

CORPORATE
REAL ESTATE

2020

FINAL REPORT May 2012



Herman Miller



WORKPLACE

The Future of Corporate Real Estate
and the Workplace



WORKPLACE FINAL REPORT May 2012

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INTRODUCTION

Corporate Real Estate
2020 has brought
together more than

280

of the industry's most
thought-provoking
and leading minds

Have you ever tried to imagine what work will be like in 2020? It's not easy, but that is exactly what **CoreNet Global's Corporate Real Estate 2020** initiative is all about – envisioning the future of corporate real estate (CRE) and the workplace. Corporate Real Estate 2020 is a research and leadership development program designed and managed by CoreNet Global members to address the business environment of the future and to collect and distribute best practices, tools and studies to meet future business needs effectively. A follow up to **Corporate Real Estate 2000** and **CoRE 2010**, Corporate Real Estate 2020 brings together more than 280 of the industry's most thought-provoking and leading minds, as well as several other professionals from areas outside the CRE realm.

Given today's climate of protracted economic uncertainty, forecasting has never been more challenging. Predictive modeling is often an inexact science, yet considering the outcomes of many of the forecasts CoreNet Global has made in previous renditions, it can prove to be an effective tool for setting expectations. Volatility withstanding, companies, industries, professions and other types of networks need to set a baseline to gauge and anticipate change as best as current indicators and history allow.

This report explores the major trends discovered and studied by the Workplace team to aid corporate real estate executives and professionals in becoming the most effective leaders in an increasingly complex business environment.

RESEARCH METHODOLOGY

Corporate Real Estate 2020 began in August 2011 and continued through May 2012. The program was launched at the **AT&T** headquarters in Dallas, where a group of more than 70 senior thought leaders convened to discuss the business environment in the year 2020 and create an overall vision of the future and what the impact on CRE will be. From this discussion, it was concluded that the research would be carried out by breaking down the profession into eight dimensions unique to CRE.

Following the official launch meeting in Dallas, each of the eight teams was tasked with defining its goals and predictions. Using the overall vision of the world in 2020 and its impact on CRE as context, each team created a set of **Bold Statements**.

The Bold Statements were developed, evaluated and finalized throughout the first months of the project using recent research findings from a variety of resources and topic-specific group discussions. The statements, a prediction of where a typical CoreNet Global member firm would stand in 2020, were based on what the teams “thought” would happen, not what they “wanted” to happen, reflecting varying degrees of forward thinking.

Using the overall vision of the world in 2020 and its impact on CRE as context, each team created a set of Bold Statements.

EIGHT RESEARCH AREAS



Enterprise Leadership



Service Delivery & Outsourcing



Location Strategy & the Role of Place



Sustainability



Partnering with Key Support Functions



Technology Tools



Portfolio Optimization & Asset Management



Workplace

The predictions were also presented at the CoreNet Global Paris, Atlanta and Singapore Summits, where members from across the globe were given a chance to provide feedback on the Bold Statements. These predictions served as the research questions to be validated based on in-depth qualitative interviews with CRE leaders and topical content experts plus a quantitative survey of CoreNet Global’s end-user members across the world.

Throughout the process, leading organizations and industry experts were identified for interviews and further research. Telephone and in-person interviews that followed a structured interview guide (Appendix C) were documented and analyzed for patterns to help the teams understand the current views and future perspectives of these business leaders. In addition, case-study materials were solicited as part of the interview process, and some of those real-world examples have been incorporated into this report. The research teams also used articles, books and reports to ground the theories and compare results.

