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The future of work

Never before has the workplace generated so much interest as a source of creative output, as a recruitment tool and as an expression of brand values. The workplace has become a strategic advantage for managers – and for the bottom line. Here's how.

Here's one for the accountants: when researchers began to examine the impact of interior design on patient care and recovery in American hospitals they discovered some startling results. The Centre for Health Design reported that interior design, art works, access to natural light, views of nature, quality furniture and tasteful décor had a profound affect on patients' recovery time and experience of pain. In one hospital refit, infection rates were reduced by 10 percent and patient satisfaction increased 95 percent. What's more, nursing turnover fell 12 percent and the hospital's market share increased six percent.

Could it be that our stylish friends in the design department were right all along: good design really does affect the bottom line?

A growing body of research suggests exactly that. Workplace design matters for workers, customers and ultimately for shareholders. Sometimes it can be as simple as providing workers with a view. In 2003 a California Energy Commission study found that call centre workers with the "best possible" view increased productivity up to 12 percent and had improved cognitive function of a staggering 25 percent.

Sometimes it can be as complex as relocating the business. When Vodafone shifted its New Zealand headquarters to Auckland's viaduct, it introduced a new approach to people

management that is as much about HR as it is about branding. Despite sporting only 660 workstations, the Vodafone design allows for 1300 staff at any one time through innovative use of alternative work stations, meeting rooms and team lounges. The message to staff and customers: innovation is in our very carpet.

Never before has the workplace generated so much interest as a source of creative output, as a recruitment tool, as an expression of brand values and as a strategic tool in the creation of healthy company culture. The workplace has become a strategic advantage for managers – and for the bottom line. Here are four ways how.

Innovation through creative encounters

These days everyone wants to be more innovative. But how? According to a recent Bain and Company poll, 80 percent of corporate CEOs have "becoming more innovative" as one of their top three strategic goals, but nearly two-thirds reported making little progress with this aim.

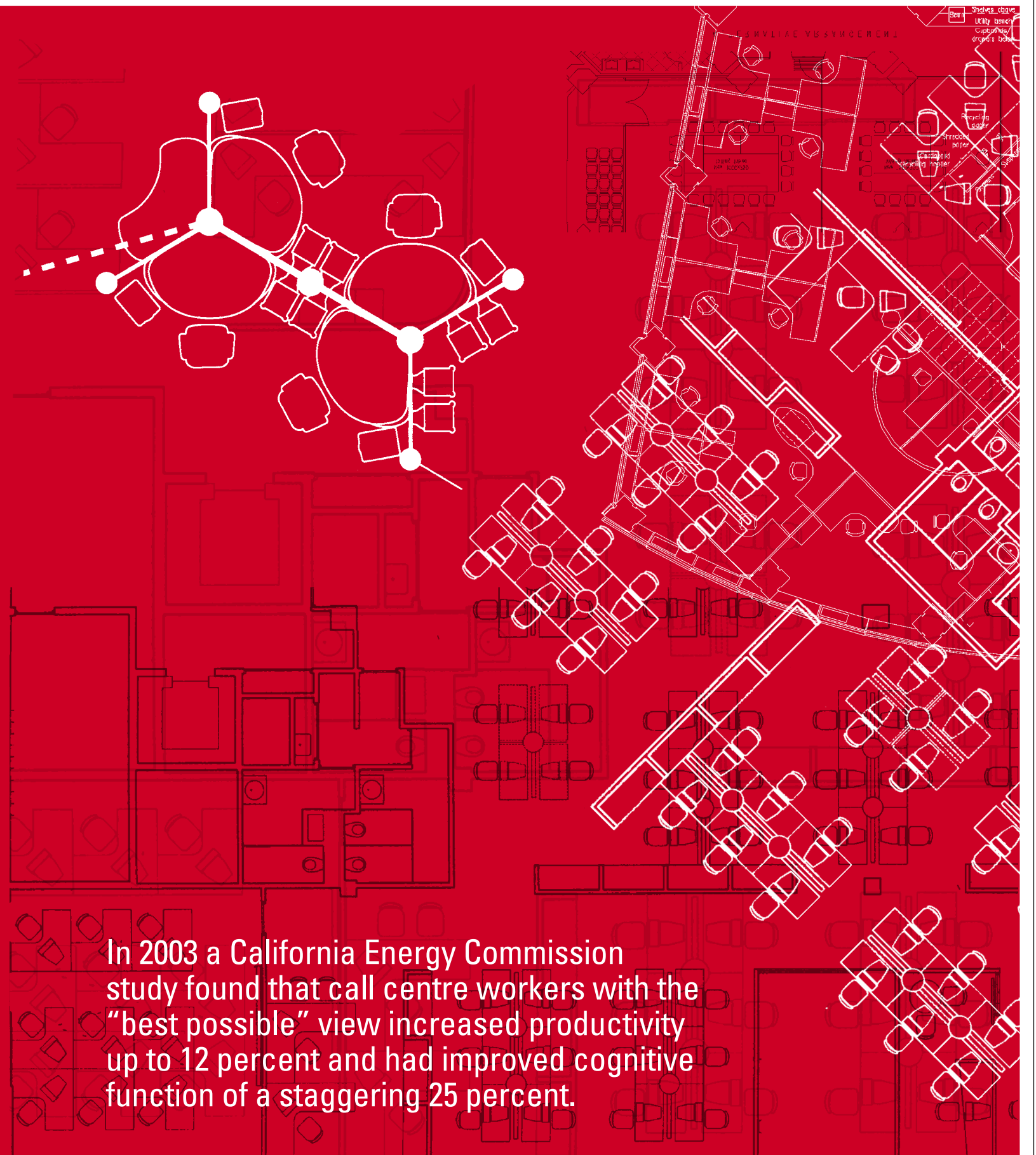
More locally, close to 90 percent of respondents in a 2005 Pricewaterhouse Coopers/EMA Clever Companies survey of New Zealand firms rated a culture of innovation as important, yet only 45 percent believed they were delivering it.

