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***HAPPINESS IN THE OFFICE :
KEYS TO SUCCESSFUL WORKPLACE CHANGE***

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SECTION I: HOW DO WE MAKE PEOPLE HAPPIER AT THE OFFICE?



In writing this paper I picked a topic that would focus on the human aspect of making a change in an office rather than, as is more typically the case, focusing on the functional requirements and cost benefit analysis of a proposed change. Over the course of close to 20 years in commercial real estate, I've come to believe that the war for talent has ramped up in every sector to the point that, notwithstanding whether we are a public, private or not-for-profit organization, we can no longer use the same cost driven modes and decision-making models to make recommendations on space allocation and creating workplace environments.

Consider a statement by Jason Baumgarten, a search consultant at Spencer Stuart who said, "Today, people work for you because they want to, not because they have to."¹ Isn't that a revolutionary statement? Yet how does an employer make people want to work for them? What drives the employee's desire in the first place? How does an employer build a team that keeps everyone's needs met as individuals while still executing on their overall business plan? Wouldn't it be fantastic to find out?

¹ GEOFF COLVIN, Fortune.com (2018)

In this context, think about the time and resources expended in hiring a new employee: job descriptions, head hunters, screening candidates, interviews, compensation negotiation, and signing contracts. With so many steps it's a wonder we can hire anyone at all, and the new hires haven't even shown up for work yet.

Now the real work of onboarding begins. In a great LinkedIn piece from Josh Bersin of Bersin by Deloitte, (2013) he discusses many of the not so obvious cost centres (listed below) associated with staffing and some of the impact associated when employees leave the organization, voluntarily or otherwise.²

1. **Time:** New hires typically require training and time to integrate with their teams. They need face time with managers who would otherwise be working in the business.
2. **Lost productivity:** it may take a new employee one to two years to reach the productivity of an existing person.
3. **Lost engagement:** other employees who see high turnover tend to disengage and lose productivity.
4. **Customer service and errors:** new employees [can] take longer and are often less adept at solving problems.
5. **Training cost:** for example, over two to three years, a business likely invests 10 to 20 percent of an employee's salary or more in training
6. **Cultural impact:** whenever someone leaves, others take time to ask why.

² Josh Bersin of Bersin by Deloitte, August 16, 2013

To complicate matters further there is the essential subjective nature of human beings trying to predict making the “right” hire and unfortunately, the best candidate screening process in the world cannot be completely foolproof. We don’t always get it right. Sometimes the top candidate doesn’t fit the culture, or leaves due to a better offer from the competition. But assuming we’ve found the right person, and assuming they’ve agreed to come work in our organization, how important are the non-monetary factors to their decision to stay in their jobs? What would make them happy to stay?

That is the fundamental question I’ve set out to answer:

How to Create Happiness in the Office?

SECTION II: METHODOLOGIES



By way of methodology I’ve elected to draw on the vast repository of marketing material published by the commercial real estate and commercial interiors industries, primarily circulated by large contract furniture manufacturers. These and large architectural firms, are the dominant sources cited by those calling themselves Workplace Strategists. From there I’ve looked for supporting research themes from traditional academic sources relating to social psychology and change management. This approach leverages

cutting edge industry material which may be perceived as inherently biased (they want us to sell us product) while maintaining a grounding in academia.

WHY ISN’T MONEY EVERYTHING?

In a study done in 2010³, Daniel Kahneman and Angus Deaton analyzed 450,000 responses to the Gallup-Healthways Well-Being Index, a daily survey of 1,000 US residents conducted by the Gallup Organization and found that while emotional well-being also rises with larger income, there is no further progress beyond an annual income of ~\$75,000.