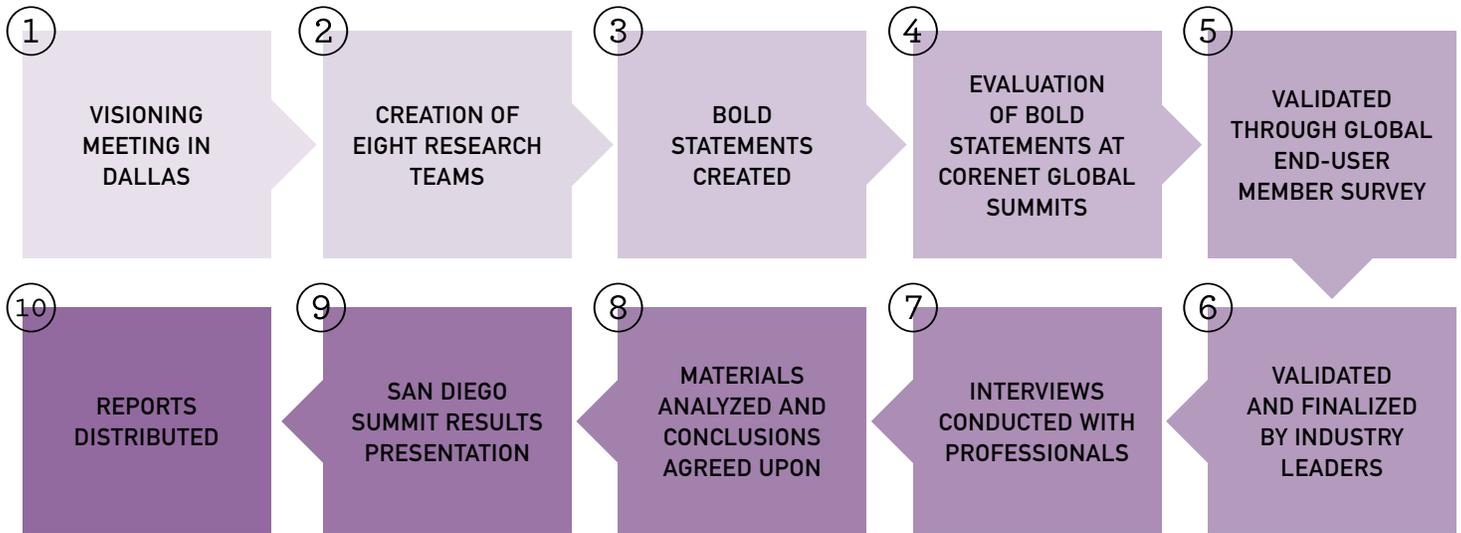
II.

RESEARCH METHODOLOGY

Interview insights, materials and Summit feedback were synthesized on a number of levels. The research team met regularly to review the materials collected to determine emerging viewpoints and implications.

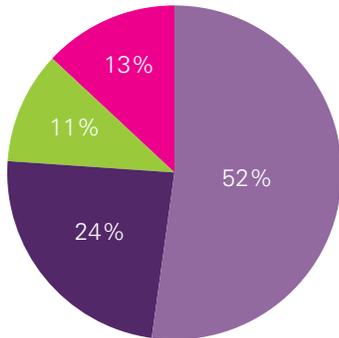
The following diagram illustrates the research timeline/process. Appendices B and E list the Workplace team members and organizations interviewed.

FIGURE 1.1 | KEY STEPS IN RESEARCH PROCESS



EXECUTIVE SUMMARY

INTERVIEWS CONDUCTED



- End User
- Service Provider
- Researcher
- Educator

It seems light years have passed in the evolution of work and workplace since CoreNet Global released “CoRE 2010: The Changing Nature of Work and the Workplace” in 2004. That report quite accurately predicted the waves of change that would ripple throughout workplace as the networked enterprise became the norm. What proved more difficult to predict, in the roller coaster ride that we’ve experienced in the ensuing years, was the speed that organizations in varying markets and economies, and of varying cultural focuses, actually could respond to those changes in meaningful, lasting ways. Each of our organizations finds themselves somewhere along a spectrum, between what we have done in the past (often too little) and what is possible for the future (often seemingly out of reach). Thus is the conundrum we have in predicting the future of the workplace...possibilities are generally gated by our current conditions, the baggage we carry with us (culture, legacy) and the market forces that drive us to change and innovate.

