

# Creating Economic Value for the Master Builders Association of Victoria - The Power of Employee Engagement

**resource.**

**Graham Kirkwood, MBA BArch**

Director, Resource Architecture

**August 2007**

## resource.

### Motivation:

In the mid nineteenth century architectural critic John Ruskin proposed that we seek two things from our buildings: “we want them to shelter us, and we want them to ‘speak to us’ – to speak to us of whatever we find important and need to be reminded of.”

However, according to Maslow’s hierarchy of needs theory, shelter is a ‘hygiene factor’ that includes functionality, user comfort, flexibility, basic needs and does not in itself motivate people. How buildings ‘speak to us’ is a ‘motivational factor’ as it is unique, gives meaning and purpose, influences how people think, feel and behave.

The principal ‘value’ design offers organizations is not ‘shelter’ as this is a given, it is to help organisations to discover their unique needs that drive business performance (define what they find important and need to be reminded of), and then tailoring the design outcome to satisfy them (speak to them). This ‘value’ is defined in the design process and made explicit in the design outcome.

Defining ‘value’ is largely driven out of a process of observation, consultation and participation of employees and customers. Nearly always this leads to increased satisfaction and motivation of the people involved. Sometimes the process can lead to further ideas and innovations that provide cost efficiencies and greater customer value, that together drive profitability.

Where organisations are undergoing change, the design of physical work environments is an essential, time driven and non threatening process that provides an opportunity to unlock value for employees and customers. Where there are multiple stakeholders and decision makers, the design process is also an essential part of sustaining stakeholder engagement.

However many workplace design projects fail to address these opportunities and rely instead on generic one size fits all solutions, the opinions of outside experts or other benchmark projects. Most design professionals and many business executives are not equipped to connect core business performance with design outcomes and drive value in this way.

By defining value through the design process as well as making value explicit in the design outcome, Strategic Facility Planning contributes to the specific emotional and brand equity of the organisation, and can identify new innovations in work and customer value to reduce cost and increase productivity and revenue.

## Innovation:

Value is created within an organisation for two reasons:

- 1) To satisfy customer needs
- 2) To create profits for the organisation and stakeholders

Profit margins can be increased if a company either drives down the cost of products and services, or drives up the value (real or perceived) to increase the amount the customer is prepared to pay. The strategic objective is to maximise the difference between value and cost, and to build value which customers perceive to be better than that offered by competitors.

Strategic Facility Planning supports this in two different ways:

Firstly, information from the core business is combined with the design information, and design outcomes are then linked to core business measures of performance.

Focusing on those design features which add value to a product or service can help to identify all the other design features which only add cost or add little value: Anything which adds cost without value can be eliminated. In addition, those design features that do add value are benchmarked regularly to see if they are adding the maximum value compared with other alternatives.

This process was effectively used to allocate scarce capital funding for a Melbourne based research institute. Resource was able to win the support and commitment of the key stakeholders and senior scientists, while mitigating the so called wishlists of key user groups. This was achieved during a structured Workshop which ranked facility requirements against agreed Value Criterion. Facility requirements that were high value and low cost were earmarked as a priority. Each priority was to be implemented incrementally based on availability of funding. This achieved a significant circuit breaker for negotiation and sourcing of funds, much of it being derived from philanthropic donations.

Commonly, as a result of a simple 2 hour 'Strategic Briefing Workshop' organizations apply the briefing outcomes to modify or embellish their strategic thinking and action plan.

Secondly, in situations where the organisation is undergoing radical or profound change, a period of exploration and idea generation can lead to innovations that make work easier, faster and can lead to greater customer value. This process also assists in the people transition and change management process, creating greater levels of engagement.