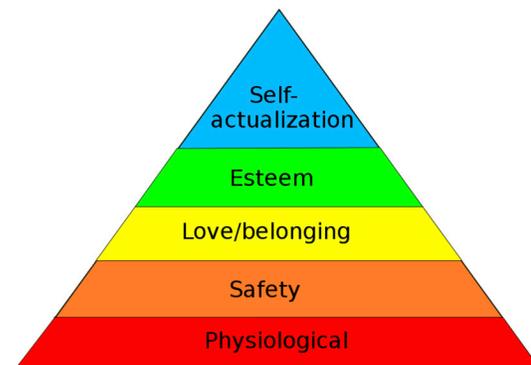


Figure 1 - Maslow's Hierarchy of Needs

To frame this experience, I draw on Maslow’s theory on the hierarchy of human needs.⁴ In his 1943 paper “A Theory of Human Motivation” in Psychological Review, Maslov suggests that human beings have certain fundamental needs of the body and mind (see inset Figure 1) that, until they’ve been met, prevent us from focusing on matters of higher brain function and social interaction. According to Maslov, certain needs dominate the human organism and are the source of all our motivation.

3 Daniel Kahneman and Angus Deaton, PNAS September 21, 2010

4 Abraham Maslow (1943) “A Theory of Human Motivation” in Psychological Review

In this paradigm, it seems likely that as top employee's income rises, at some point their basic and more primal needs have been satisfied. They no longer need worry paying groceries, rent, or how they'll get to work. Now motivation might shift to more social factors that Maslow labels, Love and Belonging, Esteem, and Self-Actualization. Examples of these might be feeling part of a team, working towards a common goal, being recognized for your efforts, or contributing to something larger than yourself. We've shifted beyond simple, material gain, to more of a social, mental, even a spiritual framework.

When we apply this to our fundamental question of, What makes people happy at work? it seems obvious that an employee cannot be satisfied without a certain basic level of compensation, but true happiness, which I'd argue is a higher level of emotional well-being than simple satisfaction, requires more.

To investigate this hypothesis, I set out on a quest. For source material I turned to some of the research being done by academia on happiness and employee satisfaction/engagement. But I also turned to industry by visiting furniture showrooms from the major furniture manufacturers like Steelcase, Knoll, and Teknion and collecting their material. I read articles on employee retention by large staffing and HR companies, and turned to my collection of research I've assembled from the last decade of workplace strategy. I even explored the framework of Agile software development initially proposed in the Agile Manifesto (2001).⁵

What factors in the work environment contribute to happiness? Or asked in another way; What is going on at work to lower our overall happiness?

5 <http://agilemanifesto.org/>



I decided to focus on identifying themes within the above-mentioned field of research that indicate factors that either promote or detract from high level of engagement, satisfaction, and a personal sense of wellbeing as it seems like if all these demands were being met then, provided there were no external factors at play, I suspect happiness would result.

SECTION III: FINDINGS

Let's start with factors that affect general levels of happiness.

CONTROL OF ONE'S ENVIRONMENT

In his book, *The Pursuit of Happiness*⁶ Psychology professor Dr. David Myers lists ten factors influencing enduring happiness that all start with taking control of your mental, physical, social and spiritual stimuli. Dr. Meyers suggest that as we are able to take control of our lives and become intentional regarding the mental conversations we allow to play out inside our heads, that happiness improves. "Happiness, like cholesterol level, is a genetically influenced trait. Yet, as cholesterol is also influenced by diet and exercise, so our happiness is to some extent under our personal control."⁷ This then suggests that as our ability to control our work environment increases, that happiness should also rise.

6 David G. Myers, *The Pursuit of Happiness* (Harper Paperbacks, 1993)

7 www.davidmyers.org

Yet until recently modern workplace environments have been defined by their need to exert control (by way of uniformity) over workers by individual space allocation based on job descriptions, rigid hierarchies, and the pursuit of real estate cost savings from optimized layouts.

WORKERS NEED PRIVACY



Dilbert by Scott Adams

John Tierney of the New York Times reminds us that, “The original rationale for the open-plan office, aside from saving space and money, was to foster communication among workers, the better to coax them to collaborate and innovate. But it turned out that too much communication sometimes had the opposite effect: a loss of privacy, plus the urgent desire to throttle one’s neighbor.

