

Shall We Dance?

Integrating Real Estate, IT, and HR to Leverage Knowledge Worker Performance

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"Efficiency is relatively easy to obtain by just focusing on office space. But the only way to improve knowledge worker effectiveness is by focusing on integration. Integration is where you get the real benefits" –The director of workplace strategies for an office furniture manufacturer.

In most organizations, when it comes to providing work environments for high-end knowledge workers (HEKWs), support functions such as Real Estate (RE), IT, and HR have historically operated independently to supply employees with the resources they needed to work. But with rapidly changing communication technologies, shifting work styles that favor more mobility and teaming, and increasing cost pressures, things have changed. Increasingly, many firms recognize that if they are to implement comprehensive strategies to support their HEKWs or change the way they work, then the activities of RE, IT, and HR functions must be more carefully integrated.¹ Achieving this integration or close coordination, however, is no simple task, especially in firms with a history of independent functions.

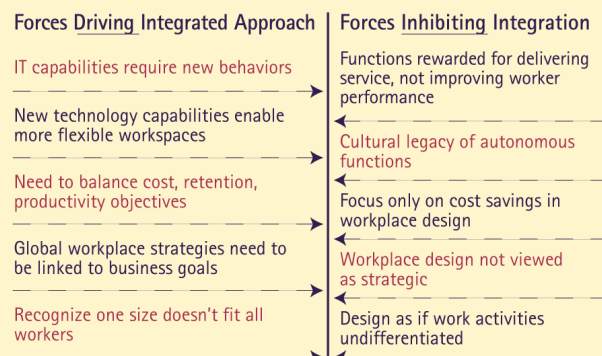
This research note, which is based on interviews in 40 companies, explains: (1) why integration has become so important for many initiatives designed to improve the performance of HEKWs; (2) how to determine if your project needs better coordination between key supporting functions; and (3) what steps you can take to get there.

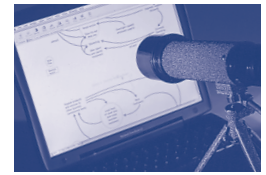
Drivers Behind Integration

Exhibit 1 illustrates that there are significant legacy forces that continue to make the close coordination of support functions difficult in many organizations. But today the forces driving the need for integration of these functions are increasing. Several factors are particularly notable:

1. Rapidly evolving capabilities in IT and communication technologies, such as wireless LANs and Internet protocol telephones, cannot be leveraged unless accompanied by significant behavior changes in the workforce. This demands extensive coordination between IT and change management professionals in HR.
2. IT capabilities, like those mentioned above, also increasingly create opportunities for more flexible workspace design, as HEKWs become more mobile and less tied to fixed offices. Thus, facilities and IT departments must cooperate closely in the design of new work environments.
3. Once viewed primarily as overhead, workplace design is now recognized as an important factor in supporting employee satisfaction, retention, and productivity goals. This means RE managers, who have historically been cost-focused, must now work more closely with HR to support retention and performance objectives designed to support business strategies.

Exhibit 1: Growing Need for Cross-functional Integration

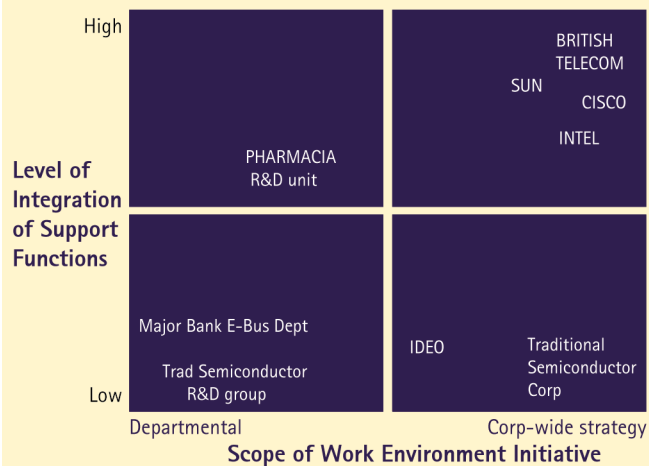




When is Closer Coordination Critical?

Our research has identified some important success stories when it comes to integrating the functions needed to support HEKWs. But it also revealed that this kind of close coordination is not always necessary for success. Exhibit 2 is a matrix showing different scenarios we found in our research.

Exhibit 2: Mapping the Integration Landscape



There are at least two situations where integration is not a priority: (1) in departmental projects where major behavioral changes are not required to take full advantage of new space or technology, or where necessary changes can be managed by IT or RE functions; and (2) in companies, like the product design firm IDEO, where using communication technologies and work space more effectively are not central to improving performance. In these settings, there are likely to be insufficient benefits in investing resources to coordinate activities more closely.

