

**SHIFT**  
SERIES

# WHICH COMES FIRST, TALENT OR WORKPLACE?

SHIFT SERIES REPORT 1.0 - NOVEMBER 2018



IA

INTERIOR  
ARCHITECTS

***Talent Influences Culture***

***Culture Influences Space***

***Space Influences Talent***

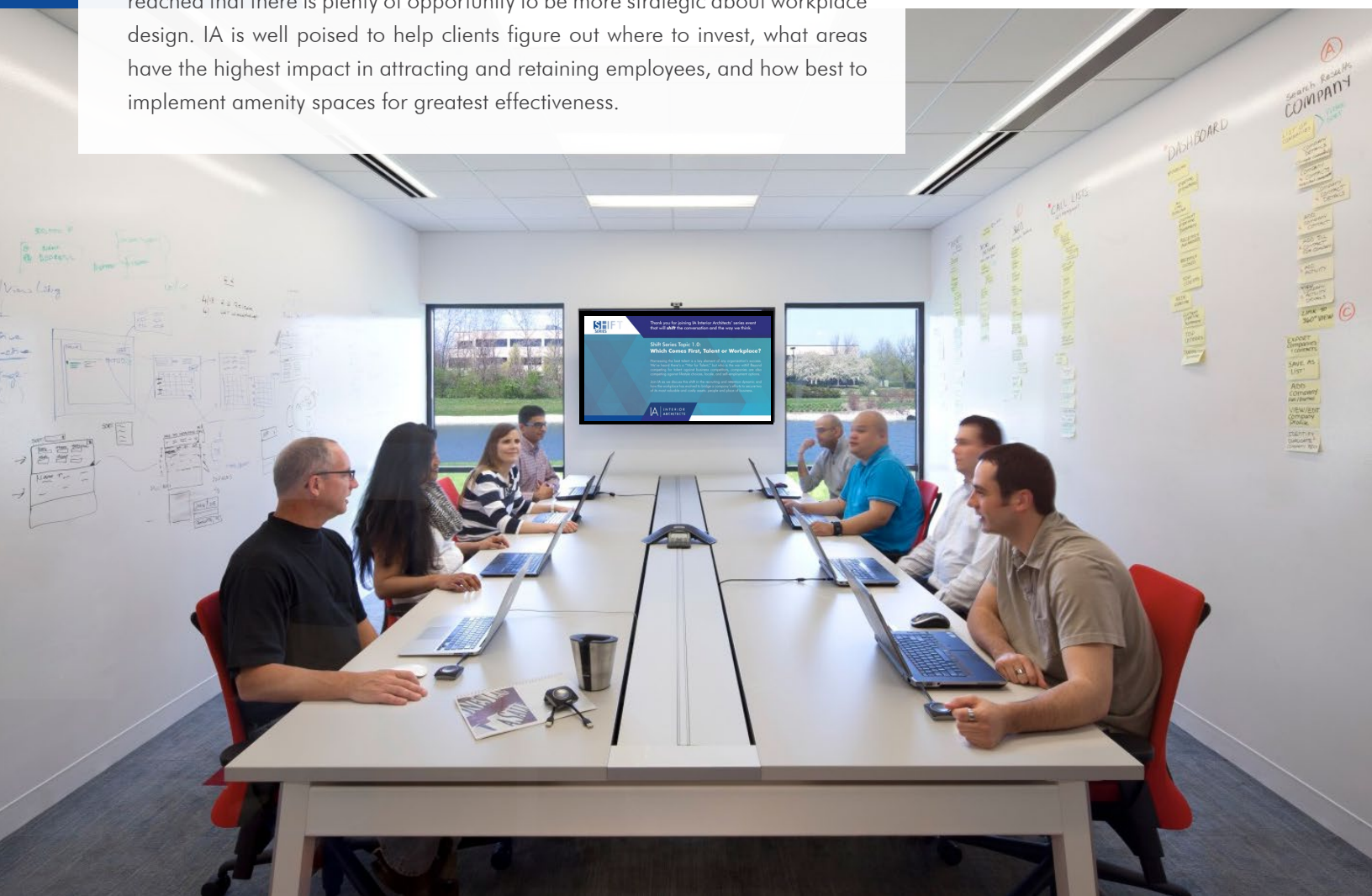


## OVERVIEW

**H**arnessing the best talent is a key element of any organization's success—and an increasingly competitive sport as firms from all sectors, even law and finance, struggle to recruit against technology companies for the very best workers. Those workers have very high expectations of the workplace, namely abundant freedom and choice in where and how they work and an accommodation of their lifestyle. The workplace experience is what matters most to top talent.

Over 3 months last winter, IA managing directors in all 20 offices gathered clients and other industry leaders to discuss this shift in the recruiting and retention dynamic, and what role design can play in helping a company maximize its most valuable and costly assets: its people and its place of business. Human resources and real-estate/facilities executives from sectors including technology, retail, and financial services participated in the conversation. The same list of questions was posed at each event in an effort to glean insights into the role the physical workplace plays in this talent recruitment and development.

Although the answers varied somewhat depending on the participant's industry and the generational and demographic mix of its workforce, a consensus was reached that there is plenty of opportunity to be more strategic about workplace design. IA is well poised to help clients figure out where to invest, what areas have the highest impact in attracting and retaining employees, and how best to implement amenity spaces for greatest effectiveness.



**TAKEAWAYS:****1. RECRUITING TOOL, NOT RETENTION**

While a well-designed workplace can be a highly effective recruitment tool, no one claims to leave a company because of the workplace design.

**2. SHIFTING CULTURE**

Organizations are increasingly hiring candidates who align with their existing or aspirational culture. On the other hand, the design of the built environment can help shake up the less dynamic, more calcified facets of their culture.

**3. DIVERSITY IMPACTS**

Although it can be challenging to reconcile different preferences and priorities driven by shifting demographics, HR-driven initiatives can go a long way to fostering harmony and understanding.

**4. MORE THAN AMENITIES**

It's not enough to simply offer certain amenities. Companies must be very deliberate about the tone and implementation of them in order for staff to feel encouraged to use them.

**5. BUILDING COMMUNITY**

Communal spaces are typically expected to accommodate multiple functions, thus investing in teaching appropriate behavior and usage is even more critical.

**6. PROMOTING WORK-LIFE BALANCE**

When there's no separation between work and life—it's all life—employees seek choices and opportunities in the workplace to manage it.

**7. WHERE TO WORK**

In today's mobile world, the bricks-and-mortar office remains necessary—but primarily for specific activities that require well-thought-out design solutions. Mobility, coworking, and team building have also evolved around this concept.