“Many studies show that people have shorter and more superficial conversations in open offices because they’re self-conscious about being overheard”, said Anne-Laure Fayard, a professor of management at the Polytechnic Institute of New York University who has studied open offices. “Everyone is still experimenting with ways to balance the need for collaboration and the need for privacy.”⁸

As the pace of innovation continues to accelerate the global economy has embraced the concept of the knowledge worker like never before. Companies can

no longer measure success solely on the basis of past performance. They must be constantly innovative or face death by disruption as the tried-and-true strategies of the past are swept away. Fresh ideas and technology allows new entrants to quickly scale, and dominate the marketplace. For evidence just ask the likes of Polaroid, Nokia’s cell phone division, Sun Microsystems, Yahoo, and PC maker Hewlett-Packard.⁹

The answer from the commercial interiors industry was to take down all the walls and even the fabric panels that provided some acoustic but 100% visual privacy. Senior executives lost their offices to demonstrate they were leading by example. Open plan seating became the norm and access to meeting spaces became tightly controlled, in many cases only available with advance booking. Yet this almost complete loss of privacy was not well received.

“A recent Steelcase study of the workplace conducted by the global research firm IPSOS of more than 10,500 workers in Europe, North America and Asia confirms that insufficient privacy in the workplace is an issue throughout the world. The survey results show that being able to concentrate, work in teams without being interrupted or choose where to work based on the task are frequently unmet needs.

Yet the 11 percent of workers who had more privacy and were more satisfied with their workplace overall were also the most engaged. Conversely, employees highly dissatisfied with their work environment were the least engaged.”¹⁰

Compounding the situation is the commercial real estate industry’s push to standardize space allocation

8 JOHN TIERNEY, NYT, MAY 19, 2012

9 Gary P. Pisano, HBR, JUNE 2015

10 Steelcase: The Privacy Crisis

in lieu of spending consulting time and resources to investigate and understand the unique needs of the individuals that make up their clients' employee base. From a corporate perspective, it's easy to see why it might make sense to create a company standard for office and workstation sizes. It makes the planning process simpler and furniture procurement easier if every office has the same general footprint per employee. As result many organizations have created workplace environments with a one-size-fits-all approach to how, when, and where their employees carry out their work. They are making a choice to avoiding talking about the varied needs of people as individuals and instead focusing on a discussion of units of space per person. Simple, easy and, (seemingly) cost effective but lacking a fundamental appreciation of the uniqueness of each and every one of their employees. And while many companies are beginning to realize the inherent problems with this approach, the business of developing space standards and the procurement processes that leverage them, are widely spread and well entrenched.

EMBRACE THE UNIQUENESS OF THE HUMAN CONDITION – HOW DO YOU LIKE TO WORK?

But change is beginning and is being driven primarily as a reaction to the costs associated with treating people like numbers rather than as individuals. Companies are starting to realize that just because one employee has the same job description as another, that each individual has a different preference of how they prefer to work and where they are most productive. In answer comes a new mode of office planning collectively referred to as Activity Based Work (ABW).

An article written for the 2017 BOMA Ottawa Commercial Space Directory describes ABW as, “a movement across the workforce – both public and private – to replace structured environments, such as offices and boardrooms, with more fluid spaces that can be used in a variety of different ways depending on the project at hand and who is involved.”¹¹

An ABW environment should not be considered in the context of workstations, offices, and meeting rooms. Instead, consider the role of the space as offering a palette of environments, each designed to accommodate one or more types of functions. In this approach to planning, employees are provided with a platform of (mostly) portable technology and given a varying degree of choice as to where they will be most comfortable and productive.

“This strategy [such as the Shaping strategy employed by the global furniture manufacturer Knoll, Ltd. – see Figure II] is influenced by Robert Karasek’s “job/demand control” theory (Karasek and Theorell, 1990). He found that employees in “high-strain” jobs - those with low control over decision-making and limited autonomy, paired with high work load and demands - suffer from higher stress, health and performance problems.

