

## What's working? Briefing and evaluating workplace performance improvement

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a balanced scorecard system of measurement. This paper argues that a coherent evaluation and feedback system should be an integral part of any workplace change programme, and that time and expenditure should be budgeted for learning from prototyping or piloting, review, adaptation and communication of feedback. Without such a learning loop, real estate professionals will fail to convince business leaders of how changes in corporate workplaces contribute to business success.

**Keywords:** workplace, innovation, strategy, change management, programming, briefing, performance, evaluation, balanced scorecard, communication, value-based management

### ABSTRACT

*Organisations cannot effectively implement advanced workplace strategies and investment projects without clearly communicated vision, prioritised objectives and appropriate performance metrics. With any business strategy and investment project, the objectives and metrics selected will combine both quantitative and qualitative elements and aim to achieve both internal and external impact. This multidimensionality of objectives indicates the use of*

### INTRODUCTION

In peer-group discussions of advanced workplace strategies the cry goes up: 'Yes, we believe we make a difference — but how can we measure it?' Many real estate and workplace professionals seem to lack confidence that their efforts to improve business performance through workplace innovation can be demonstrated to have tangible impact (beyond simple cost reduction). There is a widespread lack of coherent feedback and published learning from practical experience that tends to

inhibit the spread of usable metrics and techniques in this field of endeavour.

This author has researched over 150 sources in the English language alone on workplace performance improvement.<sup>1</sup> These sources variously cover the discrete performance effects of management culture; flexible working; relocation; introduction of new technology, new worksettings and new work process; or environmental comfort conditions.

There are two primary shortcomings in the literature searched. First, it is apparent that in real estate and workplace design research, the subject of programming and evaluating performance change is rarely approached *systematically and holistically in relation to business performance*. Real estate, facilities and environmental design writers typically concentrate on single dimensions of financial or physical performance, but generally fail to address the broader context of business performance.

Secondly, the scope of performance study is often drawn so narrowly (eg task productivity resulting from improved comfort conditions) that the outcome is unconvincing and of little strategic importance to business leaders. Scrutinising and interpreting the combination of *system effects* related to context, over a relevant time period, is crucially important to providing useful management feedback. Both in consulting practice and in educational workshops, the author has identified that practitioners and managers do not value academically rigorous focus on a single dimension of performance. Rather, they want a robust, fast and adaptable means to identify and communicate the *business* impact of the different workplace change levers available to them, within a meaningful timescale.

This paper discusses measurement motives; importance and measurability; some of the reasons behind workplace

innovation; the subject of the Balanced Scorecard methodology and different stakeholder perspectives on performance; the importance of feedback and the time dimension; and illustrates some tools that the author uses in practice.

The aim of the paper is therefore to describe some shortcomings and to offer some tools under development that can provide a practical basis to help practitioners to establish and apply systematic frameworks for briefing and evaluating workplace improvement initiatives. These should be tailored to specific organisational context, and will increase the recognition of value added (in several dimensions, to different stakeholders). The desired outcome is to increase the effectiveness of practitioner communications about workplace investment and change management: with senior management, with user groups and with service providers.

#### **MEASUREMENT MOTIVES: IMPORTANCE AND MEASURABILITY**

As a counterpoint to the adage 'What gets measured gets managed' Franklin Becker of Cornell University has observed that 'what gets measured is eloquent of the real motives of management'.<sup>2</sup> From this we should note that what is *important* to measure may not necessarily be that which is most *easy* to measure, either technically or politically.

Niccolò Machiavelli was eloquent many centuries ago on why change often fails:

"There is nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than the creation of a new system. For the initiator has the enmity of all those who would profit by the preservation of the old institutions, and merely

lukewarm defenders in those who should gain by the new ones.<sup>3</sup>

The bulk of published workplace performance research has focused on the specification, construction and operation of the workplace environment and its impact on comfort and personal productivity. An extensive collection of this area of work has been compiled by Clements-Croome.<sup>4</sup> Another strand of research, oriented towards real estate management, focuses on the financial impact of real property asset management: in particular, reduction of occupancy costs through reduction of space per unit of production. Lizieri and others cover this well.<sup>5</sup>

While this concentration on 'hard' measures of input cost or cash generation is a *necessary* condition, it is not generally *sufficient* to assess the real value of workplace investments or change programmes. What might be called 'controlled subjectivity' may well be the best available method for assessing 'soft' outcomes related to specific change objectives.

