

Fully engaged

Research Report

January 2016



What does your
workplace say
about your
company culture?



The future of the workplace is changing. The way we work is evolving to meet the new demands of a marketplace driven by advancing technology, and where agile businesses are disrupting the status quo. Organizations need to look for other strategies, tools or approaches to sustain and grow business performance.

A focus on employee engagement has become a top business priority for senior executives.¹ In this paper, we advocate for

the importance of 'workplace expression' as a crucial tool that improves employee engagement and motivation. The physical design of the workplace can harness and communicate a company's culture and brand values.

This paper outlines the performance and financial benefits an effective workplace expression can bring to your organization by exploring case studies and examining the links between company culture and employee engagement.

¹The impact of employee engagement on performance, Harvard Business Review, September 2013.
https://hbr.org/resources/pdfs/comm/achievers/hbr_achievers_report_sep13.pdf

The problem of disengagement

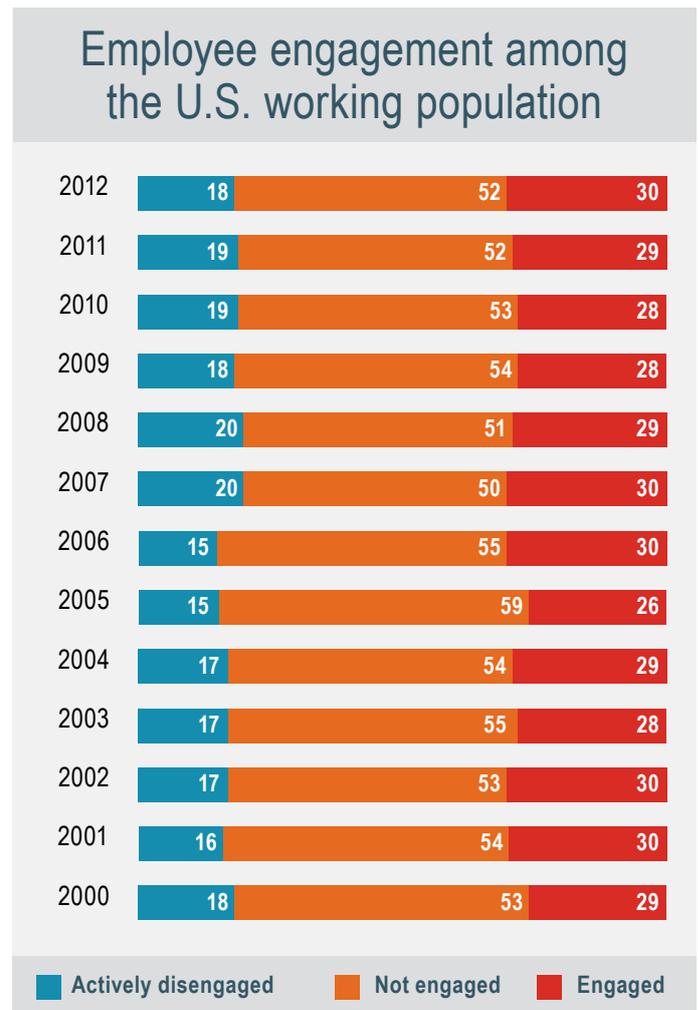
Despite the advances in office design and workplace strategies, the focus on short term cost efficiency has led to an undervaluing of the only resource with unlimited potential—your workforce. Studies continue to show a trend of increasing worker disengagement (Fig 1).

Recent surveys indicate that between 70 to 80 percent of employees are “not engaged” or “actively disengaged” with their work.² Disengagement in the workplace can create toxic environments. This affect client interactions and collaborative performance; increases absenteeism; and can lead to a rise in harassment.³ The recent Gallup’s 2013 State of the American Workplace study estimates that active disengagement costs the United States US\$450 billion to US\$550 billion per year.⁴

These alarming figures represent an opportunity for leaders to revitalize organizational performance by utilizing the workplace as a tool to generate the positive company culture needed to reconnect and engage employees.