Workers with “active jobs” (those with high demands, but with high control) have fewer health problems and better performance than those in high strain jobs.”¹²

11 Shannon Bain, 2017 BOMA Ottawa Commercial Space Directory

12 Dr. Michael O’Neill, Senior Director, Workplace Research, Knoll, Inc.: Adaptable by Design Shaping the Work Experience (2012)





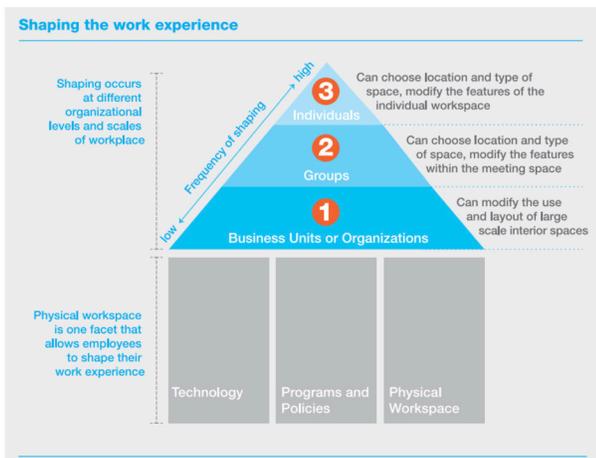


Figure II - Shaping The Work Experience

A similar theory arose in the formation Agile software development methodology. In 2001 seventeen software developers got together in Utah to discuss better ways of developing software. Later to be known as the Agile Alliance, these self-declared organization anarchists laid down and signed a document they titled a Manifesto for Agile Software Development. In essence, their manifesto cries out that software development is a creative process centered on people working in collaborative teams rather than something that can be forced into a rigid process to an inflexible specification. Agile is customer driven and thrives in apparent chaos.

This was a tremendous shift from other, more stringent methods of development that had been forced into rigid schedules due in part to the fact these teams were shipping boxes of software loaded with disks and CDs. Yet as the ability to deliver software updates swiftly and easily via cloud-based updates or local broad band connections erased the need for software in hardcopy, so too did open the door to a new way of working. In an Agile Work Environment, the team is mobile and daily tasks vary depending on issues raised during Daily Stand Up meetings or as

necessary according to the Scrum Master or individual team members. This makes the ability to come together in small groups for sharing ideas critical, but equally important is access to the technology and tools to support collaboration.



The inset images show how easily tools and technology can be integrated into an open environment to provide the quick and easy ability for a team to bring their personal technology together and share ideas. Ideally these environments should be located close to the employee's primary place of work or they simply don't get used.

By now the furniture manufacturers offer so many various approaches as to how to best support collaboration that it can be overwhelming to try and wade through the options available to you. A good approach is to think about how often your teams need to come together, how many people would be in the average meeting, how long do they meet, and what activities go on when they come together? Will they need key board surfaces or not? Will the noise

they make disturb other teams? Will they be sitting or standing or both? Asking yourself some of these questions in advance will influence the locations and the outcomes of these environments.¹³

MANAGERS MUST LET GO OF TRADITIONAL COMMAND & CONTROL BELIEFS

For such an approach to be successful, many senior executives and middle managers are finding that new approaches to managing people are required. Directive leadership styles¹⁴, where a manager tells their subordinates what is expected of them, such as instructing them what to do, how to complete a task, and the timeframe in which to do it, may not be as effective in more fluid, ABW type environments.

Yet many managers and employees still privately oppose these types of environments. Some managers fear the loss of control and authority that comes with a more fluid workplace. Employees fear the loss of privacy, and potentially the loss of sufficient personal space to complete their work. Using Kegan and Lahey's Immunity to Change¹⁵ model, we see that this type of harmful self-talk is in fact an immunization, potentially unconscious, against the possibility of having to adapt to a completely new managerial mode or way of working. They theorize that behind each of our habits is a strongly held belief that not only keeps us in our groove, but also fights any change that threatens the status quo. This resistance is so strong, so adaptive, and so systemic that Kegan and Lahey liken it to a finely tuned immune system.

