White Paper

Measuring the business impact of workplace change.

The North American Change Management Consortium is led by Herman Miller's Performance Environments team. It provides a forum for sharing information and best practices. This summary captures the knowledge shared during the June 20, 2011, session.

National Change Management Consortium

Assumptions

The June session focused on the $64,000 question: How can you measure the impact of workplace change? We begin with three assumptions:

1. The workplace is a strategic tool. It can either support broad business goals or get in the way of achieving them.

2. The workplace affects socio-psychological well-being. It can either support the motivational, cognitive, social, and aesthetic needs of people or it can detract from them. These socio-psychological factors have a direct effect on employee satisfaction and performance.

3. This discussion is focusing on workplace evaluation techniques most effectively used to measure the impact of workplace change, rather than as a tool for needs analysis or programming.

Complexity with benefits

The use of various evaluation methods to measure workplace change can be a complex undertaking for a number of reasons:

- Difficulty linking input to output. Once you collect workplace evaluation data (the output), demonstrating its impact on your business drivers (the input) can feel like an elusive exercise.

- Knowing what matters. Which questions should you ask? Some questions may be interesting, but pointless if you're not willing to make any changes based on the feedback you get—or if they relate to issues that have little bearing on your business drivers.

- Securing senior sponsorship. Workplace change can only succeed if senior executives support it. Senior sponsorship is especially crucial during the evaluation phase, when enthusiasm for the process ("Another survey?") may wane.

- Lukewarm commitment to act on results. Is your organization willing to do anything with the data you collect? If the results aren't pretty, are decision makers prepared to act? Workplace evaluation only makes sense if it's viewed as a tool toward action and improvement, not just a feedback mechanism. Recapturing the drive to make things better can be especially tough with post-change evaluations.

- It feels squishy. Cost per square foot is easy to measure. But what about the satisfaction of knowledge workers? Not so much. Knowledge workers and leaders are often skeptical of efforts to measure their effectiveness and productivity.

On the other hand, the benefits of workplace evaluation are compelling:

- Demonstrates a return on investment. What did workplace change accomplish? No need to speculate. Before and after studies can show the increase in employee satisfaction, engagement, productivity impact, and other hard-to-gauge metrics.

- Puts numbers to the intangibles. A call center might have productivity metrics in place that make it easy to compare performance before and after workplace change. For just about everyone else, though, a formal workplace evaluation program is the only way to calculate the degree of success. Why settle for "things sure seem better" when you can say "we increased satisfaction by 54 percent"?

- Tells organizational story. Workplace change affects everyone. Being able to demonstrate that it made a difference shows people that their participation in the process was worthwhile.

- Drives continuous improvement. If your evaluation efforts indicate the impact of workplace change wasn't quite what you had hoped, you can take steps to fine-tune your environment and/or approach to achieve the desired result.

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- Engages stakeholders. By asking people to participate in workplace evaluation, you're inviting them to be part of the solution. The more involved they are in the process, the more likely they'll feel that workplace change is being done for them, not to them.

Business results should be the focus
Workplace evaluation metrics should link to business results. The only meaningful data is that which shows how well workplace change supports your desired business drivers—greater collaboration, retention, engagement … whatever.

Two examples from a CoreNet Global presentation demonstrate this connection between business goals and workplace metrics.

Figure: 1

U.S. Coast Guard			
Business Goal	**Workplace Strategy to support goal**	**Design Solutions**	**Measures**
Improve communication, collaboration	Increase visibility and access of staff to one another Break down barriers	More open, workspace Central pathway to increase unplanned encounters Co-location of target groups Places for stand-up meetings on the fly More small group meeting spaces	Pre- and post-occupancy communications using social network analysis

Figure: 2

| GSA Denver Regional Office			
Business Goal	**Workplace Strategy to support goal**	**Design Solutions**	**Measures**
Improve satisfaction, engagement	Reduce stress Improve sense of community Increase morale	Establish small town look and feel Create "de-sress" space equipped by employees Improve access to daylight and views Facilitate informal interaction	Employee statisfaction survey Stress analysis (NIH research)

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Tangible metrics

Some workplace metrics are relatively easy to quantify. Which ones make the most sense to track? It depends on which ones tie into your business goals. Here's a laundry list of tangible ways to measure the impact of workplace change.