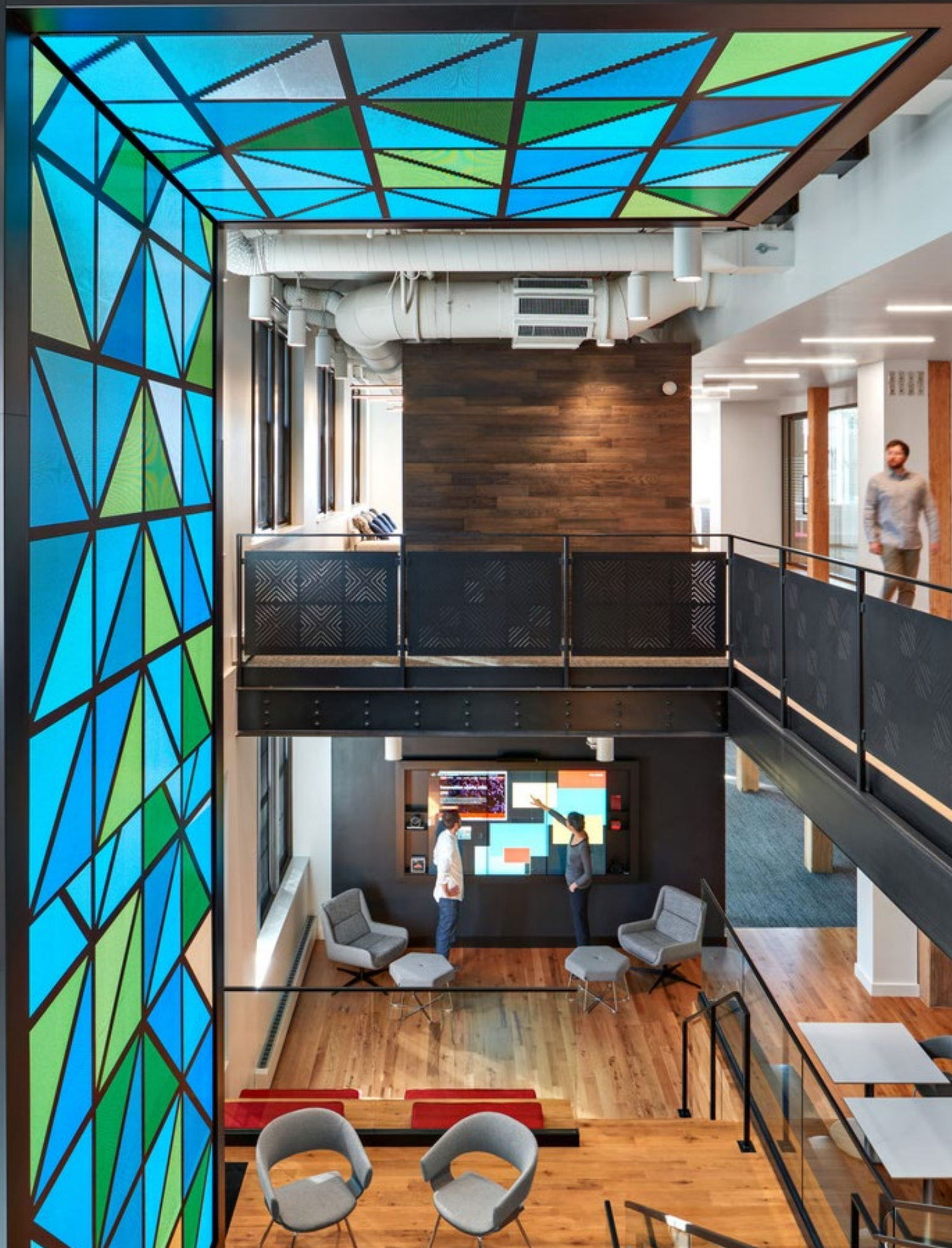
**8. AESTHETICS OVER ALLOCATION**

While an open plan promotes mentorship, communication, and engagement, employees still prefer ownership of something.

**9. THE ONLY CONSTANT IS CHANGE**

The work environment needs flexibility and adaptability as companies pivot and evolve to stay competitive, but reconfiguration does invite some new challenges.









***“A candidate once told me that they would have never considered the company if they knew what the space had looked like.”***

***“Our workplace started cutting edge, but over time, other companies have caught up. We find we need to create the next workplace to attract workers of the future.”***

## TAKEAWAY #1: RECRUITING TOOL, NOT RETENTION

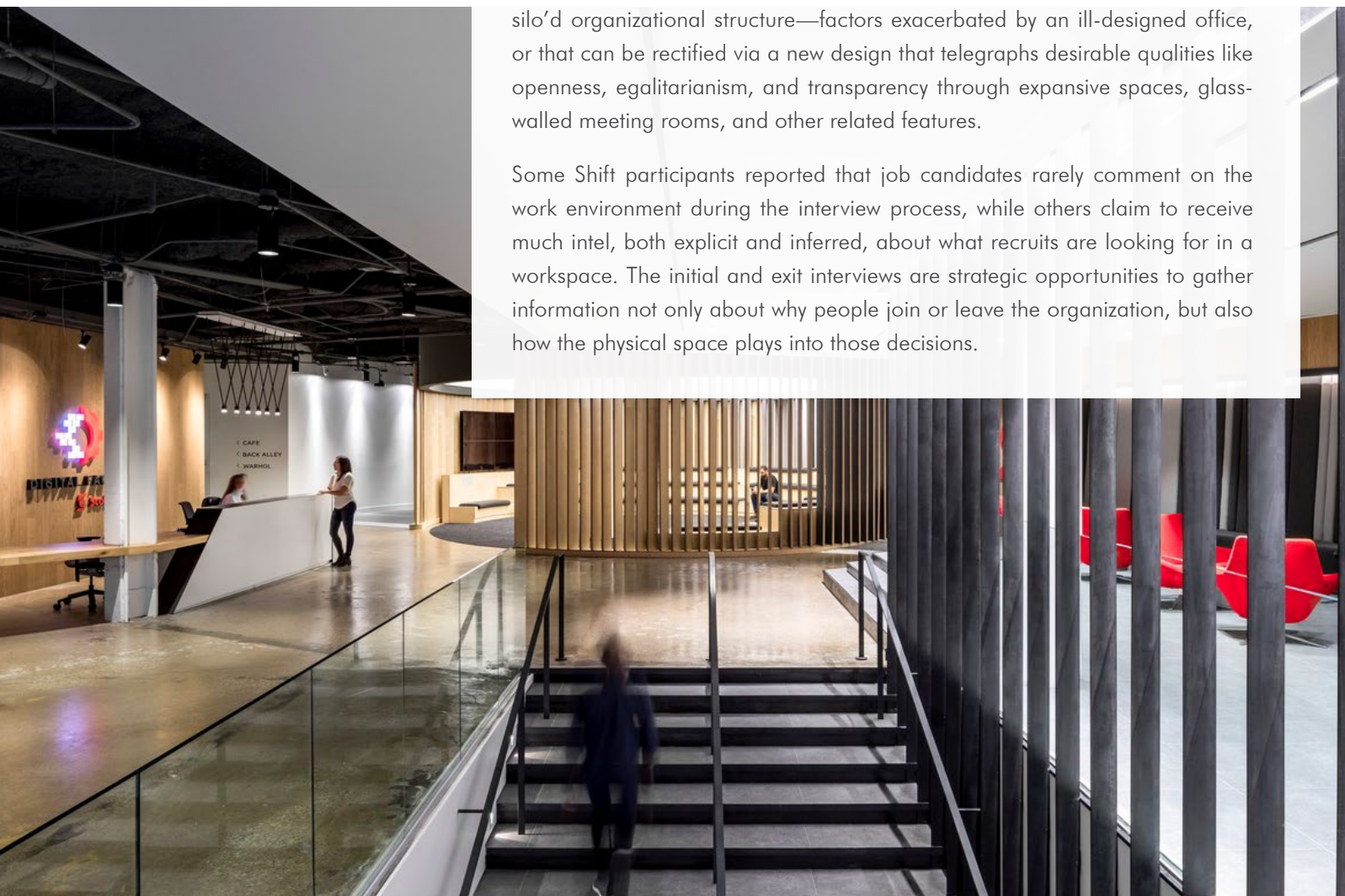
Workplace design significantly increases an employer’s attractiveness to potential candidates, so exploit space for competitive advantage.

Existing and prospective employees consider the physical workplace to be reflective of an organization’s mission, culture, and values—indeed, one of the most tangible demonstrations of how the company views its people. The office is perhaps the most concrete representation of a company’s priorities that a prospective hire will encounter during the interview stage. How the space looks and feels implies firm focus and lifestyle and gives applicants an idea of how the company would likely treat them.

A well-designed workplace is thus a highly effective recruitment tool—and, frequently, a deciding factor for job candidates. Good design can level the playing field. That being said, an awesome office is less of a clincher in certain industries, including financial services, for which pay and job content are the biggest draws.

Retention is also a different story than recruitment. Although an unattractive or dated space may repel new talent, no one claims to leave a company because of the workplace design. But they may leave due to an overly hierarchical or silo’d organizational structure—factors exacerbated by an ill-designed office, or that can be rectified via a new design that telegraphs desirable qualities like openness, egalitarianism, and transparency through expansive spaces, glass-walled meeting rooms, and other related features.

Some Shift participants reported that job candidates rarely comment on the work environment during the interview process, while others claim to receive much intel, both explicit and inferred, about what recruits are looking for in a workspace. The initial and exit interviews are strategic opportunities to gather information not only about why people join or leave the organization, but also how the physical space plays into those decisions.



