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WORKING LIFE

Square Feet. Oh, How Square!

The rise of mobile workers has companies unloading space and rethinking what's left

Chances are that on any given day up to 40% of your colleagues are not in the office. Instead they are working in rumpled T-shirts on their sofas, long-hauling it to Asia for client meetings, or mooching Wi-Fi and power in some café. The professional class is going bedouin, as some in Silicon Valley say.

Left behind are dead zones of empty cubicles and dark offices. The modern employee may be post-geographic, but most corporate offices are of the Analog Age. Two issues emerge: dealing with the space pileup in the short term and completely reimagining the use of all that pricey real estate. As it is, space is allotted by title, not function. Square footage is based on rank, not attendance. It's supposed to be about open source, but everywhere it's walls. We're told to work together, but offices are designed for working alone. We're asked to collaborate, but when on-site there's no place to gather without floor sitting, too-close-for-work bodily contact, or standing room only. Our performance reviews grade us on thinking outside the box. But we work in the box.

Thus the great office space rethink going on at a wide spectrum of companies including Cisco Systems (**CSCO**), Procter & Gamble (**PG**), and Bank of America (**BAC**). Corporations spend more on space than on anything else except people. But large swaths of office infrastructure are turning into wasting assets. And the workplace ghost towns will likely grow. A recent Boston Consulting Group study found that 85% of executives expect a big rise in the number of location-agnostic workers over the next five years. The study also found that most companies aren't applying the same rigorous analysis to their office space as they are to their strategic functions. Those that do reap big rewards. By the middle of next year, Hewlett-Packard Co. (**HPQ**) expects to save $230 million of annual space expenses.

While the no-collar nomads are giving companies a way to cut their pricey commercial real estate costs, they are also enabling them to reconfigure what's left over. By dumping square footage, negotiating flexible leases, reconfiguring shadow space, creating movable, everything-on-wheels offices, and designing "getting away without going away" areas, companies can better leverage their talent and inspire innovation. Cisco Systems Inc. cut rent and workplace service costs by 37% and saw productivity benefits of $2.4 billion in 2005 from just such an overhaul. Estimates Charles Grantham, co-founder of Work Design Collaborative: "We believe companies could get as much as a 30% to 40% cost savings."

Paradoxically, as we disperse more, our need to gather in an ideal environment intensifies. So the rethink also includes a growing appreciation for the "social architecture" of offices. Architecture and interior design firms such as **ARCHIDEAS, INC.** are creating offices for companies by mapping the informal networks in organizations and then structuring space around concepts such as who employees bounce ideas off of and who they like to hang out with.

The idea is to create the neighborly mash-up of a Greenwich Village sidewalk. The new Jump Associates space in San Mateo, Calif., designed by **ARCHIDEAS** is just that, so much so that when anyone enters the office, the receptionist hollers, "Hey everyone, Joe is in the house." Whoever's around shouts back, "Hi, Joe!" Employees are free to decorate their areas as if they were MySpace pages. People working on projects can move walls, desks, and whiteboards as needed. The flexible infrastructure means Jumpers can create an office as private as an old-school CEO's or as public as a newsroom.

BAR STOOLS AND BRASS

Mapping helps managers throw resources at the spaces where people connect rather than where they work alone -- in consultant-speak, the "we" spaces rather than the "me" spaces. So parts of Jump's office actually feel like a café, complete with good coffee and food, sans cash registers. When Procter & Gamble Co. revamped one of its Cincinnati offices recently, the company talked to staffers before the architects arrived. They asked people in different groups where they felt the most open and creative. One posse of product packagers, accustomed to starting new plants in foreign countries, said they felt most at ease talking with other people in a bar. (They spent a lot of time in international hotels.) So P&G built them one -- with caffeine instead of spirits -- complete with lots of bar stools and brass.

The boundaries of what's acceptable are expanding in the outer world as well. There's a whole new scene going on with mobs of corporate beatniks swarming cafés during business hours. "If my people aren't in the design studio, I'm not sweating it," says James Ludwig, director of design for Steelcase Inc. (**SCS**) "All things are becoming output-oriented, rather than location- or time-oriented."

With the global mobile workforce expected to grow by more than 20% in the next four years, some companies are already making radical changes. Deloitte & Touche is rolling out "hoteling" in its offices around the world. The term refers to the practice of having mobile employees dial up an office concierge and reserve space as needed rather than hogging prime real estate when they rarely make an appearance in the office. Deloitte's version comes with do-anything-for-you concierges who roam the halls, trays filled with whatever office supplies you need that are refilled nightly, and plugs specially outfitted for laptops, iPods, and cell-phone chargers. The spaces are designed with an "Exchange" right off the elevator with support services on one side and TVs, computers, and café services on the other.

At its most extreme, the great office shuffle is pushing companies to consider whether they should even own a headquarters. Could they sell the asset, lease back less space, and then use the capital more wisely by investing it in their core competencies? Erik E. Kolar, CEO of Wayne (Pa.) real estate investment firm Patriot Equities, works with companies to divest their real estate holdings. He says the Sarbanes-Oxley Act's increased transparency requirements are driving companies to get rid of idle assets.

Is an infrastructure-free company in our future? Coghead, a Web-based business application developer in Mountain View, Calif., comes pretty close. Save for the laptops and cell phones, the 20-person company has virtually no hard assets. Coghead's Redwood City (Calif.) warehouse office space is on a monthly lease. Servers, e-mail programs, and a wiki are all provided by low-cost, third-party sources on the Web. Chief Technology Officer and founder Greg Olsen says that if a major earthquake or Avian flu outbreak occurred, the company could up and move anywhere within a day. As he puts it, kind of like a clan of neo-bedouins before a sandstorm.

By Michelle Conlin

For more information:
http://images.businessweek.com/ss/06/07/jump/index_01.htm