Creating a Vision of the Workplace in 2020

To create a vision of the workplace in 2020, the CoreNet Global Corporate Real Estate 2020 Workplace Research Team interviewed more than 40 end users, service providers and educators engaged in corporate real estate (CRE) and workplace practice or research. Numerous surveys were conducted in CoreNet Global Summit breakout sessions, and early in the process, CoreNet Global conducted a two-day Corporate Real Estate 2020 visioning session with more than 70 senior CRE leaders and service providers.

We asked a broad range of questions to elicit views on how economic, organizational, cultural, geographic and demographic shifts will continue to elevate the importance of workplace in supporting, or in some cases, determining the strategic directions of our organizations. Key themes evolved around the accelerated impact of technology, expected shifts in corporate power centers and how to blend multigenerational work styles and expectations. We obtained feedback on the expanding roles of outsourcing and out-tasking and on the evolution of service providers from assisting with non-core functions into becoming integral strategic resources in the implementation of the new workplace.

EXECUTIVE SUMMARY

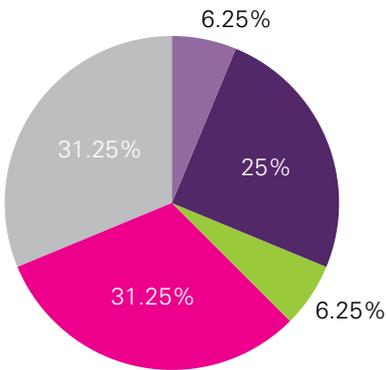


QUESTION:

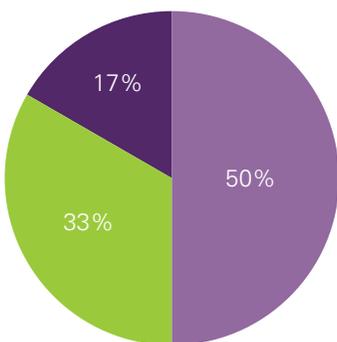
What was the annual revenue for your firm last year?

- Less than \$1 Billion
- Equal to or more than \$1 Billion but less than \$5 Billion
- Equal to or more than \$5 Billion but less than \$10 Billion
- Equal to or more than \$10 Billion but less than \$25 Billion
- Equal to or more than \$25 Billion

END USER RESPONSES:



SERVICE PROVIDER RESPONSES:



Our one-on-one interview subjects ranged from leading-edge global companies carving out bold new paths for workplace innovation to smaller companies with operations in only a few locations. Applied researchers in the fields of organizational psychology, human factors and workplace innovation, along with respected university faculty and graduate students in real estate studies — the future of our profession — were also invited to participate. And additional feedback was obtained from survey respondents enlisted at U.S., Paris and Singapore Summit breakout sessions, which represented a broad range of CRE responsibilities across divergent cultures and geographies. All responded to our inquiries from both a business focus as well as a live/work perspective.

Our research team utilized presentations and papers on future workplace from CoreNet Global’s extensive online Knowledge Center to further inform our thinking about how to evaluate and plan for 2020. We benefitted from researchers’ work on everything from how to define and identify your corporate culture to lessons learned about entering new global markets while respecting and leveraging local culture. (Please see Appendix G for bibliography and further reading.)

Some key drivers identified in the CoRE 2010 report — technology, globalization, new expectations of a younger generation work force — continue to influence work and workplace today. They have hit faster and more deeply than was imagined, as we undergo a workplace transformation as immense as that of the industrial revolution. Of course, some of our organizations are riding that wave of revolution, while others have yet to get involved.

In addition to this dynamic mix of change, we looked at the effects of political uncertainties and a series of economic crises across the globe, the outcomes of which are still uncertain. In this constantly shifting landscape, business decisions must be made that take full advantage of new markets while addressing declining market realities. Flexibility and cost containment are essential, and of utmost importance is maintaining the competitive capability of finding and keeping business-critical talent as well as creating and maintaining a highly creative, collaborative workplace of the future that will serve their needs.