## TAKEAWAY #2: SHIFTING CULTURE

Strategic hires—and strategic design—are powerful tools to reinforce an organization's culture, and even push it forward.

Organizations are increasingly hiring candidates who align with the company's existing or aspirational culture. (In the latter case, leadership is typically seeking prospects who will move the culture in the desired direction.) Exceptions include jobs such as coding that require a very specific skill set, and instances in which a company is building a whole new team and will fit the culture around those hires.

Of course, to attract new talent, a company may have to change its culture first. Organizations can use the design of the built environment to help shake up the less dynamic, more calcified facets of their culture. To court diversity, for instance, a firm can incorporate gender-neutral bathrooms and prayer rooms and implement flexible workspaces.

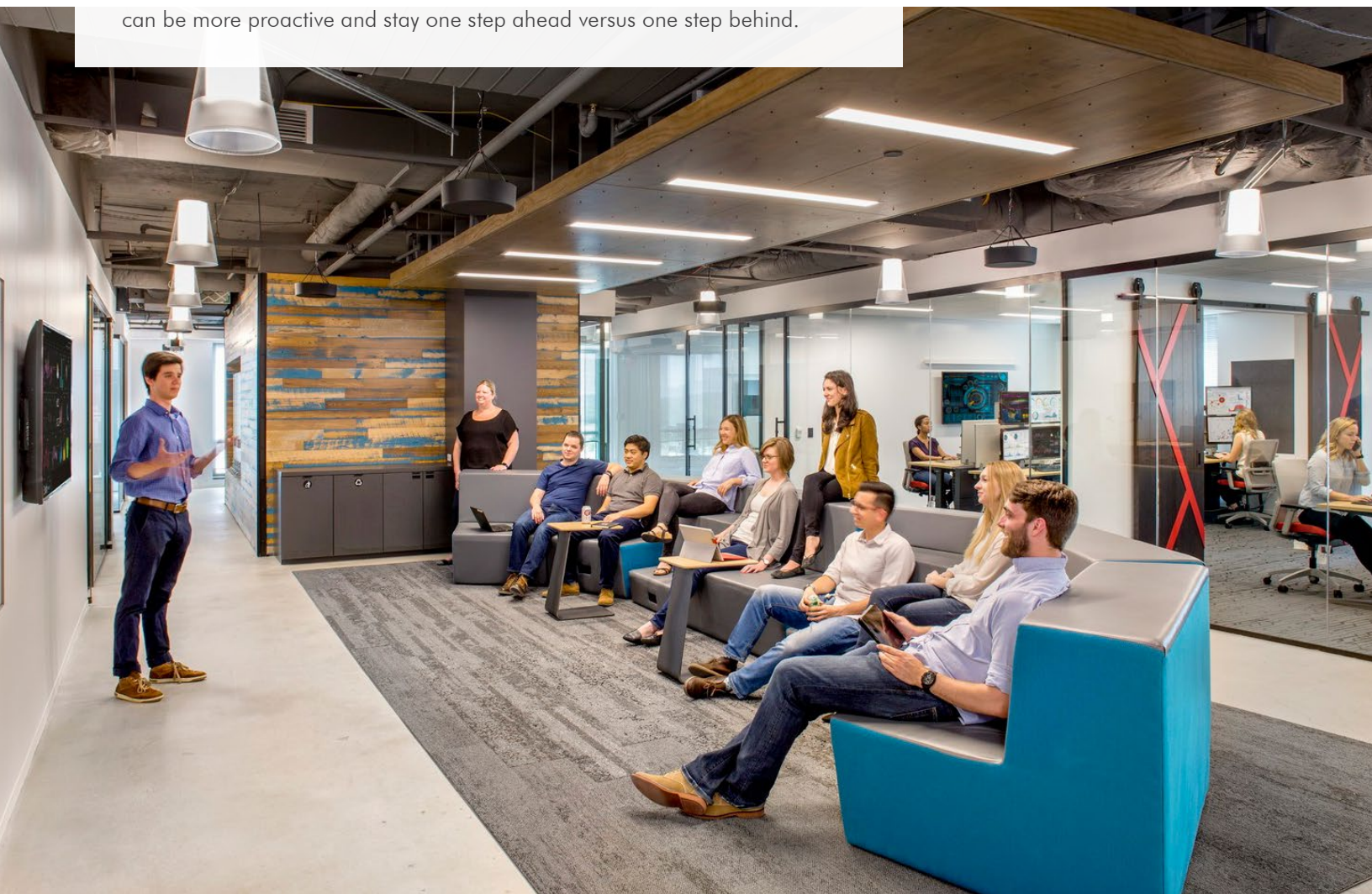
When embarking on a redesign, Shift participants were fairly evenly divided between implementing facilities to fit the culture and fitting the culture around the new facilities. It's a continuous cycle of influence: Talent influences culture; culture influences space; space influences talent. Companies with a clear vision can be more proactive and stay one step ahead versus one step behind.



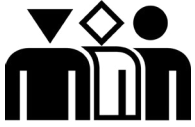
***"Hiring practices, benefits, amenities, and environmental design all play extremely important roles in creating corporate culture."***

***"Personality cannot be taught, whereas skills can."***

***"If you aren't deliberate about setting the culture, the culture will evolve itself and may not be a desirable one."***







***The general trend is toward gender, socioeconomic, and cultural inclusivity, which translates to a more international, multigenerational mix of staff members. HR-driven initiatives can go a long way to fostering harmony and understanding.***