But close coordination among support functions is a priority for strategic initiatives expecting to leverage technology to change the use of workspace and to encourage more productive behaviors. Cisco, Sun, British Telecom, and Intel are among a growing number of companies that have consciously taken a firm-wide integrated approach to the problem. British Telecom, for example, has gone so far as to combine its IT, HR, and property functions under one director. Its integration efforts have been so successful that its cross-functional Workstyle Consultancy Group now markets strategic consulting services to clients outside the company. Other companies have created integrating roles, such as "manager of workplace effectiveness," to facilitate closer coordination between support functions.

But integration can also be achieved on a more localized scale, as the recent completion of a new building for one of Pharmacia's R&D units demonstrates. The facilities and IT groups worked together closely to make sure the building design could accommodate rapidly evolving communication technologies. And the building itself was part of a major culture change effort designed to create more team-based collaboration.

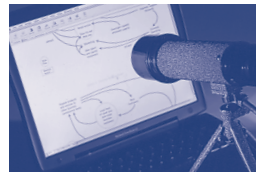
Of course, many firms have been unable or unwilling to derive significant benefits from integration, as evidenced by another high tech firm we studied. "We should be more integrated between facilities and IT because we sometimes screw up each other's work," lamented one VP of facilities. "And part of our major move programs has been to work on change management. But that is very dependent on the individual managers who may or may not take advantage of change management resources."

Essential Steps Toward Integration

It's one thing to recognize the need for increased coordination, but it's another thing to make it happen. Of course, it's relatively easy to coordinate tactical activities, such as pulling network cable in a new office building or calling on HR to help with training in a new site. But the real value of integration comes by starting at the strategic level to make sure changes in the work environment are driven by business objectives, not functional goals. Our study revealed some important first steps for achieving this level of coordination. One of the challenges of creating an integrated approach is that the key stakeholders are likely to view the problem of supporting HEKWs from very different perspectives. To oversimplify, real estate may be primarily concerned with reducing office space and maintenance costs, HR may be focused on recruiting and retention, and IT management may worry primarily about implementing communication and data infrastructures.

Creating a cross-functional team where these different views can be made visible is an important first step. Cisco formed a cross-functional task force to develop its integrated workplace strategy. From the outset, the firm's leadership made it clear they were holding all three functions accountable for the same business goals—cost effectively improving both employee productivity and employee satisfaction.

Once task force members had identified common goals, they needed a process that would allow the development of a



shared understanding of the solutions needed. To start, representatives from each function presented to the group: The facilities unit described how Cisco's knowledge workers were currently using office space, IT previewed the technologies expected to impact the workplace in the next several years, and an HR representative described the future characteristics of Cisco's workforce. Gradually, the task force developed a unified vision of the future work environment the firm needed to create. When this shared vision is present, close coordination becomes natural, as evidenced by the comments of one facilities manager in a major financial services firm, who said:

The key to the success of our partnership with IT is bringing them in from day one, and recognizing that they are essential to the project. There has to be mutual respect from each other's disciplines. We walked through a space we were considering acquiring a few weeks ago, for example, and we had both facilities people and the head of telecommunications there. IT is absolutely critical in every real estate decision we make.

Creating a more coordinated approach to work environments is also helped by developing a "shared language" that describes what employees do, and, by implication, how they need to be supported differently. Thus, developing a typology of different work activities being supported is often another critical step. This helps firms break out of the one-size-fits-all approach to workplace design.

And paying attention to how task force members deal with the inevitable conflicts that arise when people from different functions try to work together is also an essential step. Tolerating behaviors such as avoidance or passive resistance when pursuing a more integrated work environment initiative only reduces the chances of developing broadly supported solutions.

Finally, it is essential to link integration efforts to important business objectives wherever possible. Showing how a more coordinated effort will produce valuable business results can help sustain an initiative through the inevitable organizational resistance it will encounter. Cisco's task force, for example, got a big boost when the company's own sales people began asking it to show customers how Cisco was trying to leverage IT in its own work environment.

An executive in one chemical company, where Real Estate has become part of HR, summarized his management's perspective on the value of integrating support functions. He said:

It used to be that we really had to work hard to understand each other. It was like we were on different sides. Now, we realize we're sitting on the same side of the fence. What helped us was the recognition from the facilities point of view that, although we could be perfect, if the technology didn't work, then employees would still blame us. From their point of view, it doesn't matter whose problem it is. All they know is that they have a problem. So it is the recognition that there must be joint accountability in terms of the effectiveness of our work environments that helps us collaborate.

Integrating support functions to improve the performance of high-end knowledge workers may not be essential in every situation. But our research shows that organizations which are unable to closely coordinate IT, Real Estate, and HR activities will increasingly be at a competitive disadvantage as the productivity of their human assets becomes more critical to strategic success.

Notes

- 1 See Research Note #5 in the Art of Work series, "Enabling High-End Knowledge Work: Who Owns the Problem," for a more detailed discussion of the pros and cons of other approaches to pursuing performance improvement objectives.

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