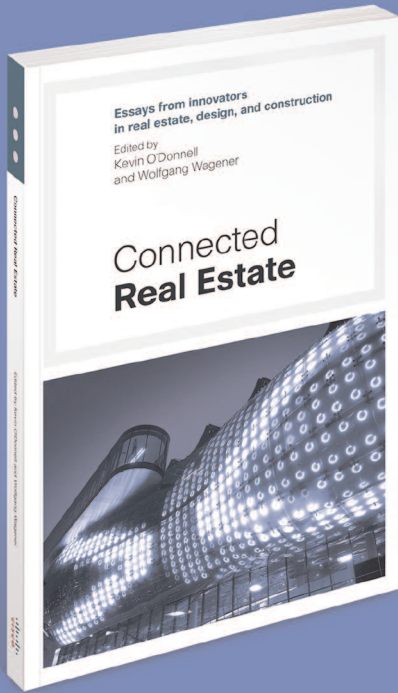


Work without boundaries

Mark Dixon



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IN A WORLD where people are increasingly mobile, physical presence counts more than ever.



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Work without boundaries

IF YOU WERE DESIGNING A RESIDENTIAL NEIGHBOURHOOD TODAY and wanted to cater to residents who expect more flexibility in where and how they work, what would you add to the traditional development mix? High-speed communications and the IT infrastructure required for remote-working environments are a given, of course. But what about adding a business centre at the heart of the community? Connected to all of the houses in the area, a business centre could provide a central hub where people could hold client meetings and access copying resources and other specialist services—and also interact with their neighbours over coffee or lunch.

IN A WORLD WHERE PEOPLE ARE INCREASINGLY MOBILE, physical presence counts more than ever. The ability to provide social interaction for employees away from the corporate office is a significant business benefit. According to Tony Venables, economist at the London School of Economics, face-to-face communications count for a growing share of economic activities.¹

At Regus Group, we have been researching and addressing evolving workplace needs in response to growing organisational change for many years.² As a shortage of skills starts to bite in the coming decade and companies battle to acquire and retain knowledge workers, we believe that providing a flexible work environment will be as important as delivering a competitive pay package and a stimulating job. Some employees will want to work from a neighbourhood office near

1. From the article "Press the Flesh, Not the Keyboard," *The Economist*, August, 2002.

2. Virginia Gibson, *The New Agenda: Rethinking Corporate Real Estate in the Face of Growing Organizational Change* (Regus 2006).

where they live, rather than endure a long commute to reach the corporate campus; some will want to stay connected while collaborating with clients and employees remotely; and others will want to work from home on a part-time or even full-time basis (see Figure 1).

Technology and the impact on organizations

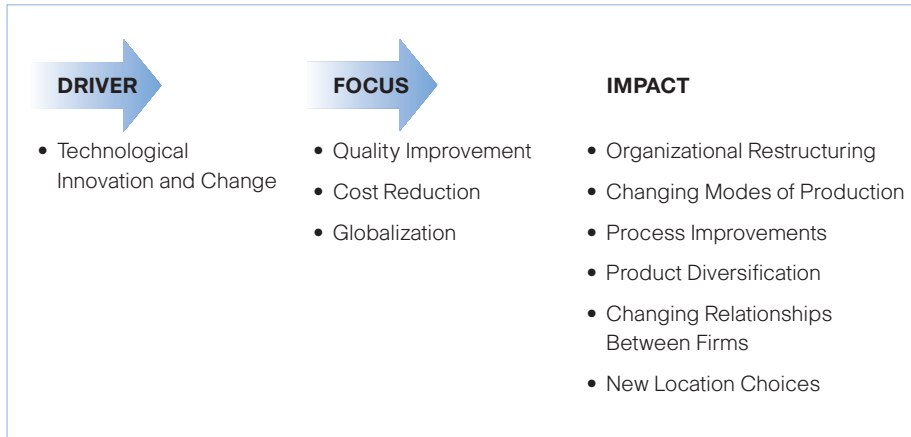


Figure 1 Source: Virginia Gibson, *The New Agenda: Rethinking Corporate Real Estate in the Face of Growing Organizational Change*, The Regus Group plc, August 2006.