If innovation is a door to a better future

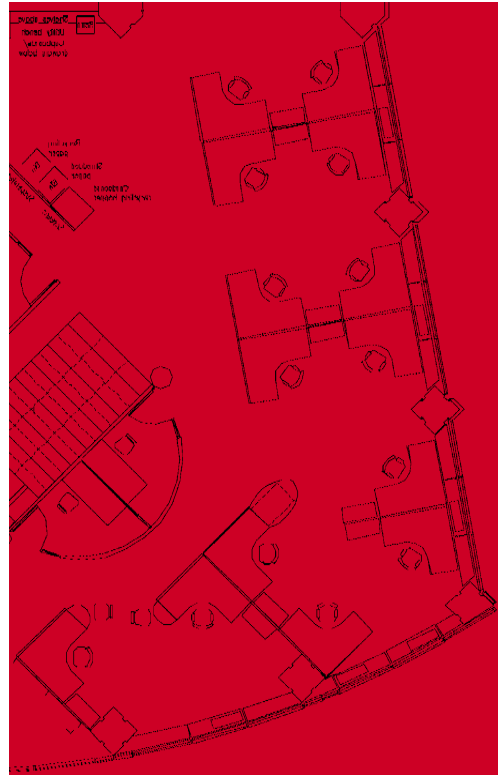
then creativity is surely one of the keys. The challenge lies with unlocking this creative potential, and increasingly attention is turning to improving the working environment as a tangible way to kick-start this process. In an influential *New Yorker* magazine article in 2000, the author of *The Tipping Point*, Malcolm Gladwell, suggested imagining the workplace as a kind of neighbourhood. When neighbourhoods are orientated toward the street and when footpaths are used for socialising, play and commerce, the users of that street are transformed by the resulting stimulation: they form relationships and casual contacts they would never have otherwise. Gladwell cites a decade-long study into communication patterns between laboratory engineers, which found the likelihood of any two people communicating decreases dramatically as the distance between their desks increases.

The researcher's second finding was even more disturbing: when the engineers weren't talking to colleagues sitting close by, they were talking to other contacts outside the company, preferring to go outside for ideas and advice rather than risk losing face in front of workmates.

There is more than one way to achieve this; one tactic is to build what's known as 'functional inefficiencies' into the design. This involves putting core resources, photocopiers and printers, the lunch room and toilets in places that can only be reached by a roundabout route.



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the cost of replacing an employee is 2.5 times their annual salary. How to keep staff happy?

The thinking environment

We used to imagine that future offices would be high tech, wireless and most of all, paperless. We might be getting closer to a wireless work environment, but an irony of the modern workplace is that for all our new technology we still seem to generate lots of paper. Research into cognitive ergonomics, which looks at how we perceive information and make decisions, suggests this may not be such a bad thing. Just as unfinished work sitting in piles on our desk bothers us and prompts us to take action, it's possible that the way we arrange working papers on the desk around us mirrors how our mind works.