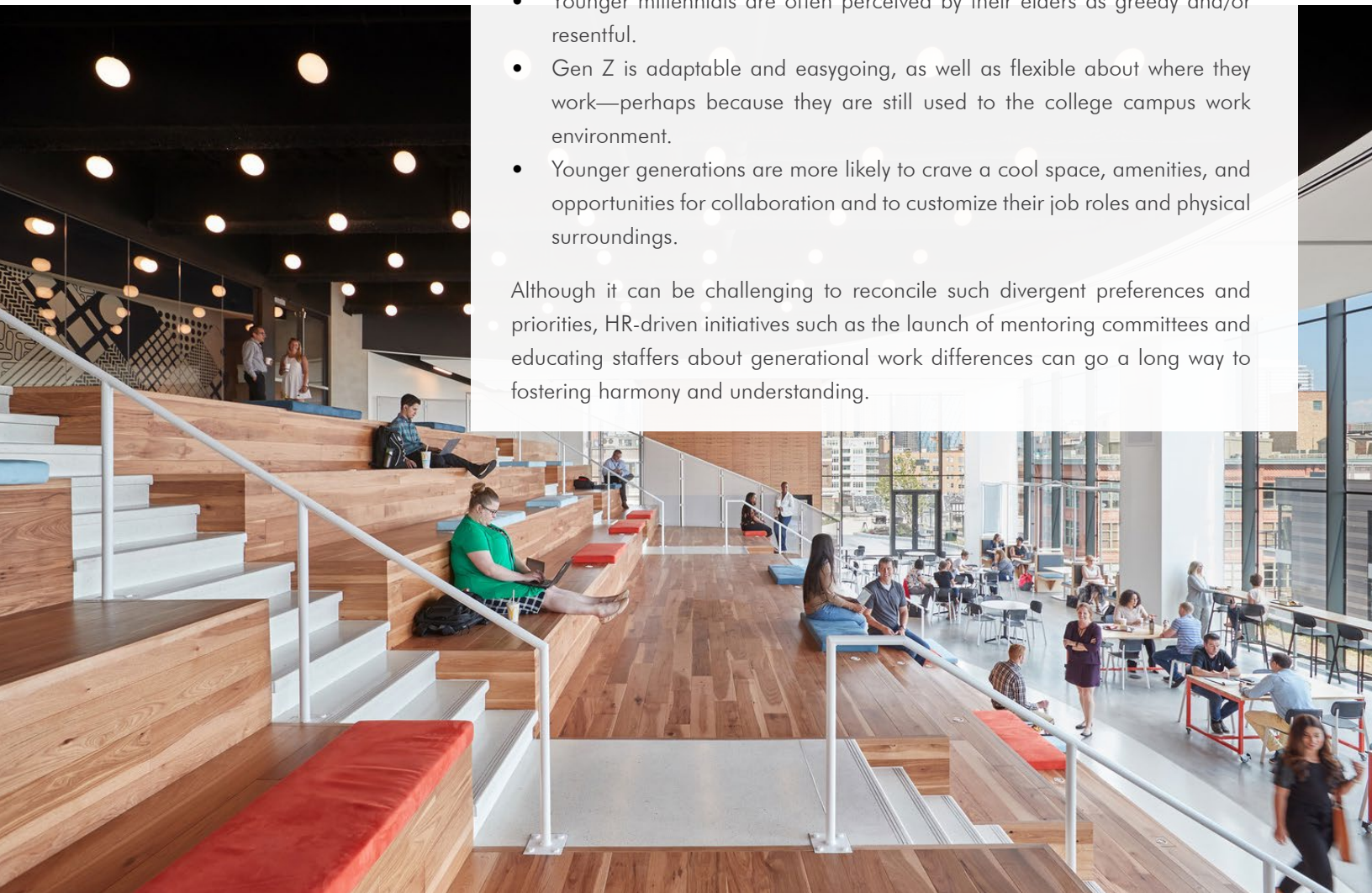
### TAKEAWAY #3: DIVERSITY IMPACTS

**D**ifferent age groups have widely different preferences in terms of spatial allocation, amenities, and aesthetics—which poses a challenge for today’s increasingly diverse workplace.

Diversification and shifting demographics are very much influencing office design and organizational practices. Although some industries (financial services, technology) and certainly many startups still struggle with workforce diversification, the general trend is toward gender, socioeconomic, and cultural inclusivity, which translates to a more international, multigenerational mix of staff members. Many companies now have a workforce that intermingles Boomers, Gen X, Y, and Z, each of which has different priorities, values, communication styles, spatial and technology preferences, working habits, and capacity for change. Some observations:

- Boomers adjust to new workspaces less easily than younger employees. They are used to boundaries and prefer space allocation—and get justifiably frustrated when their corner office is replaced with a collaborative space for all to use.
- Gen X is less interested in working from home, as it feels isolating to them.
- Younger millennials are often perceived by their elders as greedy and/or resentful.
- Gen Z is adaptable and easygoing, as well as flexible about where they work—perhaps because they are still used to the college campus work environment.
- Younger generations are more likely to crave a cool space, amenities, and opportunities for collaboration and to customize their job roles and physical surroundings.

Although it can be challenging to reconcile such divergent preferences and priorities, HR-driven initiatives such as the launch of mentoring committees and educating staffers about generational work differences can go a long way to fostering harmony and understanding.





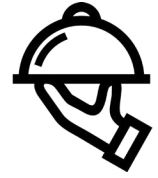
## TAKEAWAY #4: MORE THAN AMENITIES

The most coveted workplace “lifestyle” aspects vary according to industry, location, and especially generation, and therefore companies often leverage perks to compete against each other.

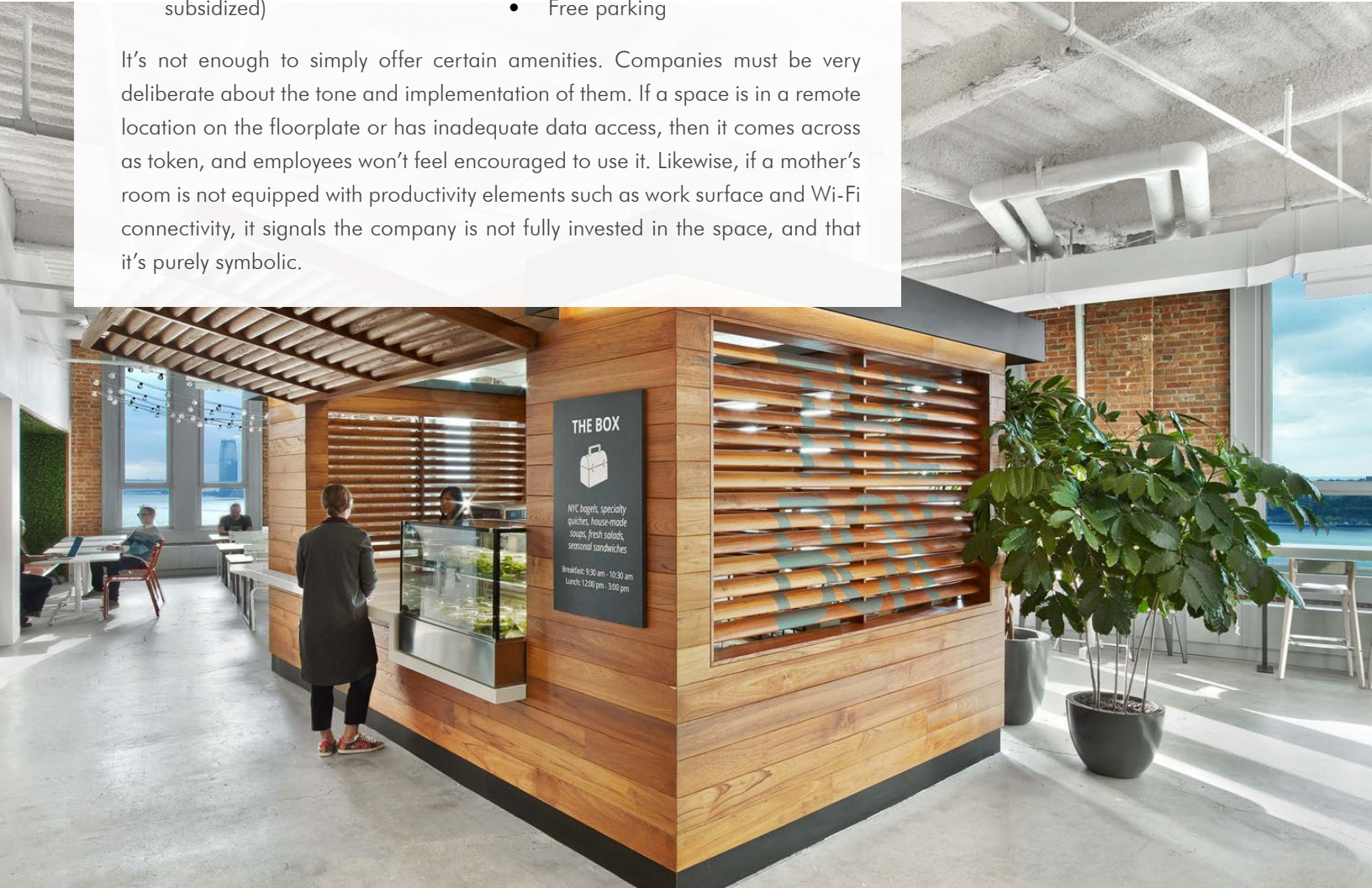
On-site amenities are high on everyone’s list (although less of an enticement for those who’d rather have more money in their pocket) and now trump individual space allocation in terms of most prized lifestyle offering. External amenities are equally important: those outside of the client-occupied space, floor, or building. Employees want to work in a dynamic and convenient location, one that feels like a vibrant, walkable downtown, not a staid suburban office park. This is particularly true of younger employees. Top amenities and benefits include:

- Café
- Gym/fitness center (or subsidized access to an off-site facility)
- Showers/lockers
- Prayer/meditation room
- Mother’s room
- Robust food services (ideally subsidized)
- Bike maintenance and storage
- Healthy snacks
- Game room
- Gender-neutral bathrooms
- On-site daycare, dry cleaning, and/or car wash
- Concierge services
- Free parking

It’s not enough to simply offer certain amenities. Companies must be very deliberate about the tone and implementation of them. If a space is in a remote location on the floorplate or has inadequate data access, then it comes across as token, and employees won’t feel encouraged to use it. Likewise, if a mother’s room is not equipped with productivity elements such as work surface and Wi-Fi connectivity, it signals the company is not fully invested in the space, and that it’s purely symbolic.



