge is **productivity**—how can we increase productivity, how can we increase innovation, our sales and our profitability? The CFO's challenge is **efficiency**, precisely the same challenge as has traditionally faced procurement, real estate and facility managers, and indeed still does—how can we make our finances and facilities more efficient? Brand managers' and sustainability managers' challenges are about **sustainability**—how can we take our environmental, social and economic responsibility? How can we demonstrate and communicate this to the world? Especially our customers, employees and wider society?

And here's what the C-level is starting to recognize: there's one key solution to all these challenges—the workplace. If we start to use the workplace as a strategic tool, we can enhance attraction, productivity, efficiency and sustainability. And in fact, even if we don't start using the workplace as a strategic tool—the workplace still impact on all these elements—most probably negatively. But unfortunately, we have not traditionally used the workplace as a strategic tool, so usually, the workplace has been, and still is, eroding our attraction, productivity, efficiency and sustainability.



The workplace offers enormous potential for improvement. Here are some examples:

- “The bulk of employees worldwide—63%—are ‘not engaged’ meaning they lack motivation and are less likely to invest discretionary effort in organizational goals or outcomes. And 24% are ‘actively disengaged,’ indicating they are unhappy and unproductive at work and liable to spread negativity to coworkers.” (State of the Global Workplace, Gallup, 2011-2012) This figure is the average of 142 countries, and before we read the study we assumed it didn’t apply to northern Europe. We thought that we are much more engaged, but we found out that Sweden, for example, was very close to average levels. Of course, there are industries and organizations that have more engaged employees, but we believe there is potential for improvement for almost every organization, and that in general, we could have far more engaged employees. And why is this important? Because engagement is closely related to performance—engaged employees are more productive and perform better.
- “55% of employees report that their workplace enables them to work productively.” (Leesman Index, Sept 2015, an average of 110,772 respondents, many from northern Europe). Almost half of these employees reported that workplace enables them to work productively—‘Why should I go to the workplace if it doesn’t enable me to work productively? Maybe I could work from home, or go to a café or library.’
- “Appealing workplace facilities consistently DOUBLE the likelihood of a candidate choosing an employer regardless of the combination of other variables”. (Does Workplace Design Affect Employee Attraction? Hassell and Empirica Research) As an example, we recently hired a new Head of Advisory Services, and naturally, she didn’t want to accept the offer before she had visited the workplace and talked to people there. She’s now doing a great job with us.
- “49% of desks are in use at any time.” (Space Utilization Studies Worldwide, Johnson Controls, 2011). Current desk utilization is very low—our way of working has changed. In fact, 49% utilization is a very old number. Since then, change in this direction has continued, so that at present, our own utilization studies are often revealing levels as low as 30-35%. Clearly, there’s scope to optimize space and cost, and to create space that’s far more consistent with our contemporary way of working.

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So, the C-level is facing challenges. In the Nordics, the C-level has started to recognize the workplace as a key solution to these challenges—it is becoming a strategic C-level tool. Extending beyond the remit of facility, real estate and procurement managers, with a sole focus on cost-efficiency and savings, the workplace is now moving onto the agenda of the whole management team, including core business. In fact, rather than being a segment to make savings, the workplace is being recognized as value creator. All managers now want to find out how they can enhance their company’s attraction and performance through the workplace, and they’re becoming aware and inspired by the wealth of examples provided by other companies and organizations across northern Europe and beyond. Within Coor, this also means that we not only meet and collaborate with traditional client representatives from real estate and procurement, but also with complete management teams and core business. In most cases, real estate and procurement also appreciate this. Their work and areas of activity are now viewed as more valuable to the whole organization than previously.



Workplace Holistics

We are noting a greater holistic workplace perspective overall. Organizations have traditionally harbored silo thinking, which also applies to the workplace. Traditional silo workplace functions include HR, IT, RE and FM. On occasion, RE and FM are the same organizational unit. These functions have been operating autonomously, leaving the impression that they exist only for their own sake—that, in fact, their real purpose has been forgotten. What we can see now is superior coordination of these functions, with the common aim of making things work better. We have a new discipline—the workplace discipline—including HR, IT, RE and FM, which need not necessarily always be in the same organizational unit. New workplace-related titles are also becoming apparent such as Head of Workplace, Chief of Work, Head of Change Management etc.

Overall, organizations in Northern Europe are now taking a more holistic view of the workplace—simultaneously focusing time on people, activities, place, services and technology. When taking a holistic view, we frequently recognize services as the segment we need to bear in mind most often. For example, it is still fairly common for FM not to be overly involved at the beginning of a workplace project, which is rather left to make the best out of the outcome once the process is complete.

People operate heterogeneously and conduct many activities during the working day (each employee conducts an average of 12.4 different activities, according to Leesman studies) and of course, not all of them are best conducted at their desks, while sitting next to the same person. Consequently, we need to design for greater flexibility. Not only because we know things change all the time, but also because we need variation and flexibility to fit differing needs—different people, different activities. We use services and technology as enablers and enhancers of the workplace and working methods, building in sustainability to the workplace in every way, balancing financial, environmental and social considerations. In current workplace projects, it is apparent how organizations basically have all these workplace considerations in mind, when assembling project teams and when implementing projects.