Resource was recently involved in helping a government agency define a design brief for a new \$200 million research facility where a number of research entities were to col-locate and share resources. The design process changed the conversation from design to business outcomes. At one planning workshop, with 25 senior scientists present, we helped them define

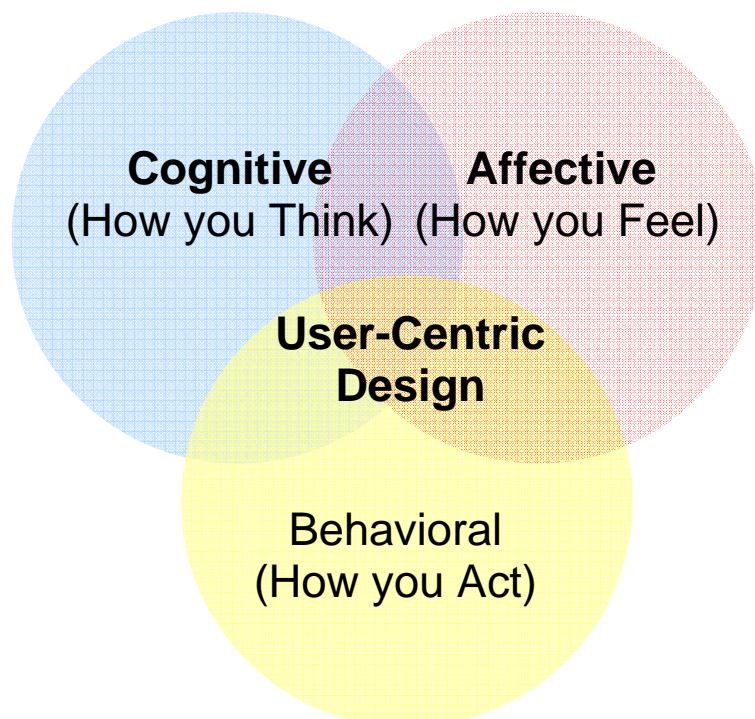
## resource.

a new operating model which dealt with how they would share infrastructure and laboratories as well as staff and expertise. Far from being a by-product of a design process, what emerged was innovation that was core to their business plan.

### Strategic Facility Planning

Strategic Facility Planning involves input at various strategic points from a select group of stakeholders who typically represent Management, Employees and Customers. This input is generated through observation, focussed briefing workshops and discussion groups. The following factors are typically applied to user discussions and offer clues for the design team for value creation:

- **Cognitive: How people think**
  - Organisational vision and culture
  - Customer and employee value
  - Work transformation and change
  - Cost, time and quality
- **Affective: How people feel**
  - Brand recognition and awareness
  - User convenience, comfort and control
  - Reward and recognition
  - Relationships with others
- **Behavioral: How people act and relate**
  - Workflow and adjacencies
  - Workstyle and mobility
  - Information/communication
  - Customer interface



## resource.

The best outcomes are achieved when people who participate are engaged. According to recent research by Gallup in the US, employees who are engaged “work with passion and feel a profound connection to their company”. They also state that “Engaged employees are likely to be a company’s best source of new ideas” and “Engaged employees are much more likely to involve customers in the innovation and improvement process”

Opportunities for value creation are boundless, but there are risks to be managed during consultation:

- If no decision making framework is established from the outset, then it can result in mediocre solutions – design by committee
- If too many people are involved in solving too many problems then process can be time consuming, and costly
- Danger of raising expectations if time, cost or space does not permit

Sometimes it is not appropriate to consult people during the design process:

- If proposed changes are incremental or minor AND decision making is via a central point, the value of consultation is diminished
- If proposed changes are profound then consultation with end user becomes more critical
- If leadership and decision making is distributed then consultation with team leaders is more critical.

### Scope of People Consultation/Participation



## resource.

### Implementation:

The recent award winning refurbishment of the Master Builders Association Headquarters in East Melbourne is one example of Strategic Facility Planning, having successfully increased value by helping the stakeholders discover their unique needs and then tailoring the design to satisfy them.

In 2007, the Master Builders Association of Victoria completed a journey that sought to transform their work, meet growing member demand for services and build greater passion and connection among employees and members. This process was initiated by an Employee Survey that identified the physical work place as a major contributor to worker dissatisfaction and staff turnover. It was also influenced by a survey of members. In addition, the executive had determined that the culture of the organisation required major change, breaking down silos to create more interaction between functional groups and between customers/members.

A Building refurbishment and transformation project was proposed for the existing Master Builders Association building. Being a not for profit member based organisation, all decisions were accountable to an elected board, and capital expenditure had to be justified to members.