***“Design is important,  
but amenities are  
probably more  
important.”***







***“Social areas help demonstrate the employees’ role in the organization.”***

***“We cannot ignore the spaces where people spend time.”***

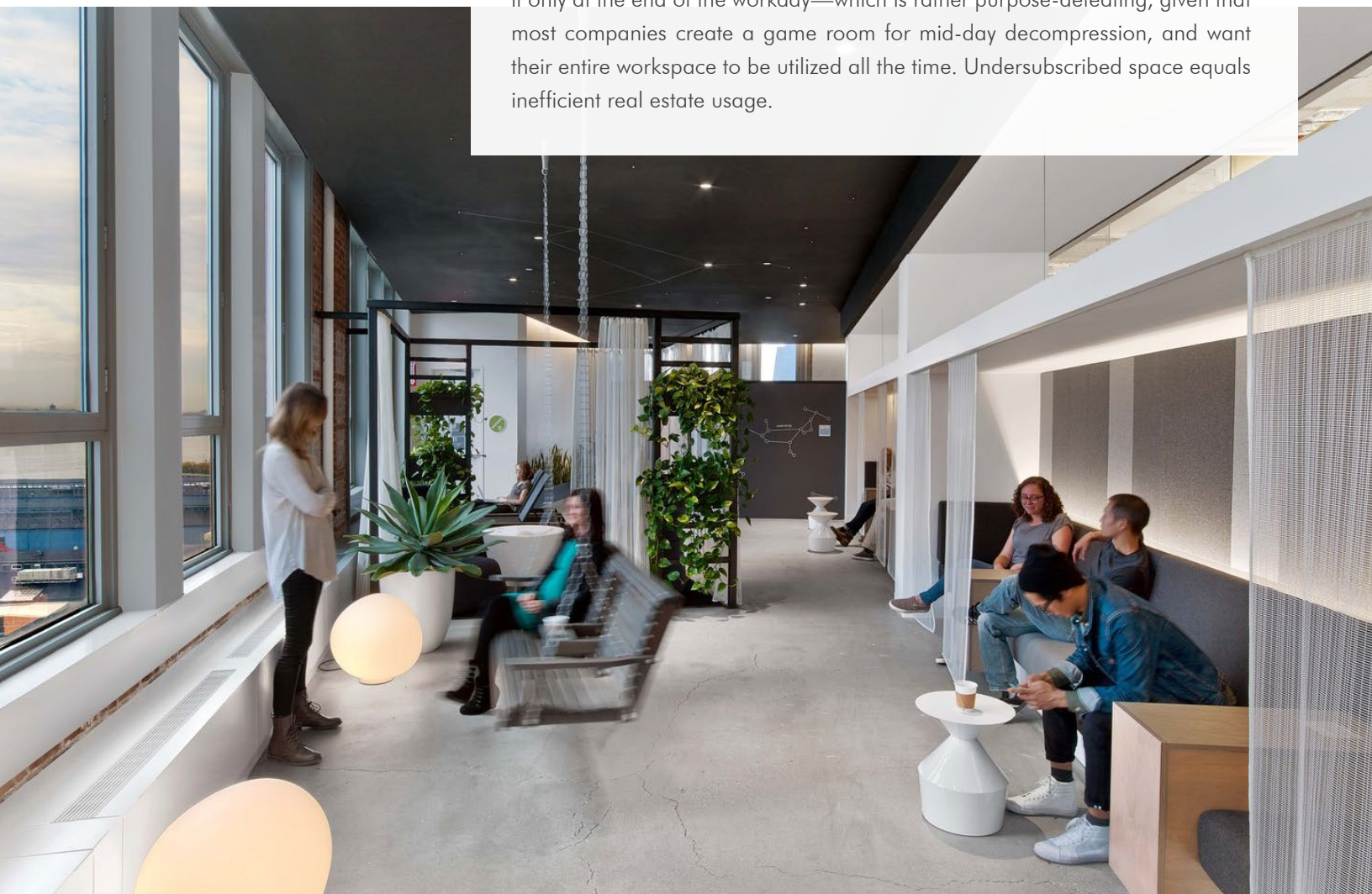
***“There is a stigma that if collaborative spaces are not used, they are bad.”***

## TAKEAWAY #5: BUILDING COMMUNITY

Communal space plays a very important and overlooked role in today’s workplace.

The category of communal space has greatly expanded and evolved in the past decade, and now includes amenities like the corporate café and game room as well as breakout areas, bookable team rooms, and even scrum zones. These spaces are typically expected to accommodate multiple functions, from socialization and relaxation to departmental collaboration and smaller brainstorming sessions. We ask much of these spaces, but don’t always invest adequate design resources so they can truly support the varied—and very specific—activities that take place in them. Furnishings play an important role; for instance, sofas are less suited to productivity than Parsons tables that allow for both spreading out work and lounging with a cappuccino. And leadership has to teach appropriate behavior and usage, setting the tone for overall effectiveness of collaborative spaces.

This is especially true of social zones like game rooms, which are often viewed as a place of judgment from the standpoint that they are not a “productive” space. Employees often wait for the senior staff to use the game room first or use it only at the end of the workday—which is rather purpose-defeating, given that most companies create a game room for mid-day decompression, and want their entire workspace to be utilized all the time. Undersubscribed space equals inefficient real estate usage.





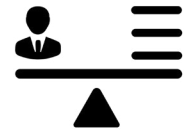
## TAKEAWAY #6: PROMOTING WORK-LIFE BALANCE

A company's commitment to employee wellbeing and work/life balance is an increasingly important factor in recruitment and retention.

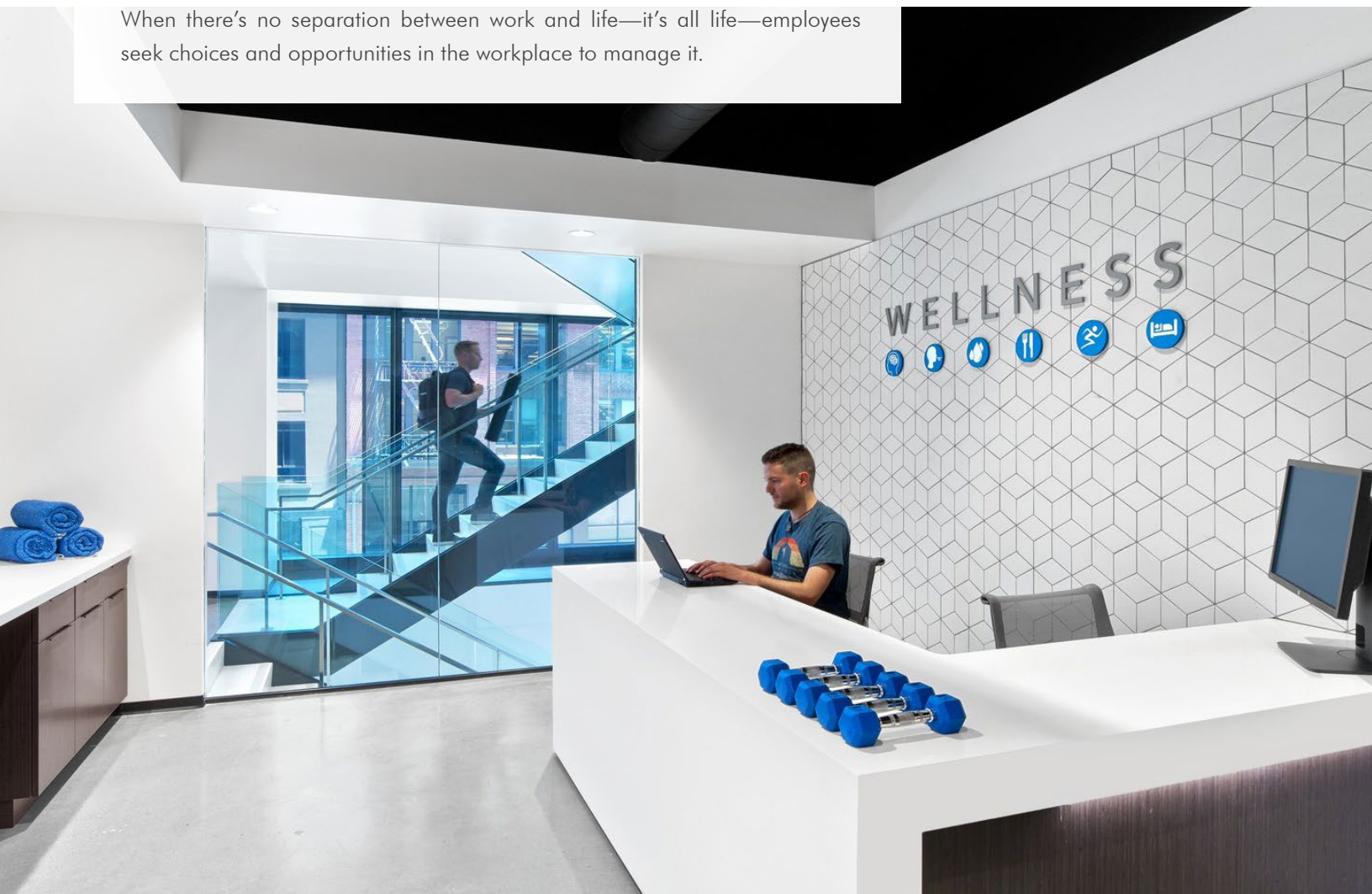
For many employees, having a work-life balance—a term that means different things to different people—is more important than perks like on-site dry cleaning and free snacks. In fact, some companies do not even offer food or amenities within the office in order to encourage employees to get outside during the workday. Others companies take the opposite tack, acknowledging that employees typically spend more time at the workplace than they do at home by “life-styling” the office in the form of residentially influenced furniture, kitchens, and homey breakout spaces.