A recent State of the American Workplace study estimates that active disengagement costs the U.S. \$450 billion to \$550 billion per year.

Figure 1



²State of the American workplace, Gallup, June 2013.

<http://employeeengagement.com/wp-content/uploads/2013/06/Gallup-2013-State-of-the-American-Workplace-Report.pdf>

³Too, L., & Harvey, M. (2012). "Toxic" workplaces: The negative interface between the physical and social environments. *Journal of Corporate Real Estate*, 14(3), 171-181. <http://dx.doi.org/10.1108/14630011211285834>

⁴State of the American Workplace, Gallup, June 2013.

<http://employeeengagement.com/wp-content/uploads/2013/06/Gallup-2013-State-of-the-American-Workplace-Report.pdf>

Why engaged workers drive business performance

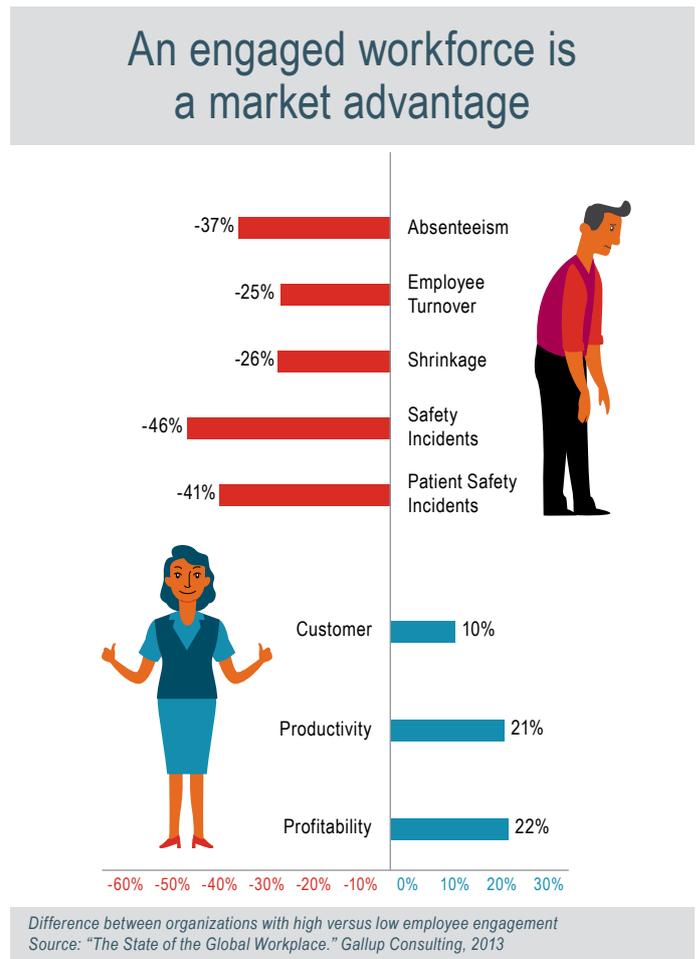
Engaged workers are defined by the consistent discretionary effort they bring to their work practice; they “go the extra mile.” Their own sense of personal success is tied to the business goals, and they develop an emotional connection to the organization. This connection makes them more effective at their job, and they are more likely to develop innovative practices that lead to competitive advantages.

Developing an engaged workforce makes financial sense. One study found that compared with their competition, organizations with an average of 9.3 engaged employees in every actively disengaged employee experienced 147 percent higher earnings per share.⁵ Figure 2 shows that higher levels of employee engagement not only improve the bottom line through increased customer satisfaction and enhanced productivity, but also, lower those unproductive elements that are a drain on business performance, such as absenteeism or employee turnover.

Departing employees take with them valuable tacit knowledge and organizational memory directly related to business performance. In one study, the cost savings of avoiding each employee replacement was calculated at US\$250,000.⁶ When you consider how salaries are often the most significant cost to an organization, and how each replacement can cost up to 1.5 times the salary of a position, employee retention is a critical financial advantage.