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The Workplace as a Process

Northern European organizations are starting to understand that the workplace is a process rather than a project, and that it needs to be treated as a process. Especially if we want the workplace to stay attractive, productive, efficient and sustainable throughout its lifecycle, rather than at the beginning only. We need to monitor, adapt and develop the workplace continuously, but also, we’re generally still noting that there is a long way to go any in this regard. There are many examples of workplace changes where in retrospect, the organization realizes that it did not achieve the results it wanted or expected, or that these results were not sustainable. Perhaps the project was more of a design endeavor than a change process, and too little effort was put in change management, or change management concluded too soon. The workplace is a continuous change journey—work on change management and workspace development doesn’t stop.

What we also notice is that the organizations that actually do view the workplace as a process have difficulties in figuring out how to actually make this work a continuous process. How do we monitor continuously? How do we know how we use our workplace? What capacity do we have? What has changed? What do we need? The list of questions goes on. Most traditional workplace and performance



metrics are no longer relevant or functional—they're far too blunt. Measuring yearly, or even monthly, just isn't enough. Nowadays, change is far faster. We need to measure continuously and we need to measure the right parameters.

At our own workplace, we use utilization sensors as a basis for continuous monitoring. This measurement is based on heat sensors to monitor people present, and since no-one has individual workspaces, it is also anonymous. But we're also following up, adapting and developing in many other ways, such as:

- Zone drivers and zone meetings—our workplace is divided into zones with different people driving the monitoring and evolution of each zone.
- Site facility operations/management—continuous monitoring, adjustment and development
- Office councils—for the major questions, such as matters affecting our whole concept or major investments.
- Continuous satisfaction measurement
- Continuous change management
- Qualitative interviews to obtain more in-depth understanding

Is summarizes how we are approaching continuous measurement, adaptation and development in our workplace—our workplace has become a process.

The Workplace as an Experience

We are noting how organizations are starting to focus more on the workplace as an experience. We're seeing a focus on hospitality and the needs and experiences of workplace guests, which means everyone at the workplace—employees, customers, visitors, suppliers and partners. And anything that could be considered to impact their experience. This doesn't just mean workplace design, but also all the people at the workplace and their behavior, plus the service and technology solutions of the workplace. This means workplaces not just being 'the office,' but wherever people work—at home, a café or the train commuting. What workplace experiences do we want to create for workplace guests and how can this be expressed through the whole working day?

Common general experiences we see organizations wanting to recreate are attraction, productivity, efficiency and sustainability, but also specifically promoting and supporting environmental sustainability and/or a healthy lifestyle and work-life balance. This might mean a business promoting healthy living by making cycling to work easy. Or ensuring available and secure bike racks, with shower and changing room facilities are provided before moving into a building, as well as clothing and shoe dryers. This might also involve offering the option of having cycles serviced or repaired while at work, or offering breakfast/refreshments on arrival. There's a need to review all the experiences that we want to create for workplace guests and see how they can be expressed through the whole working day.

Examples of wellness-related services and solutions that are becoming more common in contemporary workplaces:

- Healthy food and beverages
- Varied concierge services
- Sports and health-related activities and services

In this context, we should note that some 90% of employees in Scandinavia have access to standing desks at work. But this doesn't necessarily mean Scandinavians *have* to stand while working. In fact, if we don't have a standing desk, we often demand it, because we now see it as a right. However, when we they ate



present in the workplace, we generally don't use them, probably out of habit. The question then becomes one of change management. In Coor's workplace we try to use the standing desks as default, so we start our working days on our feet. We also try to remind each other and run info campaigns occasionally, employing a digital health tool called Jepp, which allows us to set individual health goals. We might opt to focus on standing 10 minutes every hour and use stairs instead of elevators. Jepp would then give us a daily reminder, allowing us to set new focuses and goals. As for standing, standing all the time isn't health-positive. People actually need movement and variation. Not one thing or the other permanently.

Living the Brand

Clearly, the workplace experience needs to be consistent with the organization's brand, mission, vision, goals and core activities. We cannot say and sell one thing outwardly, but do something completely different in our own workplace and working methods—we need to practice what we preach. Traditionally, the workplace, and our working methods especially, appear to have been largely outside the scope of brand management. For example, offices all tend to look similar—when entering an office, apart from signage, you can't tell what organization is housed there. In working methods, we have largely continued as always, even though our needs have changed, and even though, in many cases, we're selling and telling something different to our clients. But, this is now definitely altering. We're seeing many organizations aligning their workplaces and working methods to their brand, mission, vision and values. So the workplace really is a golden opportunity for brand management. It should be viewed as a brand management platform, where we have to practice what we preach. Our mission, vision and values must be embedded in our workplace and we need to use the solutions we're selling to our clients ourselves, and work the way we advise them to work ourselves. And this is a matter of credibility. Why are we doing what we are doing? Why are we selling what we are selling? Do we really believe in what we are selling or are we just talking? What is the value? The experience we want to create must be consistent in how we conduct ourselves and operate. The world has shrunk drastically due to globalization, digitalization and social media, so that every part of our organization, workplace and working methods, need to be consistent with what we are telling and selling. We gather all the pieces of the brand puzzle—what we see, hear, experience from commercials, social media, friends and our own personal experience. We do this largely unconsciously and build a personal image of each specific brand.

