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The new people-centric approach to measuring workplace effectiveness

MEASURING WHAT MATTERS

Today's universally accepted workplace metrics – such as square foot per person and cost per square foot – fall short of capturing the full potential of a workplace focused user experiences, performance, engagement, recruitment and retention, and wellbeing. So, how do you measure the impact of a strategically designed workplace? A workplace that goes far beyond goals of efficiency and utilization? It starts with knowing what you're looking for.

By Eric D. Johnson, Senior Workplace Advisor, Allsteel

IN THIS WHITEPAPER:

Defining and measuring the effectiveness of a workplace designed to readily support changing technology, work processes and the workforce will require identifying and adopting new performance metrics that will be used in addition to the workplace performance metrics used today.

WHAT YOU WILL LEARN:

Why workplace metrics are changing

What factors are driving the need to consider additional metrics

What metrics are relevant and measurable for workplace effectiveness

What tools and processes currently exist to compile data to support these metrics

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Supply management: the focus of current workplace metrics

Evaluating how an organization's real estate portfolio is performing relative to it's business goals is crucial; typically real estate is an organization's second largest cost after its people. Metrics today are primarily focused on space and cost (such as the initial and ongoing cost per square foot, square foot per person, and cost per person) or how the workspace is used (average utilization and occupancy over a given period of time). These metrics are used to help organizations assess and benchmark the performance of their workspace relative to their peers, which is a relatively straightforward process. For example, if your square foot per person is high relative to benchmark data, you can reduce the size of typical workstations or offices and increase the occupancy of the floor – and voila! Your square foot per person will be lower and closer to industry benchmarks.

As the need increases for more adaptable workplaces, occupancy and utilization data has become even more important. For example, if workstations are typically occupied only 40% of the time, you are not getting the best use of an expensive real estate asset. Initially, utilization was measured solely by observation, with individuals visually counting how many workstations are occupied at several points during the day, over the course of two or more weeks. Because this process is somewhat intrusive, costly and prone to error, organizations began looking for technology solutions to help measure utilization. Security badge data taken whenever a person enters a building or floor, network sign-on and access data, as well as workspace reservation data for conference rooms or hoteling all can be used to get a better (yet still imperfect) understanding of workplace utilization.

New Internet of Things (IoT) enabled devices, such as sensors, beacons, cameras and location apps on mobile devices, are being used to collect real-time and trend data without interrupting the workers or their work activities. Allsteel's **Technology in the Workplace** paper illustrates what tools are best suited for collecting different types of data, and the actions that may be taken based on the data. As the paper notes, before implementing any technology solution, it is crucial to first understand the goal of collecting the data, including what needs to be measured and why, and what actions will be taken based on the data compiled. Only then can an appropriate technology solution be identified.

Since the workplace is changing, identifying new workplace metrics is a logical next step

While organizations remain focused on the efficiency of their real estate, they are also increasingly focused on the experience and overall effectiveness of the workplace, or how well it supports the people who use it, their work processes and ongoing organizational and business changes. This reflects a broader awareness that organizations must adopt a more human-centric view to succeed in current business environment, one in which their employees' needs are front-and-center in all that they do. This values shift explains the recent rise in employee wellness programs, better parental leave policies, and extended vacation days.

JLL's 3-30-300 rule compares the relative organizational costs for utilities, rent and payroll: $3.00 for utilities, $30 for rent, and $300 for payroll. By focusing on the people component of the workplace (or payroll in JLL's example), organizations have the opportunity to create a larger impact based on the relative costs associated with the workplace.

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But how does this value shift relate to the workplace? For example, the workplace can be a very important tool in attracting and retaining talent, which is one of the key challenges reported by CEO's. How might we measure the impact a workplace has on recruitment and retention? This type of thinking goes far beyond evaluating the workplace in terms of square footages and seats. In addition to defining new workplace metrics, it is also crucial to determine how relevant data will be compiled, what the collected data means (what does good or bad look like?) and what steps may be taken to improve the metrics based on the data.