Market research and brand valuation techniques in the marketing and communications industry have reached a high level of sophistication that can be transferred to the evaluation of workplace performance. In the workplace field, these techniques involve surveying attitudes and subjective performance assessment of users, customers and project sponsors.

Vischer explains the distinction between satisfaction evaluation and environmental assessment. She notes the limitations of a customer satisfaction approach where trade-offs between functional and services performance have to be made; the assessment approach focuses on work performance improvement through active negotiation of environmental changes between occupiers and providers.<sup>6</sup>

Recent literature search in the UK

by Sheffield Hallam University for Occupier.org<sup>7</sup> confirms that new thinking on management 'does not yet find wide expression in the literature on property and space' and that 'the role of property and space as a tool for managing knowledge in modern organisations is likewise under-appreciated in the wider theoretical literature'. According to a related paper by one of the authors, I. Price, very little can be found in business publications 'about the impact of property and workplace initiatives on the business performance of the occupying organisation'.<sup>8</sup>

### MOTIVATIONS FOR WORKPLACE INNOVATION

Drivers of business change tend to be primarily economic and marketplace shifts and to be either anticipatory or reactive to: competitive threats (eg new technologies, legislative change, new entrants and substitution); resource availability; shareholder pressure; and customer opinion or broad public sentiment. As well as addressing economic imperatives, workplace change initiatives are therefore seeking to help the organisation adapt to new competitive challenges, development of human and intellectual capital, internal or external threats, new leadership or new organisation structure.

Economic aspects of business change include re-allocating fixed costs and variable costs, re-scheduling financial commitments and realising latent economic value through development or disposal of tangible assets. Real estate and facilities initiatives that are likely to be pursued with primarily internal, economic impact include: seeking more efficient use of space and more cost-effective procurement and management of services.

However, Advanced Workplace Strategies (AWS) can have a much broader business impact than mere

economic efficiency and can be introduced to support any or all of the following change motives:

- supporting new business strategy and marketplace repositioning
- sustaining organisational development and human relations initiatives
- attracting, nurturing and empowering human talent
- incubating business process reinvention and product innovation
- reinforcing technological systems re-engineering and operational efficiency
- stimulating information and knowledge management systems
- catalysing culture shift and identity change.

### **PERFORMANCE METRICS, PERSPECTIVES AND THE BALANCED SCORECARD**

As discussed above, the performance metrics that matter to an organisation depend on the motives and objectives of the chief protagonists. The reasons for applying workplace innovation to address some of the above changes in a business context depend largely on the stakeholder interests engaged. Since measuring performance of knowledge work is fundamentally different from measuring the manufacture of goods, the simplistic and purely objective measurement of input and output is inappropriate; there are too many system variables.

Many private and public sector organisations are now using Kaplan and Norton's 'balanced scorecard' techniques to monitor their overall business performance.<sup>9</sup> These offer much value in complex systems where simple cause and effect cannot readily be isolated.

The parameters of the balanced scorecard depend on specific business context and strategy. Customer measures

used to have to be relevant to specific customer segments. However, measures of a balanced scorecard are normally clustered into the following four perspectives: financial, customer, internal business process and organisational development (innovation and learning). The use of the balanced scorecard is equally applicable to not-for-profit and governmental organisations as to commercial organisations. The scorecard is always organisation-specific in its detail.

In the *Journal of Corporate Real Estate* of July 2001, Wilson *et al.* describe the use of a balanced scorecard in a conference of W4 (World Wide Workplace Web) to measure corporate real estate organisation (CREO) performance and customer satisfaction. The primary lesson they pass on is the need for CREOs to 'demonstrate that they understand what their customers value and to develop balanced approaches that directly communicate that value added'.<sup>10</sup>

Typical measurements of business performance that derive from the four perspectives above and can be specifically linked to real estate and workplace performance include:

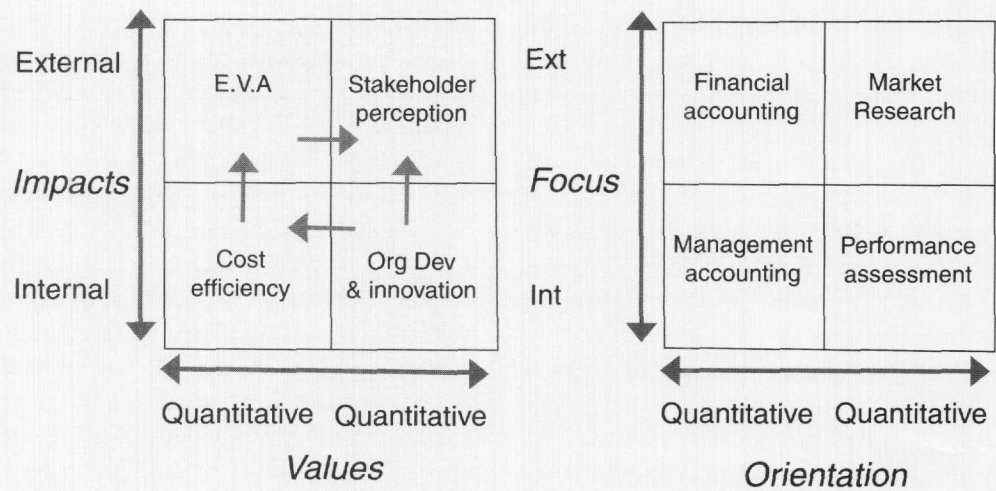
- Stakeholder perception (eg customer satisfaction and loyalty, community sentiment)
- Financial health (eg economic or market value added)
- Organisational development (eg innovation quality and quantity; cultural factors; team formation; and new process introduction rate)
- Productivity (eg space utilisation, process speed and quality, waste levels)
- Environmental responsibility (including transport-related sustainability effects).

*plus of course:*

- Cost efficiency (eg total occupancy cost related to revenue generation).



Figure 1 Monitoring outcomes – the balanced scorecard



The author uses a 'toolkit' based on this balanced scorecard approach as a basis for his firm's consulting work in this area, to map quantitative and qualitative outcomes and internal and external perspectives. Figure 1 maps the relevant evaluation disciplines against the headline values that are typically under scrutiny in business improvement (qualitative as well as quantitative, external as well as internal).

The figure shows only the generic form; the quadrants must be developed into sub-measures aligned with overall business goals. Measurement requirements should therefore be targeted to the relevant stakeholder mix and units of analysis selected that are relevant to business context: whether at customer, shareholder, community, corporate management, business unit, department, team or individual level.

A little-quoted source that anticipates the application of a type of balanced scorecard technique (actually based on a TQM approach) to real estate and workplace activities is 'Total Quality Management: A Team-Based Approach to Monitoring Real Property Performance'.<sup>11</sup> In this (1993) paper Duck-

worth shows a matrix of stakeholder interests based on Digital Equipment Corporation's own system for measuring real property performance with categories of measure on one axis and organisational perspective on the other. A simplified version of this map of interests, developed by the current author, is shown in Figure 2.

### FEEDBACK AND THE TIME DIMENSION

Project plans, budgets and briefing processes for workplace investment seem very rarely to extend to include systematic evaluation, and therefore in most cases neither the will nor the resources exist to carry out evaluation in as purposeful a manner as the implementation of the project itself. There are a few notable exceptions in the work of Bordass *et al.*;<sup>12</sup> Vos *et al.*;<sup>13</sup> and van Wagenberg,<sup>14</sup> as well as the Post-Occupancy Evaluation (POE) experience of Aronoff and Kaplan<sup>15</sup> and Preiser.<sup>16</sup> The focus of POE is, however, often too narrowly based on building performance, occupant comfort and satisfaction to be of wide business impact

Boardroom	ROCE	Total overheads	Community contact	Stakeholder feedback	External
Business Unit	Utilisation of resources	Cost of operations	Customer/Supplier contact	Recruiting retention	
RE & Facilities Management	Infrastructure capacity	Occupancy costs	Bandwidth reliability	User satisfaction	Internal
Workforce	Occupancy density	Personal expense	Access	Comfort	
	Quantitative		Quantitative		

Figure 2 Monitoring outcomes — stakeholder interests

Adapted from Duckworth, S. (1993), Section 21<sup>11</sup>

and interest. McLennan notes that most POE does not focus 'on business operations or the degree to which actual business performance matches initial expectations'.<sup>17</sup>

Real value will be accumulated if structured learning is integrated into corporate and industry knowledge management systems for 'feed-forward' to successive workplace investments. With broad applicability, the report of the performance task group of the Construction Research and Innovation Strategy Panel (CRISP)<sup>18</sup> in the UK last year advocated strategies to:

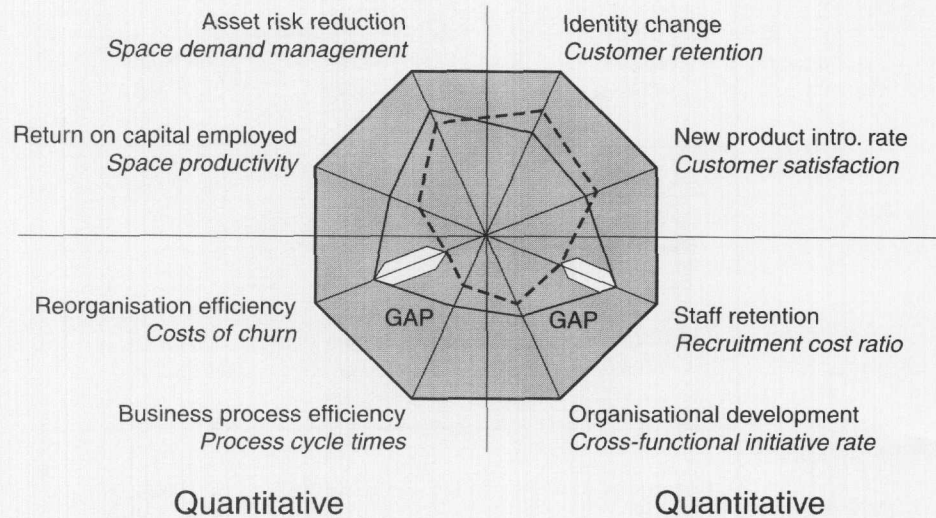
- improve feedback and make it an integral part of the construction culture;
- develop understanding about the complex interrelationships between building and human systems; and
- develop better matching of (built) product with user needs.

The report made a number of practical recommendations for how the process of feedback might be encouraged and absorbed as normal good practice. The essence of these is that a part of the project budget needs to be allocated and protected for the feedback process, and the process must be about learning rather than identifying problems and allocating fault.

Workplace innovation is too often seen as a *project* rather than as a *programme* of linked initiatives. The notion of carrying out a singular pilot project followed by a homogenous roll-out implementation programme is highly suspect, unless applied to situations with very similar context and character. Innovation is ideally considered as a process of continuous improvement. Thackara gives a useful definition of the innovation process.<sup>19</sup>

This leads us to recognise the importance of the time dimension of

Figure 3 Monitoring outcomes — an evolved 'dashboard' approach



measurement. The 'dashboard' approach to monitoring system performance over time, described by Becker *et al.*<sup>20</sup> and Meyer,<sup>21</sup> has great merit in continuous evaluation of changes in the workplace as an ecological system. In short, this technique focuses attention on measuring *process* rather than *results*. It might also be presented as identifying *progress* by means of relative measurement of how the organisation is faring in meeting its goals. Process activities and team performance are simultaneously monitored in a type of 'heads up display' graphic. In this way, periodic feedback is gained with indicators of aspects of the system that are outside acceptable ranges of performance and clearly need immediate attention.

A variant of the dashboard approach, used by this author and still under development, is shown in Figure 3, as a web of values and performance. As discussed in the balanced scorecard examples above, the parameters divide into qualitative and quantitative, external and