"Thoughts and ideas hover inside our heads, waiting to be pursued," says Jeff Reuschel, a researcher with office furniture manufacturer Haworth. "Work settings organised in the same manner can help us interact better with our work-in-progress." By contrast, when people are encouraged to clean their desk at the end of each day, they risk losing the "cognitive artefacts and embedded cues" provided by a more consistent environment. Working in such a setting can sometimes give you the feeling you spend more time getting organised than actually getting anything done.

Three dimensional branding

A company's inner environment, as well as its very building, communicates brand values to staff and clients. An ambitious model of this is the building of Volkswagen's new corporate university at Wolfsburg. It aims to foster trans-disciplinary study and features an inventive building shaped like DNA strands. An example closer to home is Auckland-based manufacturing firm Bendon, which recently moved out of its 1970s manufacturing plant in the heart of an old industrial district to an open plan office in a flash new warehouse situated close to the city airport. What does this move communicate: that Bendon is brand aware, export orientated and globally focused.

Retention and recruitment

In an increasingly tight labour market finding the right staff to employ is only half the battle—the real challenge is to keep them. International studies suggests that the cost of replacing an employee is 2.5 times their annual salary. How to keep staff happy? Local researcher John Robertson & Associates sheds light on this each year by conducting one of New Zealand's largest employee surveys. While the rankings of best organisations change, the same key drivers of employee satisfaction appear year after year. Whether it's about having fun, confidence in the leadership, or feeling part of an organisation with a clearly communicated vision, these care and well-being factors out-rank others such as pay.

It's significant that the key drivers in the JRA survey are almost all social in origin. As with hospital research above, the physical environment and the tools at workers disposal have an impact on workers' sense of well-being.

Conversely, bad design can make for bad economics. So says Arn Strasser, a chiropractic physician at the centre for Chiropractic & Pain Rehabilitation Portland, US. According to Strasser, the occupational overuse disorder carpal tunnel is the leading cause in the US of days lost from work. Overall, muscle and joint injuries, many of which are computer-use related, are estimated to cost employers US\$20 billion annually in workers compensation, and indirectly as much as US\$60 billion.

Conclusion

Pressured by the shortage of skilled staff, many managers are now being forced to rethink the way the work environment contributes to happiness, productivity and creativity. A consequence is that, as with those hospital patients mentioned at the beginning, we are all beginning to enjoy our work a lot more than ever. Now that's got to be a good thing, right?

—Sarah Heeringa



Resolving the brand

Matisse works a change for Bendon and Fonterra

You probably know Bendon for its intimate apparel and sexy advertising. What you probably didn't know—but is increasingly important to Bendon's branding and HR strategy—is its shift to new premises near Auckland airport in 2004 and the philosophy that informed its fitout and interior design.

The move was more than just pragmatic. Bendon has evolved over the years from manufacturing for a domestic market to become an international marketing and branding company. It wanted to create a workplace that could convey its design-driven philosophy, inject the glamour of the fashion business and feel international, rather than local or New Zealand in character.

Fonterra, New Zealand's largest exporter, faced a different problem. Merging its 21 service and sales centres in one retrofitted office, the dairy giant had to create an exciting yet functional new home for 155 staff.

To ensure the new workplaces reflected the business values, yet also met budget and functional imperatives, Bendon and Fonterra sought help from Matisse, the sole distributor of the world-renowned furniture manufacturer Herman Miller International (HMI).

The solution

With over 30 years in the design and furniture industry, Alan Bertenshaw, co-founder of Matisse International Furniture, understood the challenge faced by both Bendon and Fonterra. Early in the process he introduced a new HMI product called Resolve.

Resolve represents a radical departure from traditional approaches to workstation design. It was first conceived by HMI designer Ayse Birsel, who saw the sweeping changes in business and technology as an opportunity to re-examine the work environment and resolve (or re-solve) critical workplace issues.

Resolve is based on poles with screens attached at 120-degree angles. This inventive approach provides all the intelligence and function of traditional panels while allowing greater diversity of workstation patterns and more cost-effective use of real estate. There's also more openness and flexibility for collaborative environments.

