

The Future of Workplace

Why human experience in the workplace is critical to CEO success



Executive summary

Your organization may unknowingly be headed toward a corporate graveyard of companies that failed to adapt. According to Forbes, nearly three out of four of the Fortune 1000 have been replaced in the last 10 years.ⁱ In the next decade, more than half the Fortune 500 will no longer exist.

Unprecedented disruption has created a new world of work driven by technology and an increasingly liquid workforce. It has redefined what it takes to survive, succeed and thrive. The future will belong to those who can embrace uncertainty, turn disruption into opportunity, and take action to transform.

Organizations may not realize that they already have access to a critical element of transformation: their workplace. In today's world of constant flux, a strategically designed workplace can help organizations future-proof for an increasingly volatile competitive environment.

Workplaces are critical because they can drive enhanced business performance by better enabling an organization's largest investment: their talent. When designed, managed and operated in the right way, workplaces can be powerful weapons of improved performance.

Looking beyond profits and embracing the Future of Work

Change is nothing new, but today the pace and complexity of change are increasing. This new era challenges executives to expand their unwavering focus on financial performance and operations and look for new ways of achieving their ambitions.

If leaders fail to transform their workplaces, their organizations will be left behind. They won't cope with uncertainties and fluctuating demands because:

- 1 A rigid and inflexible real estate model will slow down an organization's capacity to change quickly, grow faster and adapt.
- 2 Failing to adopt a flexible working model today will further reduce the potential to recruit top talent.
- 3 Misunderstanding the needs and expectations of an agile workforce will hinder productivity and innovation.
- 4 A lack of data on real estate portfolio performance means failure to identify dysfunctional working environments.
- 5 Neglecting social and environmental targets will negatively impact brand image.

As JLL's clients address the changing world of work and the challenges it presents, we're helping create a new model for the future that leverages the workplace as a strategic asset to help organizations of all sizes and industries attract, nurture and retain talent.

While 94% of companies report that "agility and collaboration" are critical to their success, just 6% say they are "highly agile" today.

Deloitte, Global Human Capital Trends, 2017ⁱⁱ

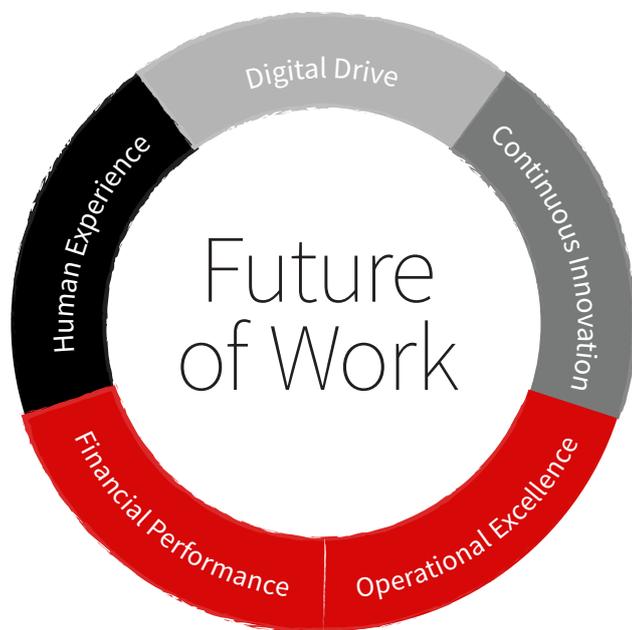


What is the Future of Work?

The Future of Work is JLL's outlook on the changing world of work and its effects on corporate real estate.

At JLL, our relationships with clients start with a dialogue. Clients convey their vision and goals for their business, and we work together to help them find ways to use their workplaces to achieve those ambitions. Historically,

workplace management was all about acquiring and managing buildings. Today, as a result of unprecedented disruption, real estate is a strategic lever for transformation. It enables organizations to leverage uncertainty, to prioritize investments, drive return on investment (ROI) and achieve broader business agendas. The Future of Work model is articulated around five dimensions driving fundamental changes for corporate organizations:



To learn more, visit futureofwork.jll

Digital Drive

Harness digitization and rich data to enhance people and enterprise performance.

Continuous Innovation

Combine new thinking, solutions and processes to drive value creation and accelerate transformation.

Operational Excellence

Optimize enterprise resources and service delivery to increase productivity, mitigate risks and ensure high performance.

Financial Performance

Manage spending to enable growth and enhance ROI.

Human Experience

Enhance user experience through engagement, empowerment and fulfillment.



Why workplace transformation is a game changer

Transformation is now an imperative.

With **60% of the workforce switching employers after only four yearsⁱⁱⁱ and 20–30% of the working population working in the on-demand or gig economy,^{iv}** how can organizations afford to not transform?

Savvy C-suites today see the correlation between productive places of work and healthy balance sheets.