EXECUTIVE SUMMARY



In the midst of this complex arena, CRE is rapidly evolving into a strategic enabler for the “work” of our employees through the continuing evolution of the “workplace” to meet business needs. Though CRE organizations are advancing on this goal at varying rates, over time we may imagine that CRE could become the facilitator for a network of distributed activity nodes, both owned (on site) and borrowed (in the surrounding community), where knowledge workers from multiple sectors convene for intense virtual and physical collaborative work across the globe 24/7. CRE will ensure the corporate campus provides safe haven when needed (with the need varying from traditional, anchored “office workers” to the virtual sales force that flies in once a month). And CRE will provide a menu of services and capabilities, from small group meeting rooms and private spaces to technology for virtual meetings, so that the work — wherever it is — gets done. Finally, CRE will either create on site, or locate within the community the “third place” recreational work spaces — those much-needed alternatives for informal work and social connection, so very critical in the forging of relationships and the building of strong networks of talent.

Major Work & Workplace Shifts

We identify several major shifts already underway that will continue to intensify as we advance toward the workplace of 2020. As IBM said in its white paper about the new workplace, “Organizations that adapt — and adapt now — stand ready to reap the rewards in the form of new opportunities and a newly honed competitive edge.”¹

From Workplace Mobility to Presence. *Workplace will expand beyond a focus on “mobility” to include the concept of “presence,” both physical and virtual. Our focus on the expanding range of places where our employees are “present” and actively accomplishing the various requirements of their work, is critical.*

- For many types of workers, presence in the traditional office will become significantly more abbreviated, while office activities will become more intense and highly specific.

1. Richard Esposito, Carl J. Kraenzel, Christopher G. Pepin and Antony I. Stein, “The New Workplace: Are You Ready? How To Capture Business Value,” IBM Global Technology Services (April 2011).

EXECUTIVE SUMMARY



- Today approximately 26 percent of the total global work force of three billion works away from their office at least two days a week. Studies show that work away from the office will grow beyond 40 percent in the next five years.²
- Corporations of all sizes, degrees of globalization and industry focus spoke to our research team of tensions around mobile work versus traditional office-based work policies. Many talked about how knowledge workers have expanded their working outside the office proper regardless of the degree of support or policies from corporate. We assert that mobility support is rapidly becoming a table stakes condition for knowledge workers.
- We also project that by 2020, presence in the traditional office for many knowledge workers will occur on an as-needed basis for specialized functions, meetings or targeted exchanges determined by the requirements of group work output. This will of course vary somewhat because of specific work function, location and culture.
- The development of the cloud platform has moved us much closer to full virtual office capability. There's still much to be done to establish security and compliance policies and processes for this platform. However, we believe that by 2020, cloud-enabled wireless will be pervasive and relatively seamless across devices and venues, and in established economies it will become a minimum expectation for performance.

As organizations seek to support the virtual and flexible work environment, flexible working strategies have assumed increased prominence. In our interviews, many CRE executives pointed out that CRE, IT and HR are increasingly drawn together in the planning and implementation of flexible working practices that meet strategic needs and corporate cultures.

From Owned to On-Demand Assets. *For many organizations, the need for owned real estate as we know it today will decline, replaced by a model where a combination of assets both within and outside of the portfolio are leveraged to meet specific needs. Corporations will*

2. James P. Ware, Ph.D., "Managing People You Can't See: Connecting and Engaging Distributed Teams," The Future of Work...unlimited (2011) original by The Work Design Collaborative, LLC. (2009).

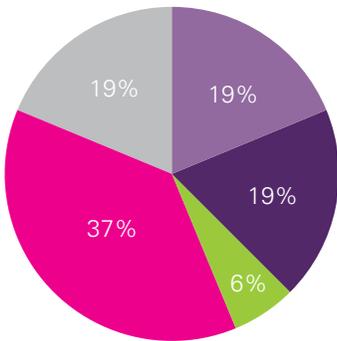
EXECUTIVE SUMMARY

QUESTION:

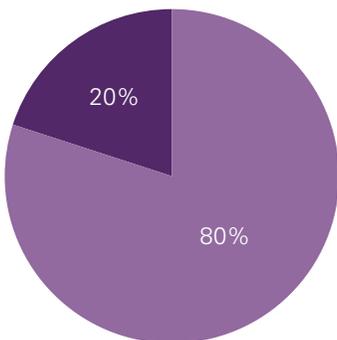
What is the approximate number of employees in your firm?