Providing this kind of flexibility presents a huge challenge to most organisations, given their limited experience in managing office space, services and technology infrastructures. In their recent article “Corporate Relocation and Economic Development: Future of Work,” Charlie Grantham and James Ware, co-founders of the Work Design Collaborative and the Future of Work programme, made the following analysis: “In today’s dynamic global economy, organisations are compelled to move away from a fixed-cost structure to variable-cost models in order to reduce capital requirements and risk, while simultaneously increasing their agility and responsiveness to changing environments. This new reality, in combination with equally dramatic changes in work-force demographics, means there is a powerful need for closer integration between corporate real estate operations and community-based economic development initiatives.”³

3. Charles Grantham and James Ware, *Location Strategies: Where Do You Need to Be?*, CoreNet Global, July 2006.

There is a powerful need for closer integration between corporate real estate operations and community-based economic development initiatives.

These shifting work patterns are already being reflected in the changing mix of the Regus Group’s business. Well known as a provider of managed and serviced office space, we provide flexible office and training facilities through 750 locations in 60 countries, housing everything from corporate headquarters and branch offices to one-person businesses. At the same time, we are building a network of drop-in centres for people in transition, from wireless “Laptop Lanes” at airports to railway stations and town-centre locations. In addition, we now provide services directly to people who are mobile and work remotely, whether they are employees of large companies who travel to the office a couple of days a week, or entrepreneurs launching a new business from their spare bedroom. As well as providing a sophisticated technology and communications infrastructure, we offer a host of office services to these customers (see Figure 2).

Where work gets done in 2010

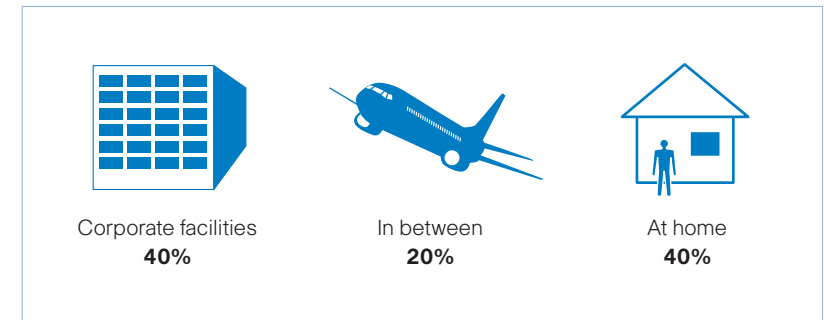


Figure 2 Source: Work Design Collaborative, CoreNet Global, 2005.

This shift toward mobility is taking place on a huge scale—in fact, at Regus we are on our way to supporting more people working remotely—from both home and the road—than from our offices. Going forward, we believe that the ability to meet this changing demand will be critical to business success, as workplace flexibility becomes a differentiator in global competition for talent.

Shifting demographics

There is little doubt that the nature of the work environment is changing.⁴ A shortage of skills is a growing problem in most of the developed world, and even in some emerging economies, driven in part by declining birth rates, which will continue to slow the overall growth of the workforce. This raises the stakes in the competition for talent, and means that organisations will need to become creative in order to attract and retain the most valuable employees.

Mobility and business agility are driving the need for increased portfolio flexibility.

At the same time, workforce requirements are changing. The fastest-growing workforce category is self-employed workers⁵—people who, in many cases, work from where they live, whether it be part time or full time. Older workers are also tending to stay in their jobs longer, with many of them looking for part-time opportunities and flexible hours. Similarly, the U.S. Bureau of Labor Statistics predicts a more than 20 per cent increase in the number of professional and related jobs between 2004 and 2014, particularly in areas of computing, healthcare and education.⁶ This represents a major shift toward “knowledge work,” which will have a significant impact on our working practices—because by its very nature, knowledge work is not tied to any specific location. Assuming that they have a suitable technology and communications infrastructure, knowledge workers can operate from remote locations as effectively as they would in an office.

The next generation of our workforce is already embracing this philosophy. Young people are far more wired technologically than before, and simply cannot see the point of travelling vast distances in order to use office PCs, telephones, faxes and copiers when they can use their own resources at home. Brought up with video games and other electronic media, they are comfortable with the concept of working with technology on their own, and can do so in any environment.

4. Richard Florida, *The Flight of the Creative Class: The New Global Competition for Talent*, (Harper Collins, New York, 2005).

5. *Corporate Real Estate 2010—The Changing Nature of Work and the Workplace*, CoreNet Global Inc., 2005.

6. “Tomorrow’s Jobs,” *Occupational Outlook Handbook*, U.S. Department of Labor, Bureau of Labor Statistics, 2005.