Our team at Allsteel has identified two broad types of people-centered workplace metrics:
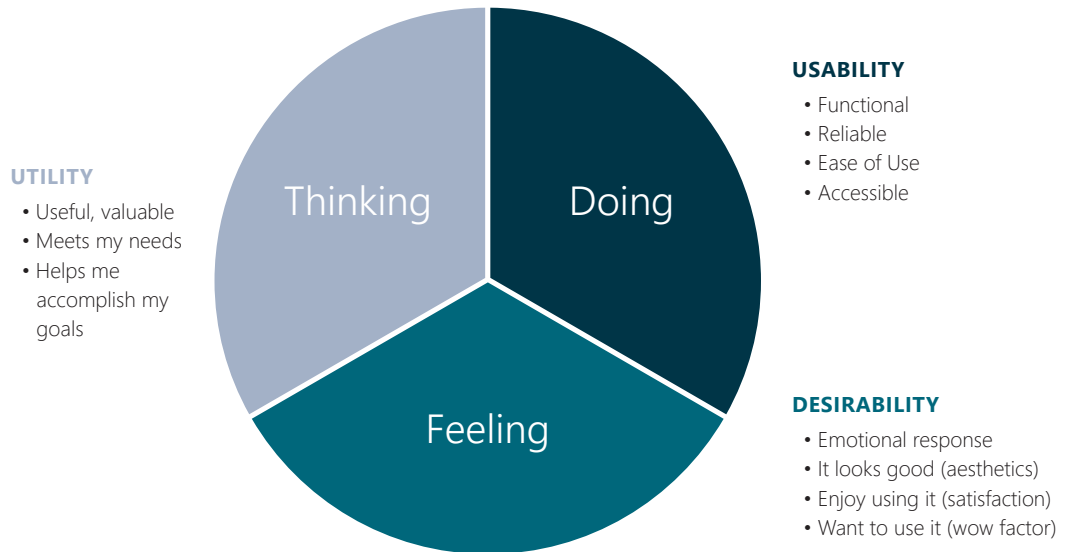
1. Workplace User Experience Metrics: those metrics that focus on how users perceive and use the workspace.

2. User and Team Effectiveness Metrics: those metrics that focus on the performance of the users themselves.

1. Workplace user experience

The workplace user experience (UX) encompasses all aspects of the end-user's perceptions as they interact with a workplace solution or service. Creating a positive user experience first requires understanding how people will use and be impacted by the workplace, which in turn requires developing a deeper understanding of the people themselves.

**FIGURE 1:
UX METRICS APPLIED TO
THE WORKPLACE**

*The UX model, developed by
Dr. Anita Kamouri, identifies
three key factors that impact
the workplace user experience
(UX).*

UTILITY
• Useful, valuable
• Meets my needs
• Helps me accomplish my goals

USABILITY
• Functional
• Reliable
• Ease of Use
• Accessible

DESIRABILITY
• Emotional response
• It looks good (aesthetics)
• Enjoy using it (satisfaction)
• Want to use it (wow factor)

Workplace User Experience (UX) metrics may be applied to the workplace in three broad components that describe different user perceptions; in her research, Dr. Anita Kamouri identifies these three measurable UX components: usability, desirability and utility.[2] Each of these UX components are based on identifying how users *perceive* the workspace. In Dr. Kamouri's model, creating a positive UX requires understanding what people do and how they use a space, then looking for patterns across the user data to form 'personas', and then, only after the research, defining specific solutions that will have a positive impact on each 'persona's' experience.

[1] Groysberg, Boris, and Connelly, Katherine. 'The 3 Things CEOs Worry About the Most.' HBR, March 16, 2015.
[2] Kamouri, Anita, PhD. Understanding the Workplace User Experience. IFMA World Workplace, October 2016.

2. User and team effectiveness

Measuring the effectiveness and productivity of individuals and teams is another approach to determining the effectiveness or success of a workplace. Research completed independently by Allsteel, Google re:work[3], and IBM/Globoforce identified remarkably similar factors that correlate to knowledge worker team effectiveness and productivity.

Allsteel 6 Factors	Google reWork	IBM/Globoforce EXI
• Social Cohesion • Perceived Supervisory Support • Information Sharing • Vision and Goal Clarity • External Outreach • Trust	• Psychologically Safe Environment: safe to ask questions, seek support, propose ideas, question.	• Belonging • Purpose • Achievement • Happiness • Vigor

The common factors across workplace research studies are focused on a willingness and openness to share knowledge and information, as well as feeling part of a cohesive group, or a "psychologically safe environment" as described by Google. The focus is on user perceptions: "I feel like I belong to a team," "I trust my team to share information," as well as group norms: "we all agree to talk freely and as equals," and "it is ok to ask each other for assistance."

IBM and Globoforce developed the Employee Experience Index (EXI) based on their findings which also shows that organizations in the top 25th percentile of the EXI were found to have three times the Return on Assets (ROA) and twice the Return on Sales (ROS) as those in the lowest quartile.[4] They also determined that the human workplace is characterized by opportunities for meaningful work, empowerment and voice, feedback, recognition and growth, co-worker relationships, organizational trust and work-life balance – all very similar to Allsteel's Six Factors.

Unlike existing workplace metrics that focus on cost or space and are universally applied, organizations that use people-centric metrics will need to adapt their approach based on their unique culture and business goals. Without understanding which metrics are appropriate, it's easy to fall into one of the following failure modes.

FAILURE MODE: RELYING ONLY ON EXISTING METRICS

The metrics typically used to measure the success of the workplace are most effective when the workplace is static, changing only when significant real estate changes occur like when a lease is up or growth mandates expansion. In addition, they focus entirely on the space, not the people using the space.

An effective workplace today is anything but static, continually changing so it effectively supports evolving work processes, user requirements, and business goals. Organizations need to consider new metrics that are valid in a more fluid setting and aligned with the organizations culture and business goals.