- *Employee turnover rate (retention)

- *Budget (did workplace change come in on budget?)

- *Cost per square foot

- *Space utilization

- *Duration/timeline (did workplace change come in on time?)

- *Cost per full-time employee

- *Building energy performance

- Mobile worker numbers and technology tools

- Headcount growth projections - impact on workspace

- Performance metrics specific to certain business functions

- Lighting levels

- Air quality
- Thermal measures (e.g., temperature, humidity)

- Noise levels

Before the June 20 session, Herman Miller sent consortium members a survey asking which of the above metrics are being measured today. The first seven (marked with an *) are currently the most widely measured—employee turnover and budget most of all.

Legend:
- Measure today
- Plan to implement
- Not applicable to my organization
- Don't know
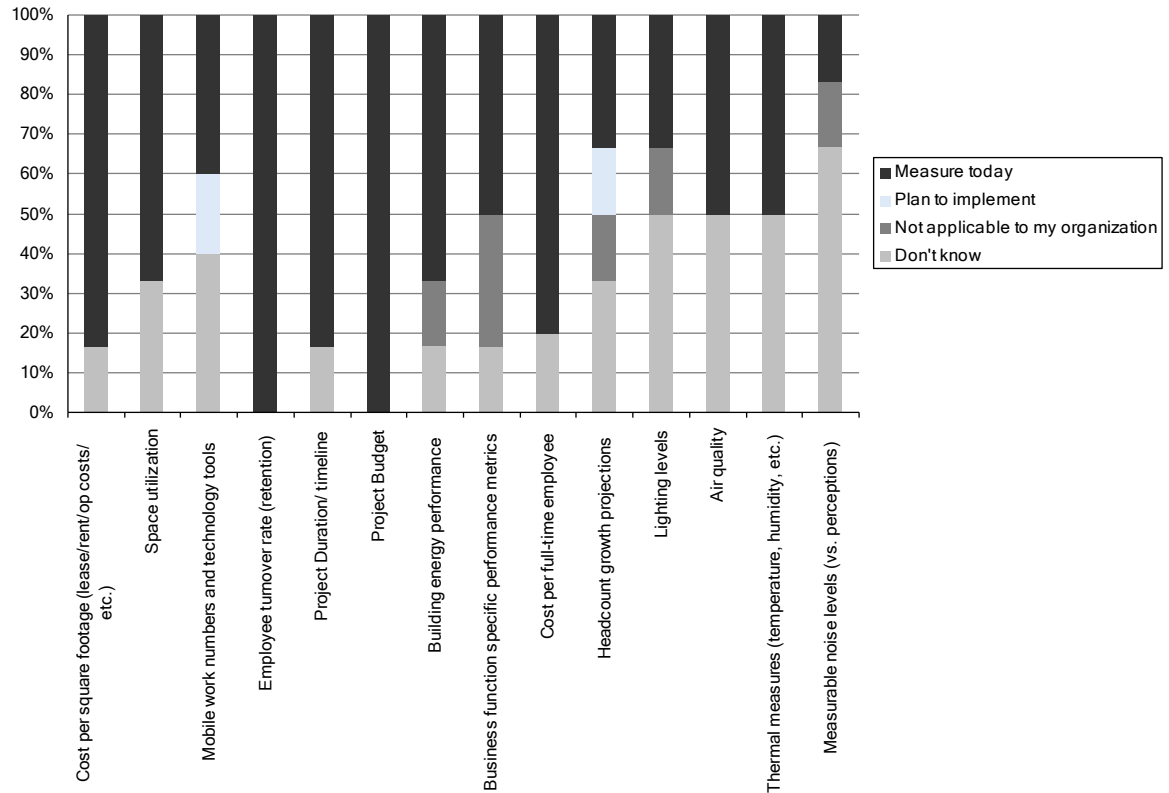
Less tangible metrics

Other workplace metrics are tougher to quantify. These are the "squishy" aspects of workplace change that are harder to link back to business goals.

