WORKPLACE ADVANTAGE

Microsoft Workplace Advantage Program (WPA)

For years, commentators and consultants have bombarded us with predictions about the paperless office, the breakdown of hierarchical structures and the democratization of the world of work. In the past year, however, we have reached a seismic shift; economic uncertainty has forced organizations to look seriously at their internal processes, costs and structure. The economic recession has expedited the adoption of alternative strategies in the workplace, according to the global benchmarking study sponsored by Microsoft and conducted by the New Ways of Working consortium. Yet the study found that only about 20% of employees participate in these programs, and up to 50% of organizations neither have metrics, nor track participants of alternative workplace programs by function, department, or business unit. The report concluded with several lessons learned, which were discussed by the Workplace Community members at the CoreNet Summit in New Orleans in April. Community members committed to ongoing dialogue and best practice sharing on these topics. In the spirit of both, we are sharing some of Microsoft's experience and latest findings.

Executive Champions Needed

When Microsoft seriously began thinking about its workforce, changing demographics, working styles, productivity and real estate design in 2004/5, the company was experiencing a period of rapid growth. Headcount grew 17% in one quarter. The competition for talent was fierce. Microsoft's General Manager of Corporate Real Estate Chris Owens explains, "We wanted to look beyond traditional asset optimization. We were very focused on addressing costs, but weren't thinking about our employees as an asset." Working with the VP of Human Resources, Lisa Brummel, and other key leaders, Owens and his team stepped back to understand how and where Microsoft's people were working, and the relation to the workplace itself. The result was the Workplace Advantage Program, (WPA). "WPA is our vehicle to have a broad, high value impact on the company in a way that's inspirational and creative for us", explains Owens, "It's the way to keep people motivated, attract talent and have people feel like they're contributing to the company".

Five years from its first inception, the WPA program has been implemented extensively across the portfolio despite not being mandated, a testament to its value to the business. Owens and his team must sell the benefits in projects to each business unit. There are now 74 completed WPA buildings globally, totaling over 6.6 million sq. ft., with another 29 sites underway. The Microsoft Amsterdam office in Schiphol has been lauded as particularly successful example of workplace design.

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WAP Locations of the World

One Size Doesn't Fit All

Workplace Advantage isn't about just open or closed offices; it's about designing the best workplace to meet the needs of the people and drive the business forward. It must meet the unique needs of the "two Microsoft's" – the engineering-focused culture of headquarters and the sales and marketing culture in field offices, as well as multiple divisions within each. Thus all research examines work styles and patterns by location and role. Yet the first wave of global research, done from 2004-2006, made it clear that job roles and functions didn't necessarily mirror working patterns. Some types of employee spent more time in the office than others, some preferred to use mobile technology, some would work more effectively on the road, some liked to work in a fluid environment but needed access to private areas for meetings.
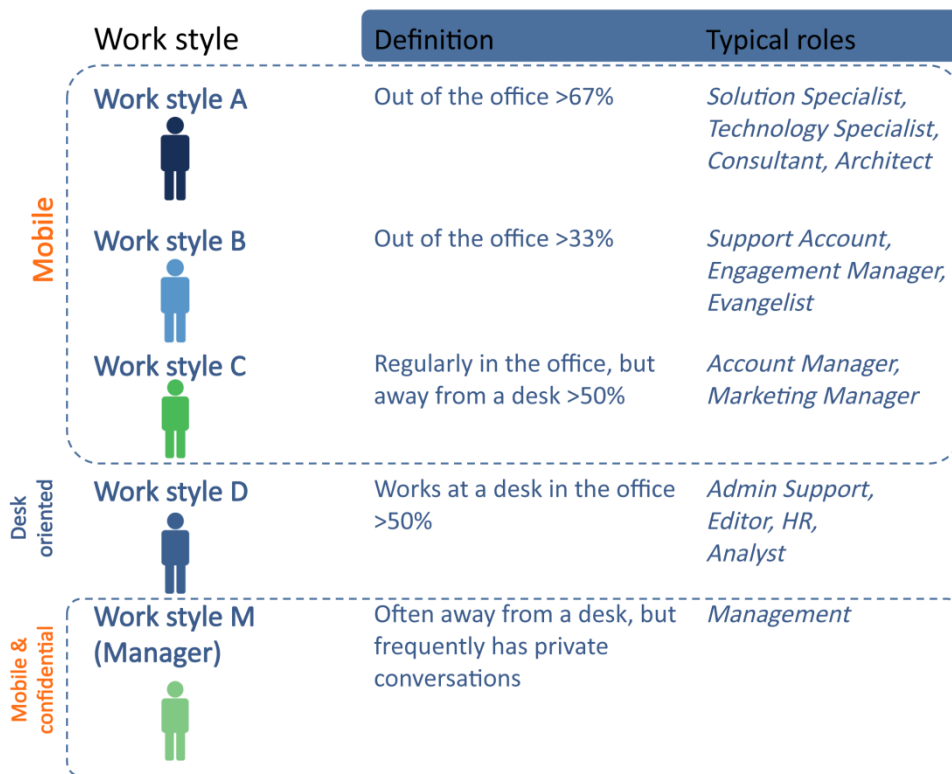
> "WPA changed our lives, changed the way we collaborate and do business."
> Caglayan Arkan - General Manager, Turkey