Key to a balanced life is the opportunity to weave the pursuit of wellness into the rhythm of the workday. Given that 8 out of 10 employees think about this topic, organizations that prioritize health and wellbeing via spatial design and programs have an edge when it comes to recruitment and retention. Perks such as health fairs, flu shots, on-site physicals, fitness centers, and sponsored activities like golf leagues are a win-win for all parties, given that employee wellbeing contributes to productivity and thus a company's profitability.

When there's no separation between work and life—it's all life—employees seek choices and opportunities in the workplace to manage it.



***When there's no separation between work and life—it's all life—employees seek choices and opportunities in the workplace to manage it.***





***“Person-to-person interaction is critical, especially if growth is the objective.”***

***“For innovative and creative workspaces, the office won’t go away.”***

***“There is a perception that, to really move the needle forward at a fast speed, you should physically be at work.”***

## TAKEAWAY #7: WHERE TO WORK

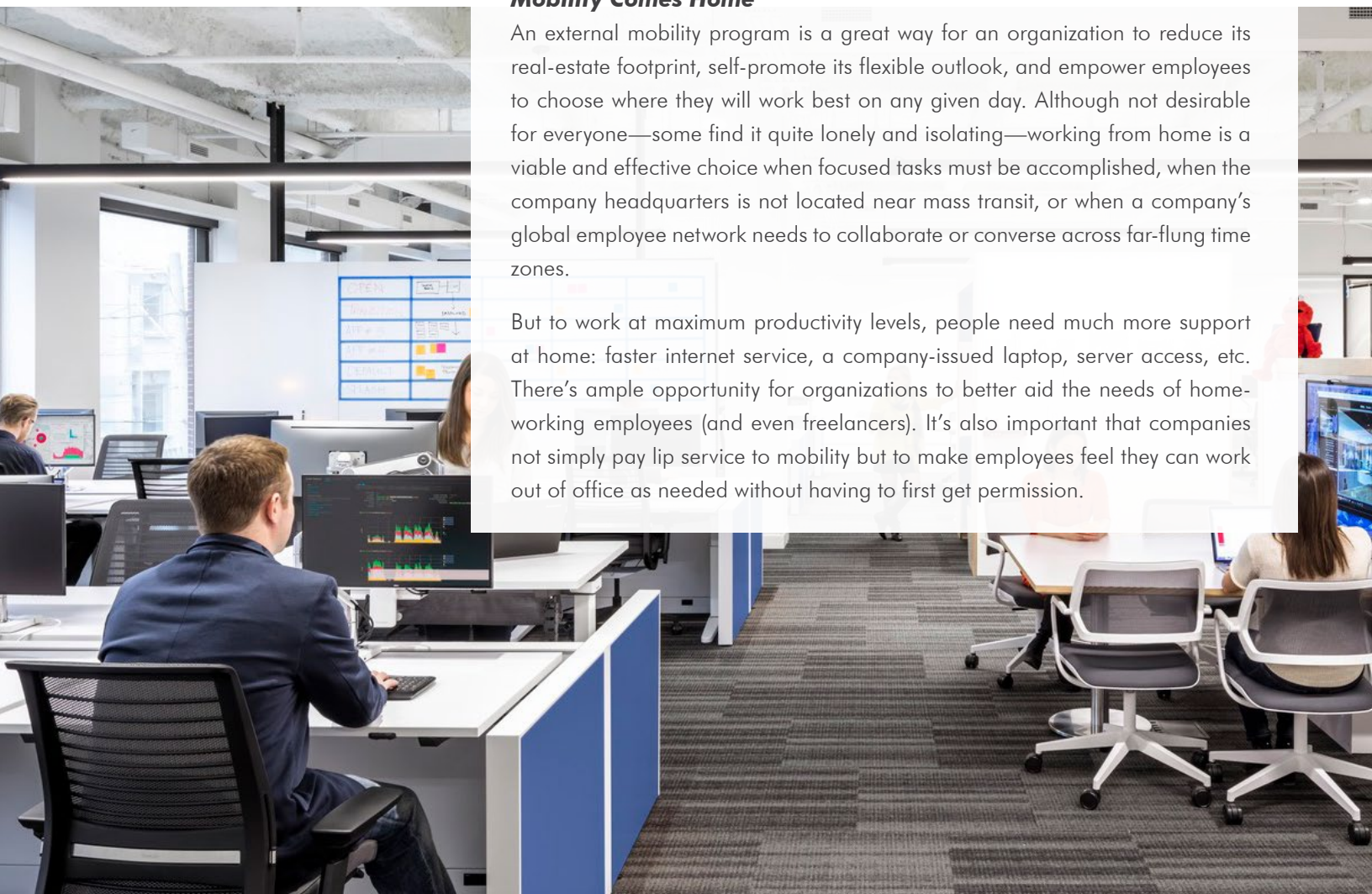
Although futurists have questioned whether the physical office is necessary, research and anecdotal evidence show that working within a company’s bricks-and-mortar space reinforces its culture and is vital to competing in today’s market.

Although Shift participants acknowledged the inherent wastefulness in having an office, all agreed that the corporate headquarters is here to stay, essential even for those who frequently work at home or on the road. In today’s mobile world, the bricks-and-mortar office remains necessary—but primarily for specific activities (ideation, collaboration) and types of interactions (both planned and casual) that require well-thought-out design solutions carefully tailored to the client. Nothing can replace face-to-face time for problem solving and creative conversations, or the natural learning-by-osmosis that occurs by being physically close to or overhearing colleagues. Not to mention that some 75 percent of communication is body language, so interpersonal interaction will always remain critical. A well-designed space can help improve the quality and frequency of office collaboration to drive innovation, productivity, and inclusiveness.

### **Mobility Comes Home**

An external mobility program is a great way for an organization to reduce its real-estate footprint, self-promote its flexible outlook, and empower employees to choose where they will work best on any given day. Although not desirable for everyone—some find it quite lonely and isolating—working from home is a viable and effective choice when focused tasks must be accomplished, when the company headquarters is not located near mass transit, or when a company’s global employee network needs to collaborate or converse across far-flung time zones.

But to work at maximum productivity levels, people need much more support at home: faster internet service, a company-issued laptop, server access, etc. There’s ample opportunity for organizations to better aid the needs of home-working employees (and even freelancers). It’s also important that companies not simply pay lip service to mobility but to make employees feel they can work out of office as needed without having to first get permission.