FAILURE MODE: NOT FULLY ENGAGING THE WORKFORCE

Leadership makes business decisions, including those about the workplace, based on what may be measured. Workplace metrics typically used today are very definitive and static. Facilities Managers need to ensure that leadership understands and recognizes newer people-centric metrics that are less definitive and measure factors like engagement, wellness, and social norms. The more definitive metrics indicate

[3] Duhigg, Charles. "What Google learned from its quest to build the perfect team." The New York Times magazine, February 25, 2016.

[4] The Financial Impact of a Positive Employee Experience. IBM Smarter Workforce Institute and Globoforce Work Human Analytics and Research Institute. 2018.

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causation: if you make workstations smaller, the square foot per person will be reduced by a specific amount (stated another way: if you do A, B *will* happen). However, more people-centric metrics usually measure correlation; if you create a range of activity settings, increased engagement and productivity will *usually* happen, although a specific degree of improvement cannot be defined (stated another way: if you do A, B *usually* happens.)

While leadership may confuse causation and correlation, it's important for workplace makers to educate and reiterate the value of people-centric metrics for the greater success of the organization. Aligning people-centric workplace metrics with the goals of the organization is one way to engrain this thinking into leadership culture.

This is just the beginning for people-centric workplace metrics

Current workplace metrics are universally applied and understood. We know exactly what workspace utilization means, how to determine it, what levels are acceptable, and what actions may be taken to improve it. As we introduce new metrics, there is significant amount of research, testing, tweaking, time and experience needed to get to the point where we have a similar level of certainty and consistency across the workplace, real estate, facilities and design professions.

Allsteel is partnering with behavioral psychologists and social engineers on a project to develop a process for measuring social norms and behaviors in the workplace, and identifying workplace factors that may impact these social norms. Allsteel's **Worker Effectiveness and the Role of Place** paper summarizes the research supporting this project.

The Takeaways

New ways to measure the changing workplace are needed

While existing metrics that pertain to cost and space are important, new metrics are needed to better understand and improve a dynamic, people-centered workplace.

People-centered metrics focus on effectiveness and performance

The workplace plays a critically important role in the effectiveness and performance of both individuals and teams. How an organization defines effectiveness and performance will vary, and therefore the way they measure workplace effectiveness and performance should vary too.

Engaging everyone to better understand the work

Organizations need to engage a representative cross-section of the workforce to compile specific information about work processes that will inform workplace solutions beyond the typical programming requirements.

There is still much to learn

As we introduce new people-centric metrics there is significant amount of research, testing, tweaking, time and experience needed to really understand the relationship between worker effectiveness and workplace success.

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Insights to Action

Defining New Workplace Metrics

New workplace metrics should be built upon existing metrics and be aligned with an organization's business goals and cultural norms and behaviors.

①	②	③	④	⑤
Define organizational goals and cultural norms	Identify existing workforce related programs and processes aligned with the defined goals and norms	Identify existing metrics used to assess the success or effectiveness of these programs and processes. i.e., absenteeism, health care costs, recruiting/retention costs	Identify new metrics that align with the identified goals and norms, i.e., engagement, user experience	Develop data collection, analysis, recommendation and reporting processes; establish baseline metrics

Assessing Knowledge Worker Teams

Google re:Work has extensively researched the factors that impact the overall effectiveness of knowledge worker teams. Based on their research, they determined that creating a 'psychologically safe' environment is key to a team's effectiveness and success. They developed this short assessment to understand a team's environment.

Assessing Team's Psychological Safety[5]

Please rate the following statements based on your experience work in/with your team.
SCALE: Strongly Agree, Agree Somewhat Agree, Somewhat Disagree, Disagree, Strongly Disagree

1. If you make a mistake on this team, it is often held against you.
2. Members of this team are able to bring up problems and tough issues.
3. People on this team sometimes reject others for being different.
4. It is safe to take a risk on this team.
5. It is difficult to ask other members of this team for help.
6. No one on this team would deliberately act in a way that undermines my efforts.
7. Working with members of this team, my unique skills and talents are valued and utilized.

[5] Amy Edmondson. 'Psychological Safety and Learning Behavior in Work Teams'. Administrative Science Quarterly. Vol. 44, No. 2 (Jun., 1999), pp. 350-383.

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Workplace Advisory at Allsteel

The Workplace Advisory team listens. We apply research and our extensive workplace experience to assist organizations in the development and implementation of situationally appropriate workplace strategies. Strategies that align with organizational culture and business goals, support the ability to work effectively, utilize real estate assets as efficiently as possible, and adapt to changing business and work practice requirements.

Eric D. Johnson is a key member of the Workplace Advisory team at Allsteel. He effectively integrates the breadth of workplace considerations – design, talent, operations and technology – to creatively and optimally support changing work practices and an increasingly diverse workforce. Eric's career has included corporate facilities, interior design, strategic workplace consulting, and workplace and mobility program design, implementation and management. He has also taught graduate level workplace change and strategy; and is a certified interior designer, and a member of CoreNet Global and IFMA.

Looking for more?

Here are the references.

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