Microsoft realized that it had to completely rethink the way it created and designed workspaces for such a diverse blend of employees – one fixed desk and telephone for every employee was simply not viable. Maintaining a fixed and variable cost base at a utilization rate of circa 50% did not support the business needs either operationally or financially.

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In 2009 Microsoft conducted another wave of research in order to understand changing work patterns across regions around the world. "We've seen a steady increase in mobility and less time in the office and at desks year over year. Those levels of mobility are different in different regions, so we modify the guidelines by region and business to facilitate that," says Brian Collins, Microsoft's Global Manager of Workplace Strategy. There are now five different profiles based on employee work styles.

Work style	Definition	Typical roles
Mobile		
Work style A	Out of the office >67%	Solution Specialist, Technology Specialist, Consultant, Architect
Work style B	Out of the office >33%	Support Account, Engagement Manager, Evangelist
Work style C	Regularly in the office, but away from a desk >50%	Account Manager, Marketing Manager
Desk oriented		
Work style D	Works at a desk in the office >50%	Admin Support, Editor, HR, Analyst
Mobile & confidential		
Work style M (Manager)	Often away from a desk, but frequently has private conversations	Management

Based on utilizing space in the appropriate way Microsoft has set aggressive goals to decrease individual space [31% to 18%], and increase collaboration space [24% to 35%]. This is allowing Microsoft more variety of collaboration spaces that reflect the changing needs of its workers, such as hub spaces, non-reservable privacy rooms, open collaboration spaces and formal conference rooms.

|	Previous Occupancy	2010 Guideline
Individual Space	31%	17%
Open Collaborative Space	24%	35%
Misc Support Space	13%	13%
Customer Space	27-31%	27-31%

Develop Metrics to Measure Success

Space per person in field-based WPA sites has gone down by 31%, from 16 to 11 square meters, with a positive impact on cost control, energy consumption and carbon emissions. Moreover, the feedback from employees has been remarkable: "In corporate real estate, the holy grail is <u>measurably</u> increased productivity", says Collins. "We survey people through in pre and post occupancy studies to measure the effectiveness of the workplace; We're seeing a ten percentage point improvement in overall employee satisfaction with the space, a three percentage point improvement in productivity and a 23 point increase in formal collaboration. "

> "...the open design, along with the "neighborhood" approach definitely encourages more collaboration."
> Bryan Belmont - General Manager, Premier US

Microsoft also measures the productivity improvements that come from the use of its communication and collaboration software, such as Microsoft Office, Communicator, Sharepoint and Outlook, which are used daily by all 90,000 employees. Studies with internal users reveal a 6% improvement in productivity, or 28 minutes per day. A recent study done with customers using the new Office 2010 productivity platform showed that an average information worker can improve productivity by 3.5%, or two full work weeks a year. Whether productivity comes from employee behaviour, work styles, office environment or technology is a moot point, as Collins says: "It's still hard to isolate cause and effect that comes from the built environment and the technology, because they are used together seamlessly by the employees." Nevertheless, it is through the combination of these factors that Microsoft is able to attract and retain the best, most innovative and productive employees.