Paul Cobban, Chief Operating Officer of Technology and Operations at DBS Bank, sees employee engagement as an important tool in changing business behavior. “Since we have been on our journey of improving workspaces, we have seen a dramatic increase in our engagement levels, a lowering in attrition rates, and improvements in the quality of people who want to join DBS—all of which can be very directly translated to our five years of top and bottom line growth.”

Figure 2



One study found organisations with an average of 9.3 engaged employees for every actively disengaged employee experienced 147% higher earnings per share compared with their competition.

⁵State of the American Workplace, Gallup, June 2013.

<http://employeeengagement.com/wp-content/uploads/2013/06/Gallup-2013-State-of-the-American-Workplace-Report.pdf>

⁶Design features and effective work: ROI models that predict retention and revenue, Knoll, November 2013.

http://www.knoll.com/media/728/6/WP_design_features_reduce_costs.pdf

Why culture is key to increasing engagement



Culture is intangible, hard to measure actively, yet easy to sense when you walk into an office space. Workplaces are rarely neutral when it comes to communicating a buzz of engagement or a sluggish vibe of resignation. Company culture can significantly affect very real business outputs. Companies that actively developed their culture returned 516 percent higher revenue and 755 percent higher income, according to a study of 207 organizations over 11 years.⁷

Developing company culture is about creating a sustainable investment in your workforce, capitalizing on its limitless potential. On culture's importance to the function of teams, corporate direction and growth, Wehuns Tan, CEO of Wishabi, says, "Culture is infectious—it's viral and it's central to accelerating your business. When you have a unified team that is rushing toward a common goal, you will create a rocket-ship trajectory. Every industry needs unbounded exponential growth to succeed in today's world."⁸

A number of literature rightly argue that improving company culture lies with making employees happy through creating a desirable working environment. Henry Stewart, author of "The Happy Manifesto," writes that happy employees lead to "better customer satisfaction, lower staff turnover, fewer sick leave and easier recruitment, which all lead to greater growth and profitability."⁹ Indeed, organizations that are on the "Best Companies to Work For" lists by the Great Place to Work® Institute consistently outperform major stock indices by 300 percent and have half the voluntary turnover rates of their competitors.¹⁰

Companies who actively developed their culture returned 516% higher revenue and 755% higher income .

⁷Kotter, J. P. (2008). Corporate culture and performance. New York, NY: Simon & Schuster.

⁸How one brand uses corporate culture to maximize productivity, Forbes, August 2014.

<http://www.forbes.com/sites/steveolenski/2014/08/27/how-one-brand-uses-corporate-culture-to-maximize-productivity/>

⁹Stewart, H. (2013). The happy manifesto: Make your organization a great workplace. London; Philadelphia: Kogan Page.

¹⁰Great Place to Work. (2015). Identifying best places to work: US and globally. Retrieved from <http://www.greatplacetowork.com/best-companies>

The benefits of a desirable workplace

Genuine expression of a strong and vibrant company culture can also serve to attract new talent. One workplace study¹¹ indicates that the combination of organizational culture and workplace facilities outweighs salary and benefits as the influential factors in choosing an employer.

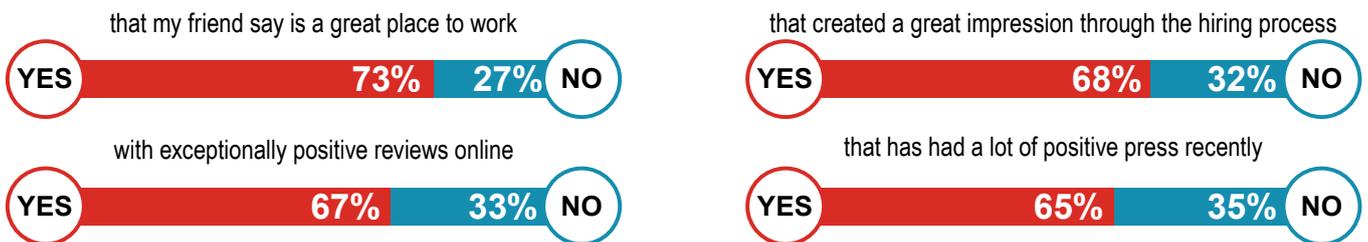
This observation is backed by another study¹² (Fig 3) where 74 percent of candidates would consider a slightly lower paying job

in a company if their friends indicated it was a great place to work.