- Less than 5,000
- Equal to or more than 5,000 but less than 10,000
- Equal to or more than 10,000 but less than 25,000
- Equal to or more than 25,000 but less than 100,000
- Equal to or more than 100,000

END USER RESPONSES:



SERVICE PROVIDER RESPONSES:



increasingly turn to third parties to provide on-demand models of office space and technology to serve the mobile worker and knowledge work as a whole.

- The factors affecting effective portfolio management have become extraordinarily complex in the last 10 years and will not ameliorate over the next decade. In our extensive Corporate Real Estate 2020 interviews with end users and service providers, virtually all anticipated corporate portfolio consolidation through 2020 with high office vacancy rates expected to climb even higher in many established markets. The surveys we conducted indicated strong agreement with this assertion.
- The challenge for CRE directors we spoke with is meeting these goals in the midst of constantly changing information, with a cohesive rather than one-off approach and complete clarity on how portfolio decisions will support the needs of the business.
- While “portfolio management used to center mainly on leasing, location and negotiation strategies,” the drive to reduce space has now greatly expanded the demand for flexible working strategies. “More than 100 corporations and service providers surveyed globally in 2011 related how AWS started as a real estate strategy but quickly became an overall business strategy.”³
- As demand grew for more variety in where we work, the term “third places” was coined to describe a new breed of informal on-demand spaces away from the corporate office. What began as simply new “work-related” uses for coffee shops, libraries and other social hubs in the community, eventually has paved the way for today’s co-working centers — scheduled communal offices with a variety of work spaces.
- In many cases, the spirit of these spaces has also been replicated within our portfolios as some companies have opened satellite offices and touchdown centers to provide additional alternatives for the mobile worker.

3. Richard Kadzis, “2012 CoreNet Global State of the Industry Report: Corporate Real Estate in a Redefined World,” (March 2012).

EXECUTIVE SUMMARY

CRE executives will be “Experience Managers,” offering employees an à la carte workplace experience with a menu of services, locations and support.

- Local office hubs or suites are more formal and typically arranged by the corporation but still provide a great degree of flexibility.

All of these flexible working alternatives are expected to grow exponentially by 2020.

From Facility Management to Work Experience Enabler. *CRE’s role in major corporations will become highly strategic in support of the business’s requirements. Metrics will shift to the support of the business: innovation, knowledge worker, etc. CRE executives will be “Experience Managers,” offering employees an à la carte workplace experience with a menu of services, locations and support.*

- Several converging influences in the business environment have presented an unparalleled opportunity for CRE’s role in major corporations to shift from facility management to more strategic support of the business. If CRE will rise to the challenge, by 2020 the role of CRE will have morphed to work experience enabler. If CRE does not rise to that challenge, there is a danger that its role will become marginalized, and other shared services providers will take its place.
- Tremendous flexibility is required in this highly changeable environment, as companies are expanding their global presence while simultaneously reducing their physical footprint in some locations.
- Working effectively with other key support functions of the enterprise will be more of a strategic function of CRE. The interdependence of support services around planning and implementing flexible working strategies will demand new skills of CRE. Though organizational situations will vary, one vision would position the CRE leader as an “Experience Manager,” offering employees “an à la carte workplace experience with a menu of services, locations and support,” as envisioned by our group of senior leaders.
- CRE also has the opportunity to support and strengthen the corporate brand and company culture, as facilities provide a major way to “make what the organization cares about visible.” CRE has multiple touch points with the consumer experience and needs to be alert as to how it can improve the customer experience.