## TAKEAWAY #7: WHERE TO WORK (continued)

### ***Learning From Coworking***

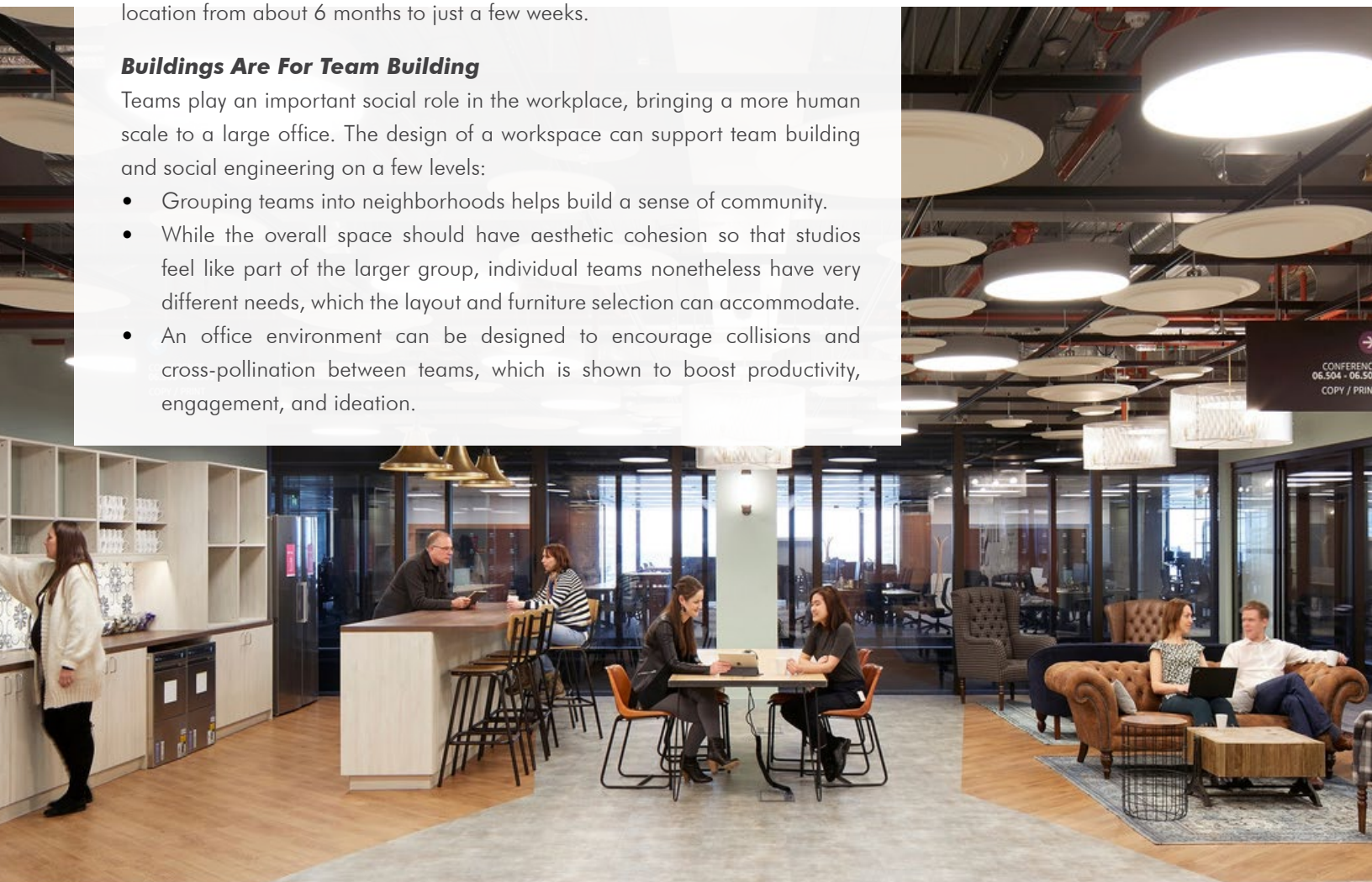
The freelancing movement has shifted the paradigm by sparking new ways of working. Among them is coworking, a model that translates surprisingly well to the corporate office. Some forward-thinking corporations are either partnering with top players (WeWork, Regis, Industrious) or taking cues from how their coworking facilities foster collaboration between entrepreneurs in different industries and create opportunities for firms to collocate with their customer base.

The notion of space as-needed and on-demand is especially enticing to companies attempting to reduce their real-estate footprint and expenditure. Interestingly and unusually given across-sector trends, only one Shift participant was currently leasing space in a co-working venue but was quick to tout the many advantages of doing so. This particular company downsized to just one corporate office location—primarily inhabited by the office-intensive full-time employees—and is using company-branded Regus spaces for its nomadic and part-time employees (who are given a card to access amenities as well as worldwide facilities). Teaming with Regus has allowed the firm to pay only for the space they actually use and has reduced time-to-market for a new satellite location from about 6 months to just a few weeks.

### ***Buildings Are For Team Building***

Teams play an important social role in the workplace, bringing a more human scale to a large office. The design of a workspace can support team building and social engineering on a few levels:

- Grouping teams into neighborhoods helps build a sense of community.
- While the overall space should have aesthetic cohesion so that studios feel like part of the larger group, individual teams nonetheless have very different needs, which the layout and furniture selection can accommodate.
- An office environment can be designed to encourage collisions and cross-pollination between teams, which is shown to boost productivity, engagement, and ideation.





***“Providing smaller stations is acceptable when you give employees other areas to work.”***

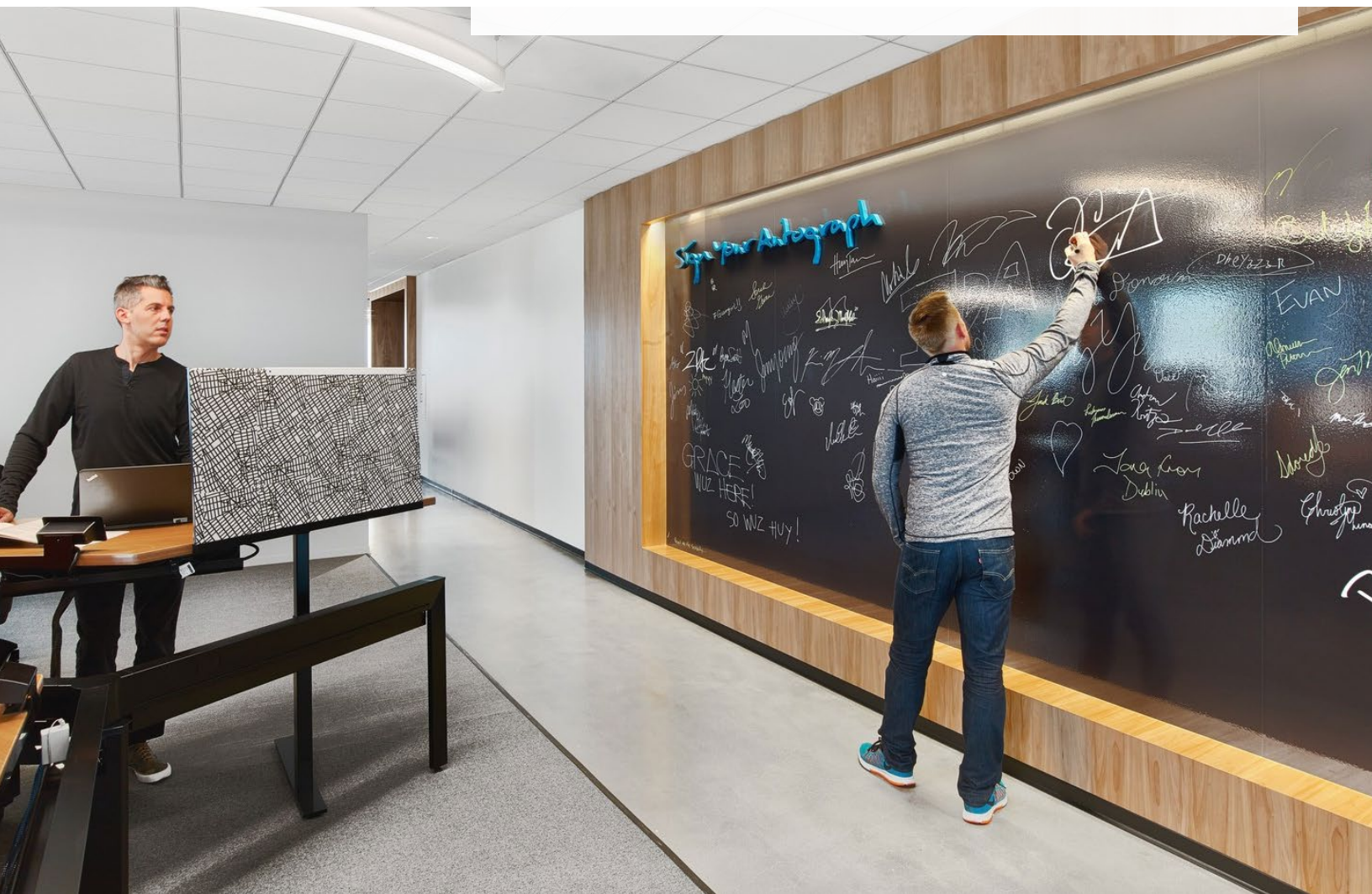
***“Increased choices of work place and amenities equals a happier work environment.”***