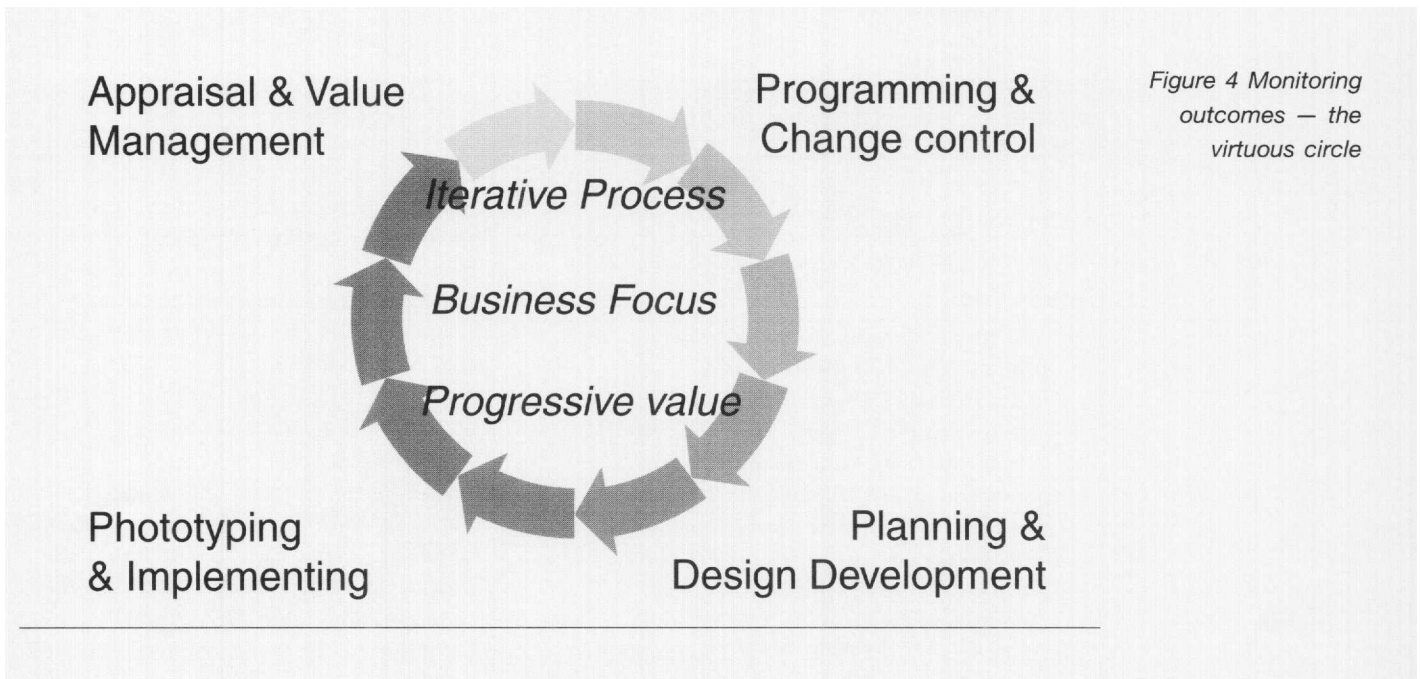
internal. The radial axes do not have to be given absolute values, but need to be calibrated to show what relative performance is needed and what performance is being achieved. In the example shown in Figure 3, the largest gaps between desired and actual are clearly visible and indicate where management effort is most evidently needed.

### CONCLUSIONS

To quote Richard Kadzis in 'Measuring Workplace Performance in the Information Age':<sup>22</sup> 'measurement [should be] used to communicate not control'.

Expenditure on structured programming and evaluation of workplace investment can be shown to deliver real value, *provided* that it produces effective communications with senior management and other stakeholders. It will also generate durable value if structured learning is integrated into corporate and industry knowledge management systems





for 'feed-forward' to successive workplace innovation.

Figure 4 illustrates the ideal 'value wheel' in innovation projects, that results from creating a virtuous circle of programming, planning, implementation and evaluation. The resulting learning from such an iterative process is applicable either to prototype development or to a programme of related projects.

Time scales for achieving culture change or identity repositioning may be longer than the job tenure of the project sponsor and its champions. Strategies therefore have to weigh the potential advantages of incremental improvement against the alternative opportunities and risks of breakthrough change. It is worth emphasising that the effects of cost reduction or asset value realisation are usually difficult to repeat; the so-called 'soft' outcomes of culture and process changes can be continuously reinforced and enhanced.

This writer's opinion is that *relative* indications of performance (monitored over a relevant time period) are likely to

be more useful in judging the success of workplace innovation than *absolute* metrics. To allow for mismatch between the time horizons of business reporting and the implementation of workplace change programmes, performance within a complex system is best benchmarked within relevant parts of the same organisation rather than against external comparators.<sup>23</sup>

The tools outlined in this paper offer a basis for development. They can be used to address the shortcomings in evaluating and learning from workplace innovation and investment projects discussed above, and most importantly they offer a consistent basis for communication with business leaders and other stakeholders.

As with any management accounting exercise, substantial manpower and time is required for information to be properly collected, collated and analysed. This is an evident deterrent to effective management of workplace innovation programmes. However, until we establish programming and briefing systems that result in useful



learning for corporate management, much investment in workplace improvement will continue to be wasted.

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