It has no right angles, so squares or rectangles are impossible to create. The 120-degree angle feels more organic—because it is. "It's nature's favourite angle," Birsel explains. Studies show Resolve can provide up to a 20-30 percent higher levels of density than traditional 90 degree workstations while feeling more spacious and humane.

Working like you want

Resolve is designed to be different, to support the way more people now work—or how they'd like to work. Instead of drab earth tones and

an implicit culture of uniformity, it revels in translucency and personal touches—from small flower vases to customised printed screens. These touches are meant to help different people work in different ways.

The system also offers more choice and provides employees with more control over their space leading to greater job satisfaction.

An additional benefit is the ability to expand and contract the workspace very quickly. Resolve takes a fraction of the time to assemble and break down compared to other systems. This includes wiring for utilities, which is passed overhead, instead of the customary underfloor systems.

“The intuitive flexibility of Resolve was a key driver because Bendon’s business changes so frequently,” Bertenshaw says. “Their teams can grow and shrink in a matter of months, so they wanted something with a small kit of parts that they could move and modify quickly.”

Matisse has been recognised by HMI as one of the leading distributors of the Resolve

product globally, with installations into Bendon, Vodafone, Fonterra and most recently Christchurch City Council.

What about noise?

No doubt there’s a compelling argument for a workplace that fosters collaboration. But it triggers other questions: Doesn’t “more open” really mean “more decibels”? Surprisingly, no, says Bertenshaw.

Customers like Fonterra have reported that Resolve offices are quieter than traditional cubicle settings. Bertenshaw believes that’s because people in cubicles can’t often see their colleagues and have the illusion of privacy, so they talk freely and loudly.

“People modify their behaviour,” says Bertenshaw. “They lower their voices because they can see that others are trying to work.” To assist with acoustics, HMI has also introduced Quiet Technology, a sound masking technology targeting human speech so people can concentrate better.

Fonterra’s service

Nowhere was noise more of a key factor than at Fonterra’s new service centre. The goal was to bring 14 global and seven domestic sales service centres together into one single world class facility in less than 18 months into a new retro-fitted building. The team of 155 services clients from 124 countries in multiple time zones and offer to conduct business in one of eight languages. Each individual staff member is responsible for invoicing approximately \$60 million per annum. The environment was designed to meet both the rigorous physical demands of constant use (down time is only 12 hours per week) and create an entirely new way of working with a new team of people, but still be functionally modest, in keeping with the company’s culture. Because they were hiring and training new employees, the design of Resolve allowed interactions and collaboration to easily occur.

The design was to be modern, but not space-aged, extravagant or glossy. The vision was to directly tie in what the company was accomplishing in its recent re-focus.



The result

The result for both companies has been spectacular. Today, the new Fonterra centre has met or exceeded most of the metrics set for it, and received feedback from customers around the world stating the new centre has improved service levels and service orientation. The space allows staff to problem-solve with each other in a more organic way.

At Bendon, the Resolve-based fitout has led to a culture change. Stefan Preston, CEO of Bendon, explains: “We wanted to force people to get out of their spaces, so that they would have to collaborate. The way we are now configured means we push people to meet with each other.”

The Resolve system also met Bendon’s budget objectives. The system was delivered at a lower cost per head and better real estate space utilisation than traditional ‘90 degree, square desk, one inch divider’ designs. And as Bertenshaw likes to point out, “the savings have only begun”. Resolve’s initial design criteria focused on reducing the cost of churn: the

installation time and disruption to employees. The simple, lightweight infrastructure and concise vocabulary make installation quick and efficient; cables are all laid in. Compared to traditional systems, Resolve has about one-quarter the components and takes up one-third the space when knocked down in storage. Not to mention the HMI quality provides a 12-year warranty and the Design for Environment initiatives provide some of the highest levels of recycled content and recyclables in the industry, making it a sought-after product for companies interested in protecting the environment.

Two additional Matisse benefits are ‘future proofing’ and leasing. We consider products acceptable only if they last decades and provide inspiration over generations. Our products must be design icons, thought of as investments, not luxuries.