The same study suggests that candidates rank a company's status as a "great place to work" over other factors such as a reputation for great products, services, the best people or prestige in the marketplace. This factor allows an organization to attract and retain talent without entering an escalating salary competition.

Figure 3

Likelihood of accepting following positions if salary is 5% lower than the lowest acceptable salary and position is with a company:



Which of the following is the most important if you were to consider a new job?



¹¹Does workplace design affect employee attraction?, Hassell, December 2014.

http://www.hassellstudio.com/docs/hassell_research_workplaceattraction_webversion.pdf

¹²Shaping organisational culture for improved business performance, Chandler Macleod, June 2015.

https://www.chandlermacleod.com/media/chandler-macleod-2013/pdf%20%20documents/cm2543_culture%20ebook%20v5%20final.pdf

The practice of expression in the workplace

While senior leaders are picking up on the importance of good design a more holistic view toward a viable workplace strategy is required. One that does not simply stop at efficient and effective intention; but is deliberately designed in a manner that would allow the company's cultural values to inform, direct and generate employee engagement.

Employees want to feel good when they come to work. There is an expectation for a company to cover all the hygiene factors of workplace design to meet a person's basic health needs. Nonetheless, while cosmetic factors do generate productivity gains, they also have less impact on the long term motivation of employees.

Employees want to feel involved, be a part of something larger, and know that what they do is meaningful. They are always attuned to the "messages" that their work environment is

sending them. A workplace with different space configurations and technologies aligned to specific business processes would give employees control over the way they want to work. The importance of control cannot be understated. People feel that they work their best when they are trusted and given the freedom to carry out a task in their own way.¹³

It is not about a lack of direction or a hands-off management; it is about creating a responsive working environment that enables employees to produce meaningful work. People interpret a strong culture from the surrounding artifacts, which are the most visible, so the office environment is the ideal tool for leaders to communicate the company's brand proposition and reignite employee motivation. A workplace should be the location where executive strategy becomes "real"—where the vision and mission should manifest and drive organizational performance.



¹³Stewart, H. (2013). *The happy manifesto: Make your organization a great workplace*. London; Philadelphia: Kogan Page.

case study

Sustaining the future health of an organisation



Health insurer Medibank Private, which has a strong record for research into issues affecting workplace health, wanted its new headquarters to reflect the slogan “For Better Health.” Previous studies had indicated that 44 percent of Australian employees consider their workplace to be a health risk and that for workers, 77 percent of the time spent at work—and, often, 70 percent of an entire work day—is spent sedentary¹⁴; over time such conditions can lead to poor health outcomes.

This dynamic infrastructure serves to break down barriers and connect staff throughout the organisation, encouraging the interaction and incidental encounters being seen as increasingly important for collaborative and innovative performance.

¹⁴Stand up Australia: Sedentary behaviour in workers, Medibank Private, August 2009. http://www.medibank.com.au/Client/Documents/pdfs/Stand_Up_Australia.pdf



As a result, the new headquarters has been “hardwired for health”. Employees are encouraged to use the 26 types of work settings, ranging from indoor quiet spaces and collaborative hubs to Wi-Fi-enabled balconies and the building’s public park.¹⁵ These diverse work spaces give employees control over how—and where—they want to work. Meanwhile, the central atrium, acts as a spine and is a combination of stairs and ramps, allowing staff to move freely and intuitively between floors and work spaces. Such a dynamic infrastructure serves to break down barriers and connect the staff throughout the organization, encouraging the interaction and incidental encounters being seen as increasingly important for collaborative and innovative performance.¹⁶