These changing dynamics will alter the work landscape dramatically by bringing the relationship between living and working closer together. While big cities will remain important metropolitan hubs—the rebirth of downtown living is one indicator of this trend—we believe regional workplaces will become an increasingly important part of the business location equation. According to a recent report, *Corporate Real Estate 2010—The Changing Nature of Work and the Workplace*, by CoreNet Global, Inc., work will increasingly be carried out in a wide range of locations. “People will gravitate to physical locations that best support the exact work they need to do. And these locations will not be in the same building, or perhaps even the same city—they will be wherever in the world the work needs to be done...”⁷ Many organisations are starting to recognise that the need for this kind of flexibility is affecting the corporate real estate portfolio strategy of organisations. Mobility and business agility are driving the need for increased portfolio flexibility (see Figure 3).

The core/peripheral corporate real estate portfolio

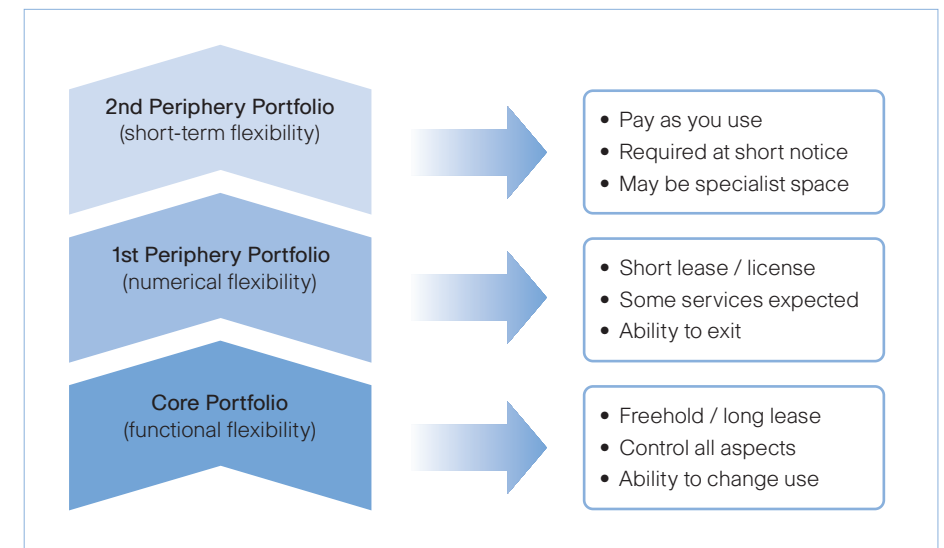


Figure 3 Corporate real estate portfolios are structured with increasing flexibility. Source: Virginia Gibson, *The New Agenda: Rethinking Corporate Real Estate in the Face of Growing Organizational Change*, CoreNet Global, Inc., 2005.

7. Virginia Gibson, *Corporate Real Estate 2010—The Changing Nature of Work and the Workplace*, CoreNet Global, Inc., 2005.

Historically, mobile working has often been seen as a way of saving money in property overhead, as opposed to a strategic business advantage. Those who prefer to work remotely—whether full time, part time, or by alternating their working locations—will be more inclined to stay with an employer that offers workplace flexibility rather than with a rival that insists on them coming to the office five days a week. Knowledge industries—such as pharmaceuticals and some information-technology sectors—that face an acute shortage of skills are already aware of this, and some of our leading customers now market their flexible work facilities as a key component of their employee packages. Over time, providing a work environment that meets employees’ needs will be critical to acquiring and retaining the right people.

We help companies tackle the biggest challenge of mobile working: the lack of social interaction.

While employee retention is important, the shift to mobile working offers other direct benefits to employers. For one thing, it can improve productivity. In an office environment, it is very easy for people to hold unnecessary meetings, attended by employees who have only a marginal interest in the issues. When people work from different locations, holding a meeting means travelling distances—and they will do so only if they are convinced it is worth their time. Similarly, people who work remotely may experience fewer distractions—fewer people stopping by their desks to chat or have informal discussions, for example. The growth of instant-messaging technologies may counteract some of these advantages, but it is generally easier to shut a virtual office door than to find peace in a crowded office. This trend is

Mobile workers in the United States, 2004 and 2008 (in millions)