- *Employee satisfaction

- *Employee engagement/commitment

- Knowledge sharing/problem solving

- Business culture (specific elements)

- Ability to innovate

- Social/organizational network connections

- Functional adequacy of space

- Occupant satisfaction (noise, privacy, support for work process)

- Quality of workplace (construction or interiors)

- Technological adequacy of space

- Level of individual control

- Workplace impact on retention/turnover

Before the June 20 session, Herman Miller sent consortium members a survey asking which of the above metrics they measure currently. Though consortium members indicated they plan to implement many of the metrics on the list, only two are being widely measured today—employee satisfaction and employee engagement/commitment.

Metrics relating to retention and turnover show up on both lists—tangible and less tangible. On the one hand, employee turnover generates measurable costs pertaining to hiring and training. On the other, it can be difficult to quantify the role of the workplace in attracting and retaining employees.

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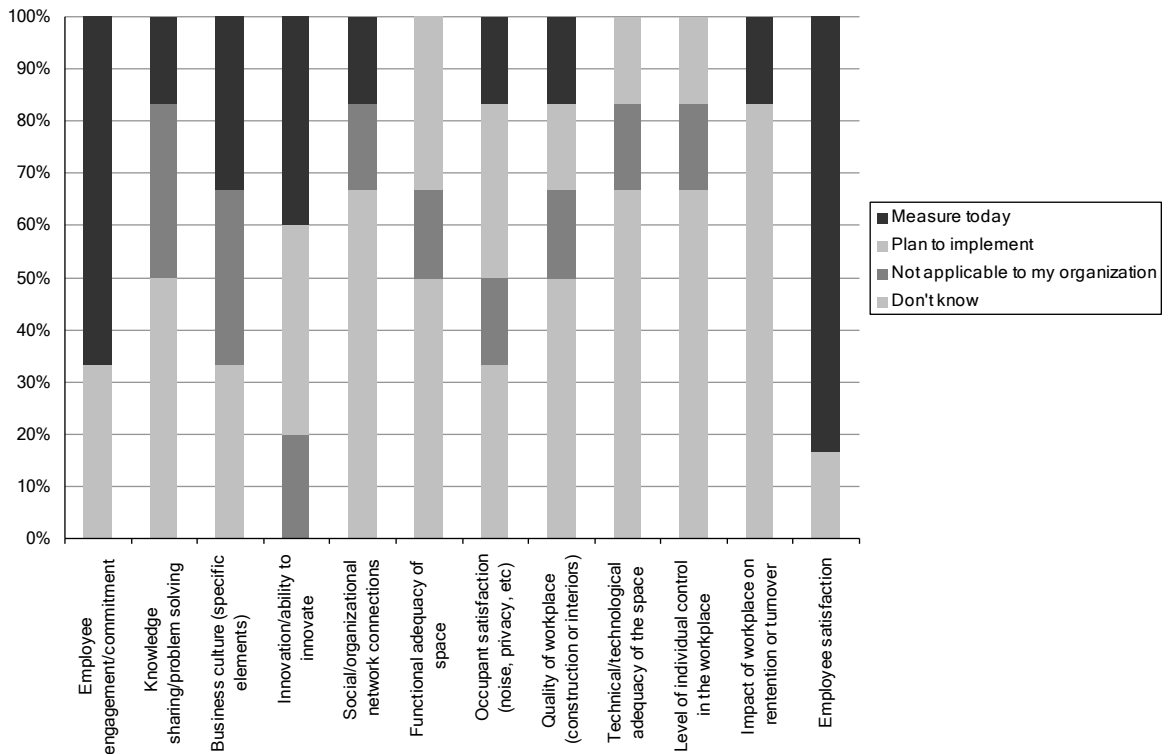
Cultural considerations

Cultural considerations may have a bearing on how and when organizations measure certain attributes of workplace change, especially those deemed less tangible.