Four months into the headquarters’ launch, early feedback already shows signs of delivering the cultural, health-related and financial value Medibank hoped for. Seventy percent of the employees feel they are healthier in their new environment; 79

Employees need to understand a company’s motivation and direction in order to connect with its culture.

percent report they are working more collaboratively; and 69 percent note that they are more productive. Such findings point toward the performance value of a well-designed workspace that engages employees. Most importantly, when looking at the cultural value of workplace expression, 71 percent of the employees say they feel more connected to Medibank’s “for better health” purpose. Employees need to understand a company’s motivation and direction to connect with its culture. That connection will reignite engagement and drive greater individual, team and organizational performance.

¹⁵Medibank’s new workplace on show at Worktech, Hassell, March 2015.
<http://www.hassellstudio.com/en/cms-news/medibanks-new-workplace-on-show-at-worktech>

¹⁶Workspace design trends to increase your productivity, Fast Company, July 2014.
<http://www.fastcompany.com/3032792/the-future-of-work/6-workspace-designs-trends-to-increase-your-productivity>

Communicating with brand values and culture

The work environment's configuration and expression are becoming critically important in communicating messages about a company's culture and brand. More than driving internal engagement about the significance of the company's work, cultivating a strong culture communicates to clients and investors the organization's values and behaviors to set one apart from the competition.

If your organization has a standard, corporate, "pleasant-but-bland" office environment, but wishes to be seen as innovative and future focused, how will you convey the latter image? Even worse, if disengaged workers deal with your clients with a distinct lack of effort or energy, any further impression of an innovative brand will be completely destroyed. Research shows that engaged employees are more customer focused and care more about filling customer needs¹⁷, leading to increased customer loyalty and advocacy.

Would you bring a friend to the office? Do you bring clients to the office or prefer to do business at a restaurant/café, where you find it more convenient? What message do these scenarios send?

In a survey of 3,000 workers, Gallup found that only 41 percent of employees felt that they knew what their company stood for and how it differed from the competition.¹⁸

If your employees have little idea about what your company stands for, how effective will their client service be?

Effective workplace expression celebrates the company's culture and demonstrates that employees' are valued. It communicates—through a combination of office design, artifacts and systems—that the company appreciates its people and the contribution they make. It seeks to empower employees by giving them choice in their daily work habits. This not only boosts internal buy-in and direction, but also, works to harness and direct employees' energy toward organizational goals. Effective workplace expression can turn your workers into "brand ambassadors."

Workplace expression shifts the office from being just a pleasant comfortable background, to being an active cultural lever for shaping employee perceptions, motivations and behaviors. It transforms a "place of work" into "the best place to work for." If employees believe they are part of the best workplace, they are going to produce their best work. If employees feel they are an important part of an organization's journey, they will bring their best effort to achieve your goals.



¹⁷The impact of employee engagement on performance, Insync Surveys, n.d. http://www.insyncsurveys.com.au/media/92145/impact_of_employee_engagement_on_performance.pdf

¹⁸State of the American Workplace, Gallup, June 2013. <http://employeeengagement.com/wp-content/uploads/2013/06/Gallup-2013-State-of-the-American-Workplace-Report.pdf>

case study

Engaging all the five senses



As part of a wider WPP workplace initiative, JLL was initially engaged to conduct a diagnostic study with Millward Brown Singapore to understand the ability and appetite of the organization for adopting activity based working (ABW). The study revealed a number of opportunities that Millward Brown was keen to investigate further, with a clear objective to create a workplace that would allow for growth and enhance the company culture.

The office transformation was also aligned with Millward Brown's desire to support their way of working by transforming their office. A change in behavior was essential—to deliver the desired brand insights, teams needed to be more interconnected and to be working together with a “consultancy mindset”. This required an adjustment in culture and the organizational process that went beyond a simple rearrangement of space.

JLL developed a strategy to support this transition based on the principle of shifting the organization mindset around ownership from “my space” to “our space.” This allowed a solution that promoted increased levels of collaboration and interconnectedness, leading to a faster flow of knowledge across the teams.