## TAKEAWAY #8: AESTHETICS OVER ALLOCATION

Workplace aesthetics has a greater influence on job attractiveness than workspace allocation.

Anecdotal evidence suggests employees are warming up to the open office—millennials, in fact, prefer it—so long as it’s supplemented by robust amenities and a full complement of communal spaces and abundant choice in where and how to work. (Open-office naysayers tend to be workers who require quiet for focus, rather than a particular age bracket or demographic.) An open plan promotes mentorship, communication, and engagement and invites random collisions, opening up more possibilities for conversations. The primary challenges include:

- Acoustics: Noise carries, and many staff members resort to headphone usage, which negates some of the benefits of the open office.
- Storage needs vary by individual or group.
- Implementing a free-address model will require more change management. Employees still prefer ownership of something, whether an assigned seat or a storage cubby.
- Establishing clarity in design objectives as quality of space is now defined by quality of experience, not by quantity nor cost.





## TAKEAWAY #9: THE ONLY CONSTANT IS CHANGE

Shape-shifting space is the wave of the future.

A workspace is ultimately designed to support the end user, and end users' needs are constantly changing—in some cases by the hour, depending on the tasks to be completed. Business needs to change at a rapid pace, as companies pivot and evolve to stay competitive. The work environment needs flexibility and adaptability.

- An office can incorporate features such as:
- Meeting rooms that can morph as capacity dictates.
- Blank-slate flex space that can be reconfigured to toggle between social and work functions.
- A traditional work setting that can be revamped to an agile one.
- Hybrid offices that provide adequate workspace for when the assigned employee is in town, plus furnishings that allow use as an open huddle for the department when said employee is traveling.
- Mobile spatial dividers.

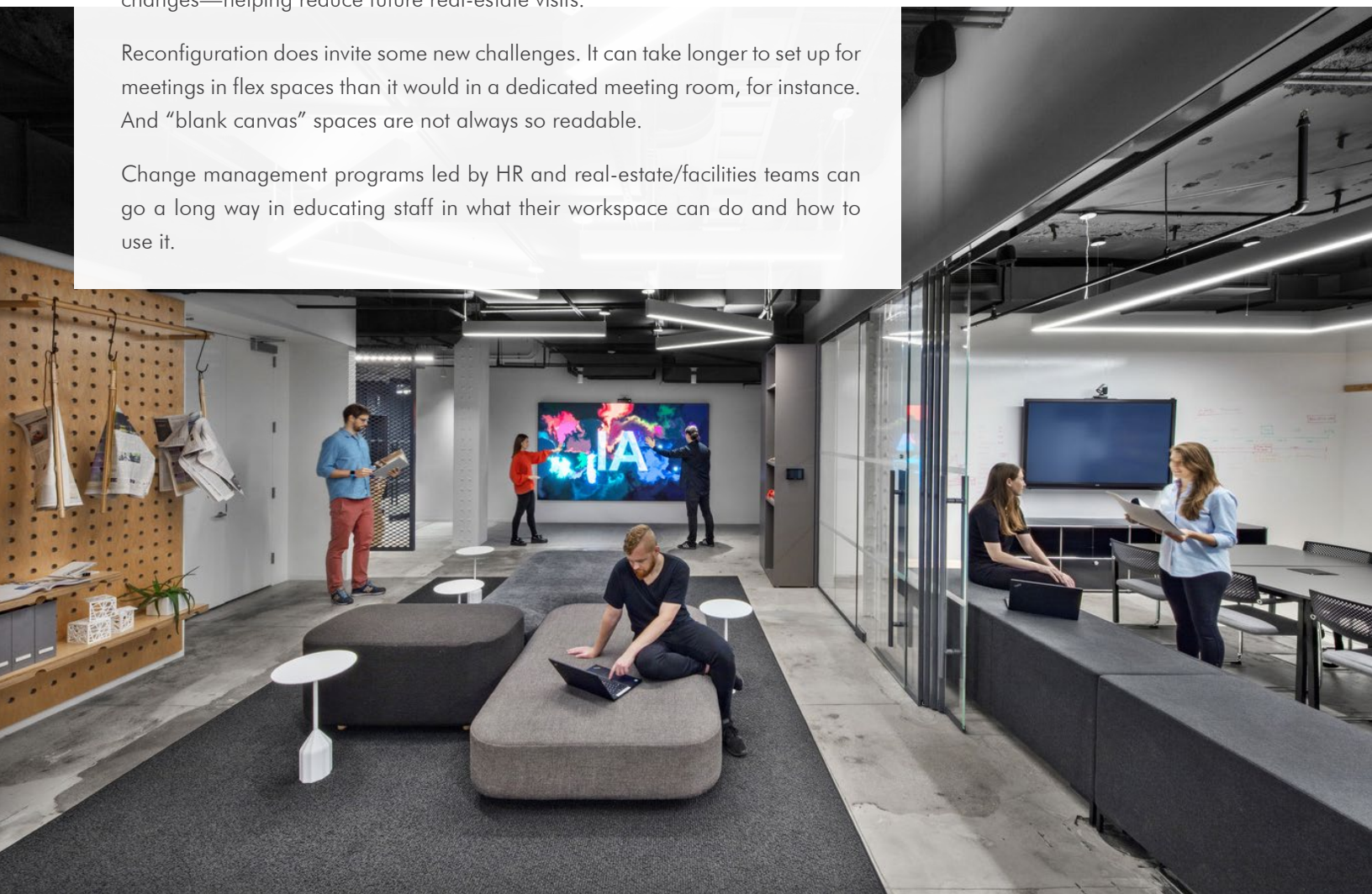
Such elements give clients more ownership of their space, allowing them to co-create after occupancy and empowering them to reconfigure and make needed changes—helping reduce future real-estate visits.

Reconfiguration does invite some new challenges. It can take longer to set up for meetings in flex spaces than it would in a dedicated meeting room, for instance. And “blank canvas” spaces are not always so readable.

Change management programs led by HR and real-estate/facilities teams can go a long way in educating staff in what their workspace can do and how to use it.



***Business needs to change at a rapid pace, as companies pivot and evolve to stay competitive. The work environment needs flexibility and adaptability to support the business and not impede it.***



# WHICH COMES FIRST, TALENT OR WORKPLACE?

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Thank you to the human resources and real-estate/facilities executives from the following companies for helping us to **shift** the conversation and the way we think.

Adidas	KGO Project Management
Amare Global	Knowles
Applied Predictive Technologies (APT)	Mentor Graphics
Arrow Electronics	Microsoft
Bank of America	NN, Inc.
Big Fish Games	Nordstrom
Blink UX	Oaktree Capital
BlueCross Blue Shield	Oracle
Capital One	Quirch Foods
Carnival Cruise Line	SAS
CBRE	Southern California Edison
Cisco	Stearns Lending LLC
CNA Insurance	(Previously at Spirit Realty)
Cogentrix	Travel Portland
Equinix	Travelpport
HighGround Advisors	Uber
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