Strong leadership, as well as highly engaged employees and members within the Association provided a rich source of innovative ideas waiting to be tapped into. Through a user centric briefing and design process, Resource helped the Association generate the ideas that would unlock member value and make them explicit in the new design. This was done by changing the conversation from workplace design to those factors that influence behavior, motivation, member value and drive business performance. The ideas that resulted were then made explicit in the design, which made the space 'speak' to employees, members and visitors.

***What began as a typical refurbishment project became a catalyst for staff retention, transformation of work and increased value for its members.***

The strategic planning process involved the following consultation initiatives:

- Strategic Briefing workshops with the executive team (representing employees) and the board (representing members) – this linked design to core business performance.
- Focus Groups which dealt with special functional areas, most specifically training and member services – this process helped the user groups to look at new ideas and innovations to increase customer value.

*At the first executive team workshop the following objectives were defined by Master Builders Association.*

#### **MBAV Vision**

- *To build relationships with key stakeholders*
- *To increase interaction between the departments, to create a 'blender effect'*

## resource.

- To manifest a cultural shift through the transformation of physical space and settings.

### **Design Critical Success Factors:**

- Make visitors feel welcome and comfortable
  - Create casual interaction areas to cater for wide demographic particularly near the front of the building
  - Provide easy access to member services
  - Provide a variety of spaces for interaction
  - Integrate good way-finding systems to make a journey simple and easy
  - Focus on the visitor's experience from arrival to departure
- Increase motivation for learning
  - Create environments that inspire learning appropriate to corporate culture
  - Understand learning as a social and experiential activity
- Facilitate understanding of the organisation's vision
  - Create environments to express the company's vision and strategies



At subsequent consultations, problems were identified and ideas generated as possible solutions. Design 'thought starters' were prepared by the design team and presented back to the relevant group to solicit feedback and sometimes further ideas. Some of the activities and spaces to be accommodated had never before been implemented, and would transform the way the Master Builders Association employees work and relate to members.

The design team worked hard to ensure that each of the above Critical Success Factors was further defined and developed and made explicit in the design. This also assisted in the decision making process as all decisions referred back to the Critical Success Factors. As a result, the design maintained a level of integrity through the entire process.

In consultation with member representatives – the Board of Master Builders Association defined the demographic of a typical member, their values and

## resource.

what it was they looked for from the Master Builders Association through role play. They then agreed on a number of principals for the member areas on the ground and first floors. Some examples follow:

Design Objective: "Make visitors feel welcome and comfortable"

Design Principals:

- Provide quiet niches to enable visitors to have private conversations
- Enable casual interactions
- Interior not too plush and of durable finishes – needed to appeal to the man in boots as well as the man in suits
- Create a meeting point for members and their clients
- Be intuitive but with friendly and attentive staff available to help – Currently people get lost and disorientated.
- Enable a quick visit (no waiting) as a typical visit is less than 1 hour (parking meter)
- Be generous with space and time – not driven by efficiency, staff encouraged to be patient and helpful with members.
- Be contemporary, light and bright
- Be progressive and innovative
- Provide opportunities to showcase member achievements, products and sponsorships – sense of pride and ownership
- Be highly flexible, able to be used for public announcements or product launches
- Training Staff to be highly accessible
- Able to access internet terminal to access email between training sessions
- Somewhere to wait for taxi within sight of street in comfort
- Use of Plasma screens for information display,
- Vibrant – Living environment not sterile
- Every room has more than one purpose
- Transparency in training rooms: glazing and screening.
- Ground level to be 'hotel lobby' style providing visitors/members with a variety of services.
- Immediate face-to-face interaction at entrance to ground floor.
- Members' lounge on first floor.
- Breakout area on ground floor to be utilized by staff, members and people attending training.
- Computers, access to internet, plasma screens, wire-fly network to be present in lounge and breakout, to be used by members and people attending training.
- During breaks in training a MBAV staff member present on the ground floor/breakout area to interact with members and people attending training.
- Provide varied sized meeting rooms



## resource.

- Light well could be garden/courtyard with connections to breakout area and members lounge.
- Reception on ground floor to be manned by staff from a variety of departments.
- Promenade to showcase aspects of the MBAV.