To support this philosophy, Matisse has partnered with financial institutions to provide lease options on its furniture, including a buy-back option. No other furniture supplier backs its

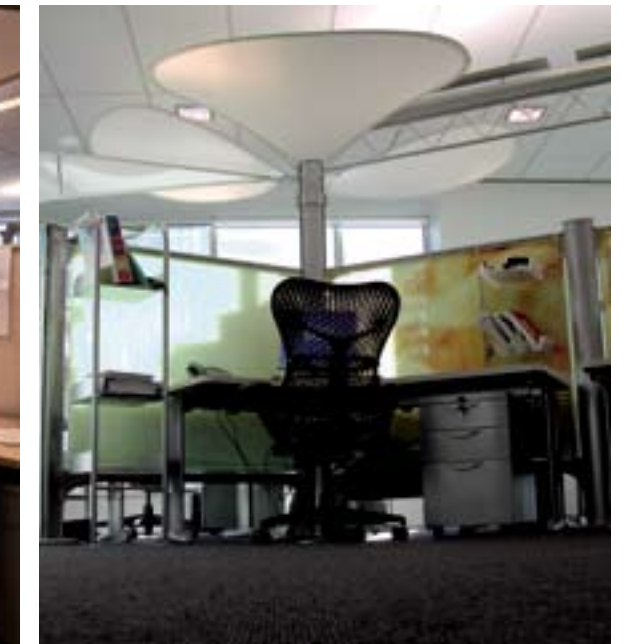
office products like we do.

Preston says the new workspace is creating flow on effects. “Recruiters like to bring candidates here because they know people will love it. We don’t have to explain our culture—people can see it for themselves.” Customers and vendors spend more time in the Bendon offices, buying into the philosophy as they “come inside” the business, creating positive spin offs in the market and in supply chain relationships.

“This space is a metaphor for who we want to be, says Preston. It’s a constant reminder that we are a professional, fashionable company. While the aesthetics are great, we were also able to be sensible about the money. A cool combination.”

For more smart thinking on workplace strategy visit matissefutureoffice.com and download the Matisse magazine *Future of Work*

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Learning to work differently

How Dow Group gave Learning Media a platform for change

When Dow Group was appointed by Learning Media in 2004 to provide advice on its upcoming lease expiry, Dow took a chance and risked losing the client.

Dow met with chief executive Gillian Candler and suggested Learning Media take a strategic view of its workplace. That meant forgetting about real estate and design for a while and going back to understanding the fundamentals of the business.

The resulting new environment has been an overwhelming success. "It's early days," says Candler, "but already there is an increase in energy and enthusiasm throughout the office. I've had one staff member tell me they feel like they have a new job! There is also a real desire to make the new environment work."

The problem

Learning Media, a State Owned Enterprise, was created in 1993 by the Ministry of Education as the Government's provider of learning materials and other services for schools. While the ministry remains its major client, Learning Media has grown new opportunities both here and offshore for its creative and publishing skills.

Learning Media's focus was on getting the

business underway, so little attention was paid to the physical environment apart from taking on additional space to accommodate growth. At first, the upcoming lease expiry seemed easy to solve. Although the Wellington property market was buoyant, there was plenty of time to develop the brief and find new premises.

But it emerged that Learning Media faced wider challenges:

- Increasing its profile and becoming better known as the leading 'education concept and content developer'
- Getting its team working together more effectively to encourage innovation and creativity
- Creating flexibility to adapt to new opportunities

Overarching these challenges was the need to ensure any solution was financially prudent and followed best practice process.

The solution

1. Understanding the business

Using an intensive investigation process with the senior management team, Dow explored the underlying aspirations and challenges. They also sought a diverse perspective on the future through focus groups, staff surveys, a review of

key business strategies and benchmarking the current premises.

A key part of the investigation was challenging Learning Media managers to consider their current culture and what they aspired to be like in the future. This led to a set of principles that formed the basis of the Workplace Strategy.

2. Developing a robust brief

From the investigation phase a clear view of preferred location, size, building quality, timing and affordability was developed. This Accommodation Brief guided the search for potential alternative premises.

Once the preferred option was identified, Dow negotiated with the building owner to incorporate new lease terms, upgrade of the building and tenant-friendly documentation. Maintaining a competitive process and a focus on accurately capturing the obligations of the building owner ensured Learning Media's obligations and risks were mitigated.

3. Identifying the challenge

Dow assisted Learning Media with appointing a fitout architect to begin the design process.

Dow briefed the successful party, Pelorus Architecture, on the organisation drivers behind the project and provided a Strategic Brief confirming staff space and support facilities to be provided, where groups would be located on the floors and a concept layout.

The Strategic Brief is a new approach to fitout and workplace design but it is fast becoming best practice. Don Taylor, a Director of Pelorus, found Dow's Strategic Brief a positive contribution at the start of the design process. "By the time we came on board our client had made most of the hard decisions about their organisational needs. They had also revisited their Brand Values. We were able to start planning work immediately, knowing that everything we did was built from a well considered foundation".