In the productivity and profit race, it's not enough to make workplaces more visually appealing. Pervasive technology and evolving workforce demographics have created a new desire for enhanced human experiences at work. To deliver on this challenge, business leaders must adopt a "flex model amidst a world of flux."^v

Don't be left behind—be inspired by what's already happening

IBM asked its 380,000 employees in 170 countries to crowdsource their processes. The result? The app-based "Checkpoint" performance review system.

Medibank reorganized one space into 26 types of work settings, achieving a 79% increase in collaboration, 70% healthier working, 66% higher productivity and a 5% reduction in call center absenteeism.

At **Deloitte**, 2,500 workers share 1,000 desks, drastically reducing space.

At **HSBC**, of 233,000 full-time employees, 55,000 do not have assigned seating, and that number is expected to rise to 68,000 by the end of 2018, and up to 80,000 by 2020.

Barclays uses underutilized spaces in its branches and offices as "MakerSpaces" for local businesses and people to collaborate, innovate and attend educational events.

Ford's revamped global headquarters will feature a "Sustainability Showcase" that will create more natural resources than it uses.

5 imperatives driving workplace transformation

CEOs must create a shared future in a fragmented world by:

- 1 Adopting a flexible working model to **meet the needs of an evolving workforce** through activity based working.
- 2 Understanding the **impact of a liquid workforce** on your business model.
- 3 Redesigning workplaces to **enhance human experience** through engagement, empowerment and fulfillment.
- 4 Creating **new metrics that matter** to demonstrate increased performance through people and place.
- 5 Designing the working environment with a **strong appeal towards environmental and social achievements.**

Learn more in the Appendix about these imperatives and how leaders can drive human experience in their workplaces.

Creating a workplace powered by human experience

The Power of Place

Klaus Schwab, Founder and Executive Chairman, World Economic Forum, reminded leaders in November 2017 that “creating a shared future in a fractured world requires addressing issues on the global agenda in a holistic, interconnected and future-oriented way.” Succeeding in this fractured world requires CEOs to understand and act on *five major drivers* transforming the experience their employees have in the workplace:

FlexAbility

Organizations have to embrace an increasingly agile and liquid workforce consisting of telecommuters, freelancers and contract employees. Today, typical utilization rates are between 60 and 70%, meaning space is underutilized between 30 and 40% of the time.^{vii} It's critical the working environment is adjusted for flexible working to accommodate the needs of various work styles.

Leaders must:

- Revise flexible working policies for a mobile workforce
- Drive agility across the entire business model, including physical environments

65% *of companies plan to incorporate co-working into their portfolio offering by 2015.*^{vi}

Marriott Hotels developed a pop-up lab to test new travel concepts with consumers and crowdsource feedback. It's also using its portfolio as a test bed for new ideas originating from its Accelerator Program.

PwC's "Sandbox" is a reconfigurable "classroom" with moveable walls and workshops for imagining and building new products "in the moment" with clients.

Zappos incorporated a co-working space in its office foyer where its people can rub shoulders with local entrepreneurs.

Digital Drive

Changes driven by digital technologies have fundamentally transformed the expectations and operations of real estate. It's crucial for leaders to digitize their operations and optimize the user experience.

Leaders must:

- Improve employee productivity
- Make innovation the norm by supporting extensive workplace collaboration
- Enable a digital workforce in an open and shared economy

85% *of executives will invest extensively in AI-related technologies over the next three years.*^{viii}

Whirlpool bought into the Google notion of working the way they live by connecting 68,000 employees and 66 manufacturing and technology research centers around the world with Google Apps.

Deloitte's "The Edge" in Amsterdam is one of world's most intelligent buildings. Its 28,000 sensors collect real-time data on motion, light, temperature, humidity, and even carbon dioxide levels. This data, on everything from energy use to working patterns, can potentially inform not only Deloitte's own operations, but our understanding of working environments as a whole.

Performance

Collaboration. It's the most significant performance measure in workplaces, but getting the right data to measure it is challenging. We must imagine a new, data-centered model with metrics that really matter—measuring optimum productivity and ROI.

Leaders must:

- Imagine a workplace as an ecosystem
- Measure the spatial distribution and intensity of collaboration in offices
- Design working labs and experimental zones to drive workplace innovation

Coca Cola's Atlanta Office Complex is designed on the principle that “WE is smarter than ME” by featuring a high volume of collaborative spaces and inspiring product prototypes throughout the complex.

Google has reinvented the way people work with “collision zones,” free food hubs, game rooms and agile settings.

Talent Hook

As the workforce becomes increasingly liquid, it's imperative for leaders to embrace organizational models and processes that enable new and evolving talent needs.