Obvious to any visitor to the Millward Brown Singapore office today is the new vibrant expression of the firm's workplace. The new design by HBO+EMTB captivates all five senses—sight, touch, taste, hearing and smell. By appealing to the senses, the company hopes that the employees will be happier, more productive and more engaged. The company is very conscious to make sure that the corporate values are also embodied in the design.

case study



Workspaces would be multi-purpose with furniture, tools and surfaces that boosted collaborative practice and encouraged employees to move around to suit their daily activities.

Bright and eye-catching colors are used to inspire and communicate the company's values of being "bold" and "creative." Views of the outside are available in any part of the office, maximizing the use of natural light. Studies have shown the links between light exposure and increased productivity, vitality and happiness.¹⁹ The sense of touch is incorporated through the use of different textures on surfaces and of furniture that complements the striking visual aesthetic.

The new office design embraces ABW, a strategy that allows employees more control over how, when and where they can work. Work spaces are multipurpose with furniture, tools and surfaces that boost collaborative practice and encourage employees to move around, as best suited to their daily activities. This is in accordance with another corporate value of being "connected." In the new design, senior leaders have given up their office space, thereby lending a strong signal that they also embrace the change. Priti Mehra, Managing Director, Singapore, notes that the lack of a "door" between her and

the other staff has led to an increase in communication and engagement, with faster turnaround times and decision making.

The new hub of the office—the place where everyone gathers—is the office pantry, which is designed to look and feel like a café. The new design directly addresses the sense of "taste," with a familiar fun place well-stocked with a diverse selection of food and drink. The pantry has become the de facto meeting place for interaction of work and play among colleagues, a setting that helps communicate a fun-loving culture and promotes greater levels of participation, innovation and creativity.

Millward Brown has recognized that designing a desirable workplace for their employees will also benefit the relationships with their clients. Happier employees, given control of their work processes, will deliver better customer service. Indeed, client engagement has already advanced. Clients have specifically asked for meetings, once held in a communal café, to take place in Millward Brown's new office, hoping to capitalize on and be a part of the invigorating and energetic vibe.

Employees are rightly proud of their new office, and senior leaders have noted that the increased collaboration. Meetings—once held with staff huddled around individual laptop screens—are now more akin to open brainstorming sessions, utilizing a variety of presentation styles and materials, thereby leading to more creative work. There are places for quiet work—catering to the sense of "hearing"—where employees have the space to focus when needed. The lack of defined team areas has led to a decline of siloed mentality by fostering a new sense of cooperation, collaboration and support throughout the entire office.

Millward Brown has shown how the traditional challenge of optimizing space can become an opportunity for enhancing organizational culture and increasing collaboration and productivity. The expression of company values through workplace design has captured the imagination of staff and renewed the interest of clients by communicating the company's creative, connected and bold future.

¹⁹Bergland, C. (2013, June 5). Exposure to natural light improves workplace performance. Psychology Today. Retrieved from <https://www.psychologytoday.com/blog/the-athletes-way/201306/exposure-natural-light-improves-workplace-performance>

What does your workplace say about company culture?



Every organization has a unique culture that needs to be internally evaluated to find the best design principles to achieve one's organizational goals. The examples given in this paper may not match your situation, nor has every company the opportunity to deliver such grand designs. However, alternative options exist. Smaller scale and more targeted developments might function as "intra-preneurial labs," where experimentation with different work styles can help uncover how to create more value from your workplace.

Efficient and effective design can create a responsive environment that aids collaboration and team communication.

Proper workplace expression can communicate—through interior space—company culture and brand values that increase employee happiness and commitment. By harnessing together the three "E's—efficiency, effectiveness and expression—you will create a dynamic and compelling environment that reconnects employees to their purpose and directs their renewed energy and engagement, thereby driving innovation and productivity to new levels.

So now, the next time you walk around your organization, ask yourself: What does your workplace say about your company culture? If you don't like the answers, we can help.

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