13 Darren Fleming (2018); Creating An Agile Work Environment, www.realstrategy.com

14 House and Mitchell (1974)

15 Kegan and Lahey: Immunity to Change (2009)

ORGANIZATION WANTS	BUT REWARDS	WILL GET
• Long-term growth	Employees who achieve quarterly targets	• Too much focus on the short term • People who 'game' the numbers
• Innovative products • New ideas	Employees who don't make mistakes	• Risk-averse behavior
• Candor • Bad news to surface • Giving / Receiving honest feedback	Employees who avoid delivering the tough messages	• People who blame the messenger • Yes-men • People who don't improve
• Performance	Attendance	• People who come in on time and look busy

Figure III - Reward Systems

Personally I've experienced clients relaying complicated stories and examples of how trying to integrate less traditional environments into their offices simply doesn't work even when the example they were referring to was decades in the past when there existed many technological barriers (slow internet, big computer towers, everything cabled) to making the dream of an ABW or Agile workplace a reality. Kegan and Lahey suggest that in order to successfully navigate a change we must tackle head on the big assumptions we hold as gospel truth that actually prevent our desired change from occurring.

A great example is made by Maja Roosjen in a guest blog for the Corporate Rebels, who declare they're on a mission to make work more fun. In her blog, "How to Reward in Self-Managed Teams" she suggests, in an echo of the Immunity to Change model that, "Your culture is defined by how people answer the question 'what does one need to do to get ahead here?'" First people respond with good things; 'innovate', 'hard work', 'eye for detail.' Keep asking and they'll get to the less desirable truths, like '24x7 availability by mail', 'sound smart', 'get consensus for every decision'. The behaviors you reward and punish are what defines your culture. (see Figure III)¹⁶

16 Maja Roosjen: HOW TO REWARD IN SELF-MANAGED TEAMS, July 12, 2017

So, while the surface level goal of the organization of may be to adopt a different approach to managing in a more fluid environment, the internalized self-talk of employees and managers might still be blocking this change from taking place.

EFFECTIVE CHANGE STARTS FROM THE TOP

What we're really talking about requires a deep change in organizational culture and that isn't easy, nor can it be accomplished overnight. When preparing for any change it's important to spend time reflecting and discussing the core problem. Discuss the matter widely across your organization and with senior leaders. Buy-in from the top will be essential to starting the process.

In diagnosing what needs to change make sure you gather the right data as it's easy to get distracted by surface issues. For instance, many workplace specialists advocate surveying the employee base to measure the desire to collaborate when the underlying challenge might be their managers' styles of leadership or perhaps a lack of commitment from the CEO on supporting (and funding) new work habits. John Kotter¹⁷ gives us the following criteria to consider when planning a journey for change:

1. **IMAGINABLE:** A clear picture of the future
2. **DESIRABLE:** Appeals to long term interests of stakeholders
3. **FEASIBLE:** Realistic goals
4. **FOCUSED:** Provides guidance in decision making
5. **FLEXIBLE:** Allows for alternatives & initiatives

17 John Kotter, Leading Change: Why Transformation Efforts Fail, Harvard Business Review, March-April, 1995

6. COMMUNICABLE: Can be easily explained in 5 minutes or less

In most companies I've observed or worked with there is no such thing as grassroots led demand for workplace change. It must be led, or at a minimum authentically endorsed, from the office of the CEO or Executive Director if it is to succeed because the idea of real, fundamental change is hard; even scary to some.

In his book Managing Transitions, William Bridges¹⁸ reminds us that it takes time and we must pass through three stages of change (see Figure IV):

1. Ending, losing and letting go
2. The Neutral Zone
3. And finally, a New Beginning

During these stages our emotional states can range from shock, anger and apathy to finally arriving at

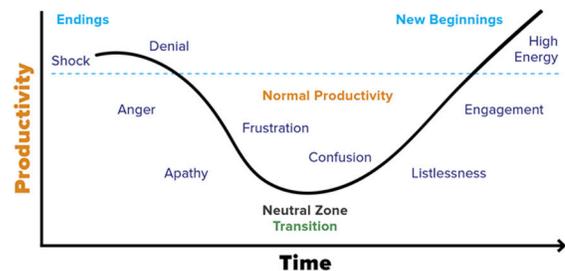


Figure IV - Bridges' Transition Model

engagement and high energy. When we understand this reality, it helps us understand why so many people have experienced challenges adopting new ways of working: because its hard! Perseverance will be needed to push through resistance. It will be important to keep talking and tweak plans as necessary but also accept the fact that not everyone will complete the journey with us; expect some turnover. But trying to fast-track this process can

18 William Bridges: Managing Transitions (1991)

rob your team of a valuable opportunity to revitalize their minds and their way of thinking about the office. Remember the goal of a happier and healthier workplace? Isn't that possibility worth enduring some temporary emotional discomfort?