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Coor's own change started in 2008 when we created our first activity-based workplace for one of our business units, which we called Concept Office, and used it as a test laboratory and showcase. The reason for this move was that the major client of this business unit was moving towards agile and activity-based working, so as their service provider, how would we be able to understand their needs if we weren't operating in the same way as them? The new approach generated very substantial pay-offs very quickly. Since 2013, when we moved our HQ, we made this change for the whole workplace, and we still use it as a test lab and showcase. We test all our new solutions first in our own workplace, and if we get a positive outcome, offer it to clients. Now the office is a real boost—showcasing our mission, vision and values. It



attracts our employees, as well as clients, potential clients, partners etc. But above all, it makes us more productive, satisfied and happy, makes us collaborate more and perform better.

Similarly, we're now seeing many other companies starting to practice what they preach and really live their own brand through their workplaces.

Activity-based Workplaces

The basic concept of activity-based workplaces is that we have different work activities that are best conducted i) in different environments (settings, furniture, technology) and ii) with different people. So, the activity-based workplace is created to support people and their specific activities. They're offered a choice of settings, furniture and technology depending on the activities conducted in the specific workplace, and can choose the appropriate environment, furniture, technology and people depending on what needs to be done. The benefit of activity-based workplaces is that they offer superior better support for our working methods and duties, enhanced collaboration between individuals and units, and hopefully, different organizations. This is also becoming more common now—opening organizations more for collaboration with other organizations and individuals. Innovation isn't happening in isolation anymore. No single knowledge worker possesses all the best knowledge and experiences alone. There is more knowledge outside any organization than in it. Activity-based workplaces create a foundation for structural and planned collaboration, and for unplanned, random collaboration. To be most innovative, we do not always know who we should meet and talk to, or when and what about.

So, almost every organization in northern Europe (and especially Sweden) is either considering or implementing activity-based workplaces now—all types and sizes of organization in different industries from the private and public sectors. The activity-based solution is unique to every organization and starts from the unique mission, vision and values of that specific organization. It focuses on the people and activities conducted in the workplace. Accordingly, there's no one-size-fits-all model, but rather, unique, tailored solutions.

We're also observing how organizations implementing activity-based workplaces general have the same set of motives as the common challenges we mentioned earlier—attraction, productivity, efficiency and sustainability, albeit in different combinations. Examples of these different combinations from our client base:

- Company A—increase productivity and create a single company
- Company B—cut costs and create the best workplace on the market
- Company C—facilitate a culture change
- Company D—create a single company and achieve space efficiency
- Company E—attract and retain talent

What we're also seeing is that there is a difference between activity-based workplace design and activity-based working. Just because you implement an activity-based-designed workplace doesn't necessarily mean you have activity-based working methods and will get the pay-offs. In the past, there has been a tendency to view activity-based workplaces as design projects rather than change process, and a tendency to believe that the change happens automatically if you just create the right workplace design. Sometimes, organizations haven't done enough change management work, or maybe stopped it too early. Our experience indicates that it often takes more than a year to change working methods when implementing activity-based working, and people should never entirely stop working on it entirely, because the change process never ends.



What will the workplace of the future look like?

With these six workplace trends in mind, what will the workplace of the future look like? Will we even need it anymore when we can work anywhere and anytime?

We believe that the future office will be a platform for organizational culture, brand management and innovation. No longer just a place to work, it will become a meeting place. We will be able to do our work anywhere and anytime, but to create and manage our common culture, our brand and innovate together optimally, we will need a physical site—an office—even more than now. Of course, we won't need to go there every day, but still regularly, to collaborate, which is the key to success. And we will need to work more openly and cross-border, and not just within our own organization. We'll also need to get everyone to want to come to our office to collaborate and innovate. And to get the employees and other stakeholders that we want and need to interact with to come to our office, we'll need to design it as attractively as possible, but also as productively, efficiently and sustainably as possible. Offices will definitely still exist, but with a new role, a far more strategic and important role than in the past. This is something we believe applies to all workplaces and organizations, within northern Europe and beyond.

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About Coor

Coor is one of the leading service providers in the Nordics, and delivers all the FM services necessary for a company or public organization to function well and efficiently. Coor possesses specialist competence in three service areas: workplace services (soft FM), property services (hard FM) and strategic advisory services. By combining different services from these areas, Coor delivers unique and flexible solutions for workplaces and properties. This creates value for our customers by increasing their attraction, productivity, efficiency and sustainability. We call this smart service—"Service with IQ". Read more at www.coor.com