4. Providing leadership

A trend Dow has noticed in recent projects is the focus on transformation—using the workplace to drive change. As Duncan Mitchell, Director of Workplace Strategy at Dow, explains, "this requires a passionate chief executive or senior manager to provide the leadership. The enlightened ones are focused on improving their

organisation—not getting caught up in the hype around the real estate or design solution."

The senior management team at Learning Media embraced the opportunity a new environment presented to change their business. They provided the leadership and courage necessary to embrace change.

5. Communication and collaboration

To ensure the new workplace drives real changes in attitudes and behaviours, a comprehensive workplace change and communication strategy is needed.

Learning Media did a great job communicating with staff on a regular basis through the project and with manageable chunks of information at a time, using both the intranet and staff meetings.

Staff were encouraged to get involved in thinking about the new environment through clean-up days and some of the design decisions.

They also involved some of their creative team in the design of a collage of images that represent Learning Media—which is a key focus of the main reception area in the new environment.

Conclusion

The result for Learning Media has been thrilling. "Dow's process was fantastic," says CEO Candler. "We knew we needed a good brief before we started looking but didn't know how to go about it. I knew I had to let go some of my preconceived notions about location and layout, so starting from a business needs and workplace strategy perspective made sense".

Candler believes Dow helped the senior management team recognise that making good choices about its accommodation could assist Learning Media make significant cultural and business changes. "Once we'd realised an open plan environment was the best solution, I decided to adopt the same approach to lead by example".

"In terms of our business challenges the new environment has given us a great platform. We are about to undertake a post-occupancy review with Dow which will give us some harder data on the underlying success. But so far, so good."

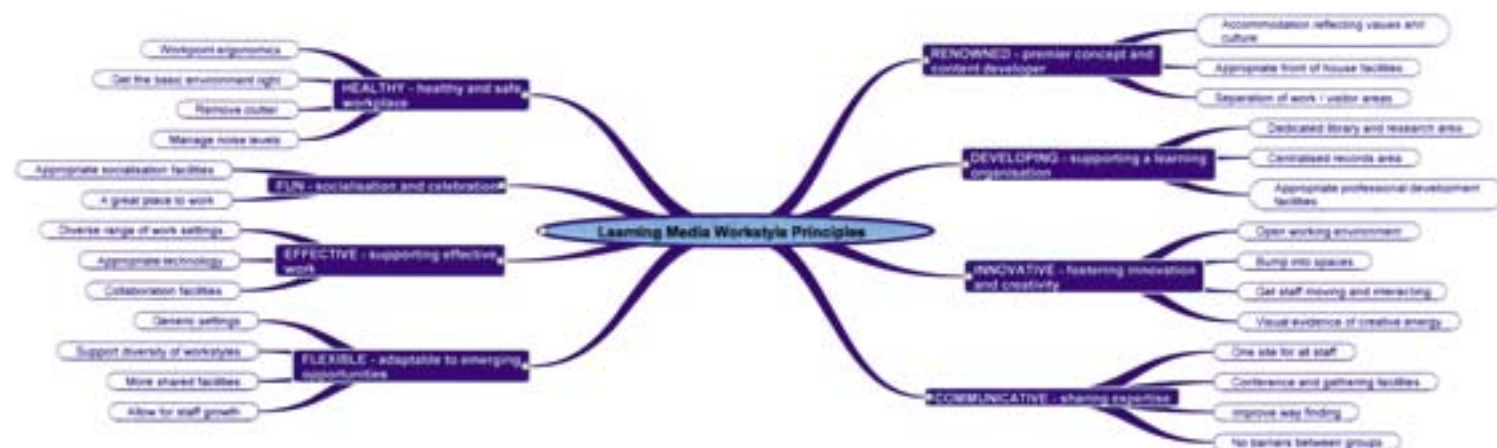
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www.dowproperty.co.nz

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If your office isn't working properly, neither are your employees.



Environments that assault the body and fail to stimulate the mind do nothing to bring out the best in people. In fact, valuable employees will vote with their feet and move to companies that understand the benefits of having an inspirational workspace.

At Matisse, we understand the importance of viewing the workplace as a strategic tool. That's why we've created a magazine that explains how the right working environment will improve your bottom line.

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