This is especially true for organizations with international operations. Say you're interested in whether your people feel workplace change has improved their connections with nearby colleagues.

In fast-paced New York, where people form relationships quickly, you can go ahead and explore that question in a post-change survey within weeks of move-in. In cultures that take longer to form relationships—the Middle East, for instance—you might want to wait a few months before asking.

Look into certain issues too quickly in certain cultures and you may get the impression that workplace change wasn't effective. The reality may be that it just hasn't had enough time to work.

Evaluation methods

Pre- and post-change surveys are the paragon of workplace evaluation, but hardly the only means of collecting data. There's tremendous value in gathering both quantitative and qualitative data by engaging people in various ways all providing a variety of depth of understanding. Here's a list of some of the most common workplace evaluation tools:

- Pre-change and post-change surveys. A tried-and-true method of establishing baseline and comparison data.

- Focus groups. An efficient way to delve into intriguing trends spotted in survey data.

- One-on-one interviews. Ideal for asking probing questions that may not be possible in broader survey vehicles.

- Direct observation. Ask your teen to describe how she drives. Now watch how her drive. You may end up with two different "findings." So it is with the work environment—you may learn more from observing work habits and how space is being used than from asking individuals to self-report.

- Ethnography. Data collection through direct observation including organizational uniquenesses, cultural nuances, and group dynamics.

- Space utilization studies. Herman Miller's proprietary Space Utilization Service collects accurate occupancy data via unobtrusive sensors attached to the underside of chairs during a three-week study period.

- Database extraction. Perhaps your organization has a trove of data collected for other purposes—and perhaps you can tap it for insight into your work environment.

Evaluation process

Thinking of workplace evaluation as a methodical, step-by-step process can help it seem less daunting.

1. Gather information. Determine what you want to know and identify the best evaluation tools.

2. Analyze data. What do the findings tell you?

3. Estimate results. Once you understand the data, form some hypotheses about what changes you might need to make.

4. Jointly develop action plan. Commit to making the necessary changes.

5. Identify short- and long-term goals. Are people dissatisfied with the lighting? You're probably looking at a relatively simple fix. Are folks who used to spend all their time hunkered in a workstation feeling uneasy about using newly available collaborative space? That might take some time to move toward successful outcomes.

6. Monitor results and sustainability. Periodic evaluations can help you determine if your work environment is continuing to work as planned.

7. Remember to tell the story. Keep your people informed about any findings that could affect your business goals, as well as your plans for addressing them. The more engaged your people feel, the more likely they'll contribute to success.

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Peer-to-Peer Interaction

Consortium members spent the last few minutes of the June 20 session engaging in an open-ended discussion. Among the observations:

- Are you having a hard time getting people to engage in the evaluation process? Ask frequently. Better yet, offer an incentive. On the other hand, unexpectedly high response might have as much to do with an autocratic culture ("I obey orders") than an engaged one ("I want to help").

- Don't be afraid of lukewarm or even negative findings. If all metrics score highly all the time, chances are you're not being rigorous enough. Be wary of setting the bar so low that there's nothing to work toward.

- Are you measuring the right things? It stands to reason that your employee engagement scores should be strong if your customer service scores are high. If there's little correlation between metrics that seem related, your evaluation tools might need to be restructured.

- In developing surveys, pose statements rather than questions—and present them positively. Not: "Is your workspace adequate for your needs?" Instead: "My workspace is adequate for my needs." Ask for responses on a 1 (strongly disagree) to 5 (strongly agree) scale. Positively worded statements set a constructive tone, whereas questions tend to invite suspicion—why ask about something if it isn't a problem?

Coming in September

The next session of the North American Change Management Consortium is scheduled for September. As the date approaches, consortium members will be notified about the specific time and topic. Again, we will allow 20 minutes or so after the presentation for members to discuss anything they wish.

Suggestions for future topics are welcome.

Please send your ideas to:
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