

In today's business climate, only the agile survive

Adaptability to change remains a significant concern to CEOs¹, and many of their companies are ill equipped to respond quickly to business needs. In a 24/7 world, CEOs are looking for new ways to compete, innovate, improve productivity and reduce cycle time. Adding to the complexity, the global business climate has withstood a series of rapid changes that have undermined the very structure of traditional business. Some organizations thrive, others suffer. What makes the difference between success and failure?

Successful companies have a lean profile, providing flexibility to meet changing business conditions. By contrast, companies with traditional management models that include fixed locations, costs and employee work practices create significant inefficiencies and obstacles to achieving corporate agility. These companies will need to rethink all aspects of their management models before implementing progressive plans to achieve true corporate agility.

Assessment

Answer these five questions to understand your corporate agility quotient:

1. Is your organization asking you to contribute more strategic value?
2. Are you required to do more with less?
3. Are you expected to implement changes faster?
4. Are you unable to get traction with your executive leadership regarding workplace solutions?
5. Do you struggle to implement integrated solutions?

If you answered “yes” to any of these questions, a focus on achieving corporate agility could benefit your organization.



“The rules are changing. The work we do—and where and how we do it—is undergoing a revolution. In order to thrive, companies must rethink the tools and structure of work environments.”

Corporate Agility:
A Revolutionary New Model for Competing in a Flat World
Charles Grantham, Jim Ware and Cory Williamson, 2007

The five steps to achieving agility

Too often companies focus on workplace solutions as a real estate initiative to cut costs and often lose the ability to support the rapid change required from the business. Numerous Fortune 1000 companies have proven that agility-building processes can be used in a variety of scenarios when integrated support

programs are in place. Examples of support programs include onboarding, labor-based location solutions, workplace redesign or data center selection. These programs require open collaboration across human resources, real estate and information technology. By integrating these functions, a company will increase its agility.

1

Create shared need

- Assemble a high-level executive task force of information technology, human resources
- Develop an integrated value proposition
- Identify strategic outcomes
- Align strategy among functions

Driving collaboration is no easy task. Ambiguous goals and misaligned agendas can undermine productive teamwork. Instead, teamwork relies on an open leadership approach. For example, Accenture created a shared need to align its real estate and information technology functions. The firm allocated a portion of the real estate cost savings associated with their workplace flexibility initiative to fund technology reinvestment for all employees.² In order to facilitate open communication, a scorecard should be used to monitor and report results against program costs and savings. This tool reinforces the shared need and creates interest at all levels within the organization.

This team would refine the vision for the new work environment, create a comprehensive plan for change, and develop the tools. As part of the plan, the team would also address potential roadblocks and determine how to overcome obstacles.

At this stage, business leader participation is critical. Getting business leaders and line managers on board can be difficult as they may be reluctant to alter their line profitability mindset. Engaging business partners early increases the likelihood of program success. This team must assume joint accountability for successful delivery of the initiative based on the established metrics.

In some cases, a phased implementation affords time to test concepts, communicate outcomes and refine plans before any significant changes are implemented. This approach also helps allay fears about the proposed changes and increase adoption across all the stakeholders.

2

Shape the vision

- Build a business case
- Assess current workspace utilization
- Analyze information and develop scenarios
- Identify necessary changes in processes and systems
- Address “what’s in it for me” issues

Once senior leadership signs off on project goals, the next step is to analyze opportunities and model outcomes to create a business case. Assembling a team of action-oriented problem-solvers is key. The expanded team that includes business leaders impacted by this change will collect data, analyze information and identify possible scenarios before moving forward.

Sprint Nextel's Workplace Mobility program

The Sprint Powered Workplace has two components: A dynamic campus model and a work anywhere model. Surveys reveal that work anywhere employees are 18 percent more productive, and 86 percent are satisfied with the program. Sprint Nextel has successfully reduced its portfolio from 180 sites (three million square feet) to 120 sites (one million square feet). After reinvestment in tools and training, the company will recognize a \$100 million net savings through 2009, and a \$60 million annual savings thereafter. The company uses a quarterly balanced scorecard to report outcomes by (1) financials, (2) process, (3) customer satisfaction and (4) learning and growth.

Workplace Strategy: Mapping Momentum and Driving Success, 2007.

3

Mobilize commitment

- Involve stakeholders in design process
- Engage key process enablers
- Establish blitz team
- Plan rollout
- Manage the change

With the value proposition and desired outcomes clearly in place, the next step is planning and implementation using a blitz team approach.

4

Monitor progress

- Define shared metrics to gauge progress against goals
- Monitor feedback
- Conduct post-occupancy surveys
- Communicate successes

Applying a balanced scorecard approach, one with multiple metrics that are shared across business units, allows an organization to gauge its success against stated goals. This also avoids the danger of a single measure, such as employee satisfaction, that may undermine this initiative if it is not met or circumstances change. Measuring several elements such as employee turnover and retention, employee engagement, customer satisfaction, innovation, utilization rate and occupancy gives a broader and deeper picture of the change's impact. A key component at this stage is to communicate the program's successes to all stakeholders, including the executive leadership and business partners.

For example, a large insurance firm who practices this approach tracks its progress using a balanced scorecard. The company measures the impact of reduced carbon emissions and gas consumption, improved employee retention, real estate costs and technology costs. These metrics must be shared to achieve true corporate agility.

5

Make it last

- Continuous program improvement
- Re-evaluate and improve
- Revise rewards systems to remove siloed compensation structures

This agility model is a vehicle for change. As such, it needs an occasional tune-up to maintain top performance. Sustainable solutions need to be informed by real-world experiences and feedback from employees. Continuous program improvement requires dedicated time to re-evaluate and check progress against goals.

Accenture's Flexible Workplace

Accenture was one of the first to implement distributed workplace initiatives. It has more than two decades' worth of experience with alternative workplace strategies. Since releasing its employees to work in client offices or at home, the company has dramatically reshaped its real estate portfolio, improving space utilization by 13 percent. Despite adding more than 20,000 new hires in 2006, Accenture has reduced its overhead costs by 26 percent and achieved cash recovery of over \$350 million through improved portfolio efficiency.

Workplace Strategy: Mapping Momentum and Driving Success, 2007.

What's next?

The key element in this process is the integration—working together as a collaborative team and aligning behind shared goals. Using the five-step process to achieve agility will result in a highly collaborative business team that supports the company's workforce, manages operational cost and maximizes competitive advantage.

Jones Lang LaSalle helps organizations improve agility to meet future workplace challenges. For more information, please contact:

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This article is one in a series of short, thought leadership pieces that span a variety of workplace issues and trends our clients face.

¹ CEO Challenge 2007: Top 10 Challenges, 2007. Conference Board Survey of over 3,000 CEOs at major organizations. Of 52 major concerns, the need to adjust and adapt to change was the third on the list, trailing increased productivity and talent attraction.

² Corporate Agility, p 133.