That's not to say it is easy to change an office environment to meet employee needs. You have to spend time understanding your people's work styles, the changing demographic of your workforce and then build in enough flexibility to cope with peak demand for office space during times of growth, as well as supporting them through the change. But it's definitely worth doing, and worth doing well.
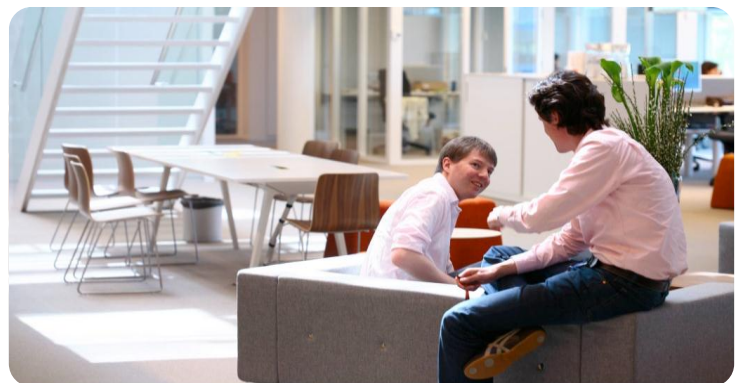
Incorporate the Three Domains: CRE, IT and HR. Microsoft Corporate Real Estate has had a strong partnership with HR since the inception of WPA, with the shared goal of increasing employee satisfaction. When Unified

Communications technologies such Enterprise Voice over IP entered the picture, it required a more strategic partnership with IT on the long range portfolio plan. "This was a game changing technology", say Chris Owens, "so we prioritized with the regional site councils where to roll out solutions like enterprise voice, mapped to the plans for Workplace Advantage. Now we're planning on the same level around the move to the cloud technologies."

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Microsoft was deemed the "Best Large Workplace in Europe" in 2010 by the Great Places to Work Institute -- making this the third year in a row it's received the honor.

"Investing in people and creating a work environment that utilizes the latest technology has enabled staff to transform the way they work and interact with colleagues, delivering a strong work-life balance and a highly motivated and empowered team."
Jean-Philippe Courtois, president, Microsoft International.

The recognition is a strong endorsement of the impact of Workplace Advantage, since Microsoft Europe has been at the forefront of adopting WPA. Currently two-thirds of the completed Workplace Advantage sites are in Europe, Middle East and Africa, with noteworthy sites in Amsterdam, Paris, London, Dubai, Istanbul, Rome, Warsaw and Prague. Each location is tailored to reflect the local culture, economy and work styles of employees and management.

The flagship WPA office, perhaps, is Microsoft's offices in Schiphol, Amsterdam, which received more than 50,000 visitors last year. Here, there is no assigned seating, the employees come and go as they please. The office is defined by fluidity of movement and collaboration between employees and with customers. The success of Schiphol has been attributed to the holistic approach to change management, in which Executive Leadership, Human Resources, IT and Corporate Real Estate partnered to create an optimal work environment for employees. At Schiphol, services such as reception, housekeeping, food service and janitorial services have all had to change to play a larger role. With all the people coming and going, it requires tidying up services in real time, rather than simply after-hours janitorial services. Because of the blending of office space and customer space, Schiphol requires more hospitality services, rather than traditional facilities management.

To learn more about Workplace Advantage and read a white paper on Microsoft's Amsterdam office visit:
www.microsoft.com/businessproductivity