Leaders must:

- Consider new, atypical talent profiles to meet the future of work
- Critically nurture an entrepreneurial mindset
- Descale work by disaggregating project tasks into smaller, complementary “missions” completed in parallel by smaller working teams^{ix}

adidas' World of Sports near Nuremburg, Germany includes a broad range of onsite sporting facilities, including the Arena, Laces, the Pitch and Halftime, that allow employees to live sports fully while on the campus.

IBM built 24 “IBM Studios” worldwide to hire 1,100 designers within a five-year period. IBM Studios represent the new world of work and a model environment for co-located, creative, and cross-functional teams.

Being Human

As the world becomes more automated, we increasingly yearn for—and have more time for—the bespoke, the intimate and the *human*. Building and nurturing meaningful human connections has never been more important.

Leaders must:

- Place human interaction and fulfillment at the center of the workplace model
- Look beyond basic corporate social responsibility (CSR) towards philanthropic actions and creating a sense of shared purpose
- Drive Human Leadership, from IQ (Intellectual Quotient) to EQ (Emotional Quotient) and HQ (Human Quotient)

US \$1T *the estimated amount in lost productivity each year due to depression and anxiety.^x*

Ford's transformation of its world headquarters campus in Michigan, USA will symbolize its evolution from a single purpose automotive company. With a huge silver-domed design center, wireless connectivity speeds up to 10 times faster than today and autonomous vehicles, employees will be constantly reminded about Ford's future as an innovator.

JLL's Shanghai office is one of only three offices in the world to be WELL Platinum-certified by the International WELL Building Institute™ (IWBI). Designed with experience and well-being at its core, the office is recognized for having a measurable impact on seven elements of wellness: air, water, light, nourishment, fitness, comfort and mind.

The Power of People

Erica Dhawan, CEO of Cotential, argues^{xi} that, “We need the human context. It is all about the collective search for human experience and driving empowerment and accountability beyond just algorithms and data.”

A reported 77% of executives will redesign jobs to take greater advantage of human skills,ⁱⁱ but only 22% reported that their companies were excellent at building a differentiated employee experience.^{xii} Human experience is central to the new leadership model. Putting the human factor at the core of an enterprise drives improved human prosperity at work and ultimately business performance. This can be done by focusing on *three key priorities*:

Fueling Engagement

Engagement must come first in order to facilitate organizational change. At work, people need to feel that they have a purpose, and that they are working in a nurturing environment that prioritizes their personal and professional development. Two clear leadership priorities emerge:

- Embedding an entrepreneurial mindset
- Creating communities and giving a purpose

“Human experience fuels continuous innovation ...we’re enabling teams of different skills, experiences and sizes to form quickly in collaborative and creative spaces with the right tools for solving complex issues or creating new opportunities.”

Lee Utke, Director, Global Corporate Real Estate, Whirlpool^{xiii}

Empowering Users

Employees must be given the ability to work in a location that improves their performance and enhances their quality of life. Employees want and need space to create and collaborate, and to be empowered to take control of their working environment, giving them choices about where and how they work. Organizations can build greater trust and transparency in the workplace by:

- Providing choice to enable greater agility
- Digitizing work to enhance users’ productivity

“Agility gives you control, because you choose where you want to work, appropriate for the task at hand. When people understand agility, and when they realize they are getting a better mixture of benefits in the office, and variety, it clicks; that’s giving them control, and heightens engagement.”

*James Woodburn, Regional Director,
Head of Real Estate Asia Pacific, WPP^{xiii}*

Fulfilling Experiences

Creating a surface-level sense of happiness is not enough to attract and retain talent today. Organizations must make sure work feels safe and fulfilling, and that employee health and well-being is a tenet of the organization’s goals. Creating positive workplace experiences requires:

- Boosting user comfort and services: While physical space is important, the services within it should add tremendous value to the workplace experience
- Driving corporate philanthropy: CSR needs to move beyond financial commitment to a deeper involvement in society and in local communities

“We decided to give people choices. We give people variety and flexibility, so they don’t have to work at a desk. Part of our strategy was getting people to move, getting them to bump into each other and connect.”

*Paul Rogers, Vice President & Head of Asia Pacific
Worldwide Real Estate and Facilities, GlaxoSmithKline^{xiii}*

About JLL

JLL is a leading professional services firm that specializes in real estate and investment management. A Fortune 500 company, JLL helps real estate owners, occupiers and investors achieve their business ambitions. In 2016, JLL had revenue of \$6.8 billion and fee revenue of \$5.8 billion and, on behalf of clients, managed 4.4 billion square feet, or 409 million square meters, and completed sales acquisitions and finance transactions of approximately \$145 billion. At the end of the third quarter of 2017, JLL had nearly 300 corporate offices, operations in over 80 countries and a global workforce of nearly 80,000. As of June 30, 2017, LaSalle Investment Management had \$59.0 billion of real estate under asset management. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit www.jll.com.

To learn more about the Future of Work, visit futureofwork.jll.

To learn more about Human Experience, visit humanexperience.jll.

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