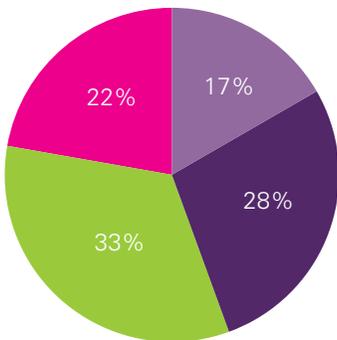
EXECUTIVE SUMMARY

QUESTION:

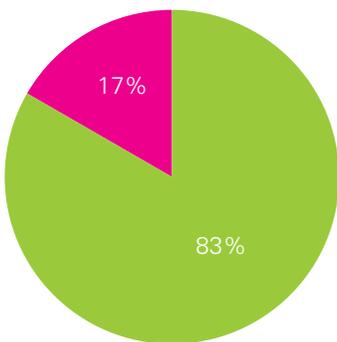
In how many countries do you operate?

- Less than 5 countries
- Equal to or more than 5 but less than 25
- Equal to or more than 25 but less than 100
- Equal to or more than 100

END USER RESPONSES:



SERVICE PROVIDER RESPONSES:



Globalization to Localization & Economic Influences. *The more our businesses expand globally, the more important is the process of localization. The balance between the two will be one of the key issues of the upcoming decade.*

- Participants in the Corporate Real Estate 2020 visioning session saw unresolved global issues, such as political upheaval, financial crises and escalating oil prices as continuing uncertainties alongside a looming scarcity of resources on the horizon. As scarcity leads inevitably to more conflict, in 2020 it will affect economic policies, privacy and security, human rights, wealth and poverty gaps, the prevalence of war and urban congestion.⁴
- While globalization will undoubtedly continue into 2020, the previously mentioned issues make it extremely challenging to plan more than six months out. This further escalates the need for maximum flexibility.
- Cost containment will continue to be realized in mature markets by portfolio consolidation and the repurposing of legacy buildings to meet continually evolving and more agile workplace requirements. The visioning session group called this out as one of the biggest opportunities CRE has for demonstrating its value to the C-Suite.
- As to emerging markets, by 2020 new and rapidly expanding population centers will capture our focus. The access to more limited resources will likely determine which regions and cities grow more by and beyond 2020. In turn, this will impact which cities have tomorrow’s best “hub-to-hub” connections that will characterize the future global economy.
- “Think globally, act locally” has been the purview of urban planners, environmental professionals and sustainability experts for years. Our research team heard many caveats about the importance of planning globalization efforts with a clear understanding of local cultures. The surveyed group understood the need for a globally integrated enterprise to have a single, consistently applied company culture and brand. Yet concurrently

4. Richard Kadzis, “Corporate Real Estate 2020: Key Findings and Summary Report, Launch Meeting,” CoreNet Global (September 2011).

EXECUTIVE SUMMARY

The range of flexible workplace options will continue to grow in scope and sophistication.

surveyed CRE professionals in emerging and maturing markets in Asia, India and China made it clear they see no need to relinquish local culture in support of corporate development. This finely tuned point of view highlights the complexity of entering new markets successfully in other cultures. It's a process corporations are still working to get right.

Conclusions & Recommendations

The trends identified in CoreNet Global's CoRE 2010 have continued and intensified as we move toward 2020. The speed of technology change, entrance of younger generations into the work force who have quite different values about work, the need to cut costs and shrink portfolios and the continued push toward globalization have created a "perfect storm" converging on the workplace and CRE's position in provisioning and managing it.

Uncertainties about the impact of continuing financial challenges on the global economy in addition to the previously mentioned factors make this a uniquely demanding time for business and CRE. As we move toward 2020, it will be critical for CRE leaders and other CRE professionals to expand their toolkit of skills and knowledge, or they will be unable to help their organizations to stay competitive and their departments to keep pace.

An understanding of an organization's culture, work force and other key business issues will be the foundation for any workplace planning. We will see continued and even greater reliance on service providers that are becoming more and more strategic partners instead of outsourcers for non-core functions. Service providers will be end users' right hands in planning, implementing, benchmarking and evaluating.