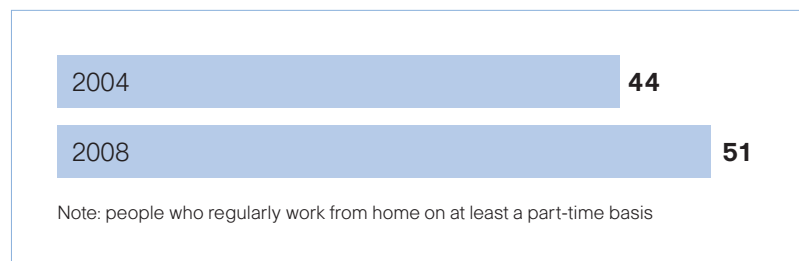


Figure 4 Source: In-Stat/MDR and eMarketer.com, 2004.

supported by market research from In-Stat,⁸ which shows that in 2004 about 30 per cent of the total U.S. workforce—44 million employees—were remote workers, and that mobility will become more available to a growing percentage of the workforce by 2008 (see Figure 4).

Managing the transition

While the benefits—and the growing business imperative—of providing a more flexible work environment are becoming apparent, managing this kind of change presents several major challenges. To begin with, many organisations lack the necessary experience to manage a distributed workforce, and their working practices are built around the assumption that the bulk of their employees will be in one place at the same time. If they want to hold a meeting, they expect to do it in a conference room; if they want a one-to-one conversation, they expect to do it at their desk. Similarly, managers sometimes struggle with the concept of supervising direct reports who aren’t in the same building.

There are also challenges from the employee perspective. People feed off one another to develop ideas, and many of the more creative aspects of work, such as collaboration and brainstorming, rely on physical togetherness. Many employees also struggle to separate their work and personal lives. Ironically, while managers often worry that mobile workers’ productivity will drop, the problem is often the reverse—once people are connected remotely, they tend to find it hard to shut off reading and sending e-mails late at night when they should be resting. So the transition requires a lot of training and education.

Many organisations also fail to provide suitable support. Some companies think it is enough to provide an employee with a laptop computer and a broadband connection and to help pay their telephone bill. But if the focus is purely on infrastructure and helping with expenses, mobile working is little more than a cost-cutting exercise and employees can be left feeling isolated (see Figure 5).

Regus is developing a Personal Assistant-style service for workers; if they need research to be carried out or want to have something typed, our central service centre or a local centre will handle it for them. We also manage basic services, from stationery to couriers—in some countries, it can be quite difficult to set up an account with a shipping company, so we handle that centrally. These kinds of services provide practical support and also generate softer

8. Source: www.instat.com, July 2004.

Remote-working business issues

Major business benefits and obstacles to implementing remote working, 2004	
Benefits	Obstacles
Reduced real estate overhead	Management of remote workers
Improved worker productivity	Security of networks
Better work/life balance	Lack of equipment or technology
Employee retention/attraction	Reduced sense of team camaraderie
Better customer service through flexible work location and hours	Threat to corporate culture and management style
Business continuity in times of disaster	Loneliness and isolation for the remote worker
Less commuting: less pollution	Occupational health and safety responsibilities

Figure 5 In-Stat/MDR, and eMarketer, 2004.

benefits—if employees feel their company is taking steps to guarantee they have the services they need, it helps create a positive perception.

We also provide portable telephone numbers and addresses: instead of employees using their home telephone and having material sent directly to them, our central service fields and forwards calls and routes correspondence. This is an important safeguard for employees; it means their remote-office contact details can easily be switched to the company.

Above all, we are able to help companies tackle the biggest challenge of mobile working: the lack of social interaction. Not only are people working on their own—they may also be using the telephone less than they used to, as e-mail and instant-messaging technologies gradually reduce the requirement for voice conversations. Our locations provide a place for employees to interface with their colleagues. We have lounges at every centre, providing a productive place to work, as well as in-house coffee houses, child-care facilities and a range of community activities. Whether you are talking to people from your own company or from elsewhere is academic—it is the ability to chat, bounce ideas around, and remove the feeling of isolation that matters. On a practical note, the centres also provide a back-up facility: for example, if you have contractors in your home, or your children are home for the holidays, or you have simply gone stir-crazy, the centre offers a refuge.

Our centres can be considered “third places,” a concept developed by urban sociologist Ray Oldenburg. In his book *The Great Good Place*, Oldenburg emphasises the importance of society’s “third places.”⁹ These are informal community settings where residents enjoy social interaction and shared environments in addition to their traditional family and workplace settings—their first and second places. The success of these “third places” depends on their physical location—just as people might walk three blocks but not four to find a coffee house, we are expanding our network of business centres to ensure that we are in the near vicinity of where most of our mobile employees work, live, play and learn.