A special **Focus Group** was formed to look at what members do when they come to the new MBAV - ideas were generated to then develop a design brief. It is through the focus groups that innovation was most apparent. Sometimes ideas emerge which lead to other ideas and then create new ways of working or relating to others. For example, the members lounge was an idea that began as a 'reference library' then took on other member service functions and meanings as the discussions unfolded. The space was a result of idea generation and collaborative problem solving (the Medici Effect).

Other Innovations and ideas arising from the consultations include:

- Information promenades that communicated the organizational vision and made work process explicit.
- A new members lounge incorporating trainer offices, member mentor desks, and reference library and training rooms.
- A combined reception, and members shop visible and accessible on the ground floor.
- A new ground floor 'shop front' to replace the office front.
- Back office Layout designed as wings of half private/half open space, customised to suit each working group. Fluid and flexible settings to take advantage of how work is changing
- Division of groups along length of building to reduce 'departmental envy'(ownership of windows at exclusion of others)
- 'Buzz spots' away from work areas for interaction, photocopying and printing. Not too comfortable, allowing 'two minute conversations'

Armed with the Critical Success Factors, Design Principals and Functional Brief, the design team then set about designing the spaces and making these factors explicit and intuitive. Presentations back to the consultation group illustrated how each issue would be addressed. Sign-off on design outcomes became very efficient, and required very minimal iterations.



## Results:

Although participation of employees at Master Builders Association was selective, the people who participated were highly engaged. The process unlocked significant value for members and staff and made it explicit in the design at no additional cost or time to the project. Significantly all the work was undertaken in occupation, and we believe that through engagement employees were more forgiving of the disruption during construction.

Bottom line benefits of the process and the outcome remain anecdotal at this time, but initial feedback suggests significant benefits have been achieved. According to the Executive Director Brian Welch **“The new workplace was a tonic. When people returned to the new environment they felt like a burden had been lifted away. People invited their contacts to ‘come and see’”.**

**The process was easy, fun and the outcome is authentic and real. The environment has become an integral part of the company’s core competence.**

**Resource observed and listened and helped us not to deviate from an agreed set of values and principles during the design process.**

*Making work, communication easier and smarter, as well as increasing motivation and commitment of employees, and increased customer value are the ‘holy grail’ of Corporate Real Estate, contributing directly to business performance.*

Occupancy cost is typically \$15,000 per person per annum, Salaries and benefits cost \$80,000 per person per annum, and Revenues can be more than \$300,000 per person per employee. Customer Value created through Strategic Facility Planning and User engagement provides potential for far greater return on Investment than does occupancy cost reduction.

*At the Master Builders Association, through participation of engaged people in problem solving and decision making during the design process the following was achieved:*

- Member value was unlocked by tapping into the ideas that employees and board members could offer
- The design outcome made explicit the ideas, and gave meaning and purpose to the physical environment
- Change management became obsolete as employees were involved in problem solving and decision making.
- The meaning and purpose of the design is intuitive such that the need for explanation and induction becomes unnecessary

*Some of the key benefits achieved at Master Builders Association include:*

- Innovative ideas to improve customer value and improve efficiencies such as the members lounge, mentoring desk, and linkages to other functions

## resource.

- Process sustained Levels of employee engagement: employee passion for and connection with their organisation and their customers
- The integrity of the design and the process meant that decision making was accountable, faster and easier – which saved time and money.
- Space became a natural extension of the organisation, linking staff, customer and leadership: created stronger connection to and value for customers.
- The pride people have of their space has had a direct impact on how people dress, how they interact with members, and how they think of the work they do.
- The process and the outcome did not cost any more or require more time than a traditional project

**Workplace design can be a catalyst to sustain user engagement and transform work.** This is done by changing the conversation from workplace design to creation of shareholder value, measured by:

### Profit and Loss Account

- Additional value to customers
- Reduced Costs
- Increased motivation and productivity

### Balance Sheet

- Emotional equity
- Brand Equity/Customer goodwill
- Ability to leverage future change, customer relations and innovations