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Interiors is one of the UK's largest commercial interior design companies offering a range of solutions including space planning and design, audio-visual suites, office fit-out, relocation and refurbishment.

Offices - a costly business? What's the future? 08/02/2010

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The City bonus culture certainly caused much controversy, but with it came a short sighted view of how businesses should be run. How can businesses look forward to the future by reassessing their office space and how it is structured? Is there a case for the traditional office or are we about to step into a virtual reality?

Office space

The reaction to the way bonuses were awarded in the City has followed a familiar trajectory. Initial outrage was focused on the sheer size of the bonuses, however recently the focus has shifted to the way that bonuses distort decision making. The problem in many people's eyes is now rather less about scale than the impact they have on the way things are done.

The biggest problem according to some commentators is the short-termism that the bonuses culture promoted. It may well have been that bonus related myopia was one of the catalysts of the economic crisis but short-term vision can also be evident in the response of other businesses to the recession.

Tough decisions have been taken by many companies, not least those that involve letting staff go, but each week the business media has been full of appeals from commentators and business leaders not to lose sight of the longer term picture. Investment in training and research and development has been the focus of many of these appeals, but the case for investments in facilities and office space is equally relevant.

Costly business - buildings

It's logical: cut workspace, cut costs. The economics are clear. After staff, buildings are easily the second highest item of expenditure for the majority of organisations. As it is with staff, the most (blindingly) obvious ways of making property cost less is to cut it. In one regard, this is possible by reducing the size of workstations. This has already been going on for some time, driven not by the

recession but by new technology. In the latest edition of its Guide to Specification, the British Council for Offices reported that the average density of the office workplace had increased by around 40 per cent since 1997. The survey prompted the BCO to up its density standard to 8-13 sq m per person from the previous 12-17 sq m. The new average benchmark for the office environment has been set at 10 sq m.

Even the government has been keeping up. The subject has been debated in Parliament and the Office of Government Commerce has produced a report on the subject. Another report from consultants IPD Occupiers has advocated new recommendations for workspace efficiency standards in government buildings.

According to the IPD report; 'Current indicators show that public sector offices have not seen the scale of floorspace efficiencies observed in the private sector. On average government offices are occupied about 25 percent less efficiently with a sixth of them occupied at more than 24 sq m per person. This position needs to change. Departments should aim to provide a maximum of 12sq m per person in all their buildings and across their estates. Conversely, where there are opportunities to occupy new or substantially-refurbished offices, departments should consider space per person below 12 sq m. At present many schemes with design densities of 10 sq m per person or less meet business needs and are popular with staff.'

Do we need offices?

All this talk of raising densities in conjunction with the economic downturn appears to have resurrected an old debate, namely whether we need offices at all. A **report in *Human Resources Magazine*** typifies the debate:

More than two thirds of employers are carrying out cost cutting programmes in their head office, but more a third of these have not given any thought to the future shape of their organisation. HR magazine exclusively polled senior HR professionals on their ideas of what a head office of the future would look like, and found although 67 per cent of organisations - and 87 per cent of companies with a turnover over £1 billion - are cost cutting at head office, 34 per cent have no plans for the future shape of their organisation. The research, in association with Egremont, also found that by 2014 23 per cent of respondents hope for more decentralised approach to head office power and 14 per cent hope for a 'virtual' head office, staffed by flexible workers, homeworkers or global workers. This means the days of the archetypal boss giving orders from his head office, could be numbered. And although 91 per cent of respondents see ideas for improvement in their organisation coming from the top today, just 18 per cent think this will still be the case in five years' time.

We've been here before. Fifteen or more years ago many HR managers will recall a flurry of interest in what we then referred to as 'new ways of working' and was typical of the debate at that time which consisted of extrapolating current trends towards the adoption of flexible working and desk sharing and concluding that the office as we knew it was a goner.

Office culture

What we now see with the benefit of hindsight is that while the world we knew was indeed about to disappear, what has replaced it has been very different to many of the prognoses. While personal workstations have diminished in size, desk sharing is not as prevalent as we once thought. Similarly, the predicted army of dedicated home workers has failed to materialise, replaced by an army of always-on-the-go peripatetic tech-enabled knowledge workers, working from wherever they happen to find themselves.

The major factor that has diverted workplace culture away from the predictions of the 1990s futurologists has been (what else?) human nature. People like their own space and firms know that it's no good addressing employees as their major asset, only to see them walk out of the door because they don't want to sit in a different place in the office whenever they are in. Similarly, home working is not for everybody. We are social animals and while some people have no trouble motivating themselves and developing coping mechanisms for isolation, other people struggle.

Virtual offices?

So the principal question we must currently address is what will the organisation of the future look like? Well, what is most likely given our experience so far in addressing these sorts of questions is that while the role and the shape of the office may change, it is likely to be in ways we cannot yet envisage. I would argue that the fundamental functions of the office will not change. It will never be fully 'virtual' because that would be to erode its important role as a touchstone of identity for the organisation.

Office foundations

What I can foresee is the continuation of current trends, which is always a good place to start. Offices will continue to get leaner, supporting more people from the same or less space. There will be even greater emphasis on space utilisation. As a result space will be designed and managed more intelligently, with better, faster and more intuitive technology. There will be even more focus on social spaces, in particular to support the needs of mobile workers and visitors to the building. There will be an ever greater emphasis on identity, both for clients and employees as a way of binding everybody to the organisation. It will still be the glue of the business.

All of this will inevitably demand a response from a wide range of professions, designers, architects, engineers, IT and in many ways at the heart of it all; human resources. These are exciting times but the vital role of the office will not dim for some time yet. Certainly we should never ignore that role for the sake of short term cost savings.