The range of flexible workplace options will continue to grow in scope and sophistication, and organizations will become more adept at selecting the right mix with the assistance of their service-provider partners. Work space and place association with the corporate brand will become more pronounced and broadly utilized.

The old truism about challenge being opportunity is certainly true for CRE. It's uniquely positioned to become the hero, with its finger on

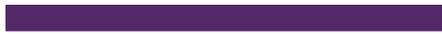
EXECUTIVE SUMMARY



the pulse of the two biggest business expenses and most valuable corporate assets — people and buildings. An understanding that people are the greatest ROI for the business will inform all other decisions.

CRE can also take the lead in finally integrating CRE, IT and HR processes that overlap in service of the strategic goal of place and the workers in the business model. If it does, the place of the CRE leader in top leadership is assured.

BOLD STATEMENTS

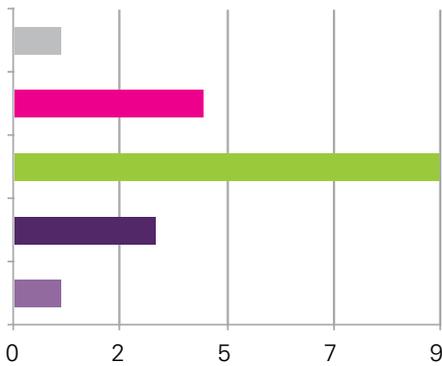


QUESTION:

What is the approximate size of your company's portfolio in square feet?

- Less than 1 million sf
- Equal to 1 million sf but less than 5 million sf
- Equal to 5 million sf but less than 25 million sf
- Equal to 25 million sf but less than 50 million sf
- More than 50 million sf

AVERAGE: 34,230,132 sf



Workplace 2020: Where Are We Now?

What is the state of corporate real estate (CRE) today? What will the impact of the business environment and the world be on the workplace of 2020? The title of CoreNet Global's 2012 State of the Industry report, "Corporate Real Estate in a Redefined World," quite says it all. Our world has indeed been redefined by the convergence of factors discussed in "CoRE 2010: The Changing Nature of Work and the Workplace," released by CoreNet Global in 2004 as part of the CoRE 2010 initiative.

The CoRE 2010 report quite accurately forecast the waves of change that would break through workplace as the networked enterprise became the norm. Undeniably, many of the "Bold Statements" made in the report are trends now solidly underway. But we could not have foreseen the speed and extremity of new technology, the economic, political and natural upheavals that were to occur and their tremendous impact on CRE and indeed the entire world around us.

While our landscape has radically changed in many ways, the "Networked World" concept is still valid and a reality for CRE. To check our progress on the CoRE 2010 vision, CoreNet Global surveyed its members and colleagues about the status of CRE today and how well CoRE 2010 tracked to that status.

- Most CRE executives we surveyed feel that CRE as a whole recognizes the profoundly changing nature of work forecast in CoRE 2010 and is trying to determine the designs and processes that will best support the more mobile, technically savvy work force and how to best integrate these with core business strategies.
- These executives also told us that the technology impact on work has changed much faster than either brick-and-mortar redesign or a major shift from owned to on-demand assets.
- There was broad agreement that our bet about attracting and retaining workers with the right skills and capabilities has indeed become a critical success factor in our organizations. Some suggested we are better at attracting than retaining while career growth continues to be less predictable. Others mentioned the effect of the current economic climate on retention and that

BOLD STATEMENTS



CoreNet Global Headquarters

younger generations in the work force seem more willing to take the risk and wait for turnarounds.

- In CoRE 2010, we forecast workplace design being determined by both how the work process is structured and by unique local, cultural and professional norms. We said these changes would require deep integration between IT, HR and CRE functions. Respondents about the validity of the Core 2010 reports found this particular scenario to be still very much a work in progress — under discussion in some companies, processes in place in others and not yet tackled in those for whom other priorities hold sway.
- CoRE 2010 asserted there would be new social contracts between employees and employers that would lead to new ways to mix and manage the work force, manage effectiveness and reward performance. We see the beginnings of this in some organizations, but our survey respondents indicated we're still far away from making