In my experience the most successful examples of workplace transformation are championed by senior management at a high level to ensure the rationale and vision for change are widely, and frequently spread throughout the organization. We need their support, and authority to keep this effort moving forward.

Kotter reminds us that the change efforts tend to fail for the following reasons:

1. Not establishing a great enough sense of urgency
2. Not creating a powerful enough guiding coalition
3. Lacking a vision
4. Under communicating the vision by a factor of ten
5. Not removing obstacles to the new vision
6. Not systematically planning for and creating short-term wins
7. Declaring victory too soon
8. Not anchoring changes in the corporation's culture

It's important to remember that not everyone will be a believer initially and that the extent to which we plan the process of transformation will be directly proportional to its chances of success.

Interview key executives to document their hopes and fears for your project. Discuss the level of staff involvement and who is going to be empowered to make decisions. If the CEO is going to make those big calls, then he or she should be available to participate fully in the process as a lack of engagement from the top will defeat most attempts at changing culture. If that's not possible then sufficient authority and

resources must be (truly) delegated to an individual or team tasked with making the vision a reality.

Be realistic about the personalities involved to try and anticipate where your challenges might lie. Is the whole management team ready to lead and embrace the project? Research suggests that the ego development stage of the CEO and of his or her most trusted advisors is a critical variable influencing the likelihood of successful progressive organizational transformation¹⁹. Kegan and Lahey suggest that before starting on major change, some work might have to be done at the top to ensure that senior leadership shares the right mindset to avoid confrontation and blocking behaviour down the road.

IT'S ABOUT CHANGING OUR STORIES

A central theme of change research is hinged on self-talk and the stories we carry in our heads. This means that "adaptive challenges can be quite tough because they require that people modify the stories they have been telling themselves and others about what they believe in, stand for, and represent. This may involve acknowledging that traditional hierarchies have benefited some much more than others, leaving many people and groups socially vulnerable."²⁰ It's critical

19 William Torbet (1998)

20 Heifetz et al. (2009)



then that those leading workplace transformations believe in the vision and end-state they're espousing. They and their circle of influence will be the organization champions of a refreshed dialogue and a new story.

Change the discourse to what we can do, what we will do, and what we must do.

MY QUEST – YOU DESERVE TO LOVE COMING TO THE OFFICE

My personal commitment in my new firm Real Strategy Advisors²¹ has been centered around the idea that we all deserve great space, but I've come to believe that isn't enough. Our experience at work isn't defined by the space we inhabit, it's defined by the people we interact with. The focus therefore in creating a workplace that makes people happy should be on the people and their internal self-talk rather than simply confined to physical premises and rental rates.

This then is the answer to how we bring happiness into the office: we help people discover better stories.

21 www.realstrategy.com

Imagine coming to an office where you have the freedom to work in an environment where you feel most productive. Where it's safe to share concerns about where your organization is headed because your boss (and their bosses' boss) believes this is a starting point for conversations that might lead to innovation and overall improvement. A company where you can trust that senior management cares about you and your personal sense of wellbeing. Where your ideas were welcomed and cherished. A place filled with happy people bringing their A-games and excited to work with you.

What if that was your story at work? What would it be worth to you to get there? Could you ever imagine leaving? Of course not; that's the whole point. That's the promise that awaits us if we embrace a new possibility and embark on a quest for a new story for our organization.

My new quest is to make people happy at the office.

We can do it. We will do it. We must do it.

I can't wait to share my new story with anyone who'll listen.

Darren Fleming
CEO – Real Strategy Advisors
www.realstrategy.com

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