Tying the vision together

Providing services that keep corporations and their employees in touch with each other requires two core capabilities: a technology and communications infrastructure that keeps corporations connected, and the ability to provide office- and community-related services across multiple environments.

We think of buildings with technology as one combined solution. Unconnected buildings are pieces of concrete and mechanical equipment, and of no use to anyone.

The technology itself works on two levels. At an infrastructure level, the hardware and communications capabilities are integrated into the building infrastructure. We think of buildings with technology as one combined solution. It is pointless to have a building without your basic hardware and connectivity. Unconnected buildings really aren’t buildings at all; they’re pieces of concrete and mechanical equipment, and of no use to anyone. So internal and external connectivity capabilities are built into the fabric of each of our offices, and organisations with their own IT department can run their IT solutions on top of our framework. In the mobile environment, we wire people up and then provide communications, such as voice over Internet and software-based videoconferencing.

9. Ray Oldenburg, *The Great Good Place* (New York: Marlowe & Company, August 1999).

Running across this backbone, we have also invested in software that ties together the different parts of the organisation. The software provides visibility into individual employees' locations so that businesses can communicate effectively with them, along with data on the services they are consuming. We do not manage that consumption—we provide data on it, so companies can manage it themselves. In effect, mobile workers become their own self-contained profit and loss entities, running their own part of the business with associated costs.

Because of the complexity of providing these services, we believe that the outsourcing model will become more common over time.

Logically, there is no reason companies—in particular small and medium-sized ones—would want to be involved in the real estate business; many of them aren't operating their workplace environments cost-effectively. Worse, it can be a distraction from their core business, which is where their management efforts should be directed. Ultimately, what companies are looking for are secure places where people can collaborate and do their work, with the flexibility to change their setup to meet their shifting business requirements. This is what a workplace service provider offers.

Whether it is a one-man operation, a 10,000-employee corporation, or a network of people working from home, our job is to tie these different components together efficiently and productively. In this new workplace landscape, we no longer view buildings, technology and people management as separate issues—rather, they are interrelated to provide a combined work environment solution that employees need, the productivity gains that companies seek and the economic development communities desire.

Work environments are no longer a sole real estate issue—they are becoming a strategic business issue for organisations. Work without boundaries—supporting people to work wherever, whenever and however they choose—defines a competitive advantage in the global competition for talent in an increasingly connected, innovative and flexible business environment.

MARK DIXON

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Mark Dixon, chief executive and founder of Regus Group plc, is one of Europe's best-known entrepreneurs. Since founding Regus in Brussels, Belgium in 1989, he has achieved an impressive reputation for leadership and innovation. Prior to Regus, Dixon established businesses in the retail and wholesale food industry. He is the recipient of several awards for enterprise, and has revolutionised the way businesses approach their property needs with his vision of the future of work.

Nokia Case Study

In industries where products and technology are continually evolving, time-to-market is critical for maintaining a competitive and financial advantage. To help in this business environment, Nokia's corporate real estate department undertook an initiative to become more flexible and responsive to the needs of the enterprise by re-evaluating its real estate portfolio management approach. Nokia divided its portfolio into three segments based on the size and type of usage of the real estate being occupied:

- **Small—typically up to 20,000 square feet and 100 people**
The strategic approach for the small segment is that it can be cut or shrunk at a moment's notice. This segment utilises a unique approach of a “pay as you go” leasing model with a fixed global and tiered pricing and service structure. Nokia teamed up with Regus on a worldwide basis rather than multiple individual lease contracts. Additionally, set-up costs for the small segment are kept to a minimum for better flexibility. Sixty per cent of Nokia's offices, by number, are project offices, which primarily constitute this small segment.
- **Medium—up to 100,000 square feet and 500 people**
The approach for the medium segment is retaining a degree of flexibility, while at the same time aligning with the business strategy. Most offices in this segment are supporting R&D programs and, as a result, the lease terms are normally three to five years. The medium segment typically comprises R&D centres and country hubs.
- **Large—over 100,000 square feet and 500 people**
The strategic approach behind the large segment is for long-term stability and consolidation. Manufacturing facilities and regional corporate offices make up this large segment.

Source: *Corporate Real Estate 2010 Research*, CoreNet Global, 2005.

For more information, see “Delivering World-Class Workplaces: Corporate Real Estate Leader,” *Journal of Corporate Real Estate*, 2001, T. Venable, Mark Tamburro, and the Nokia Team, Vol. 3 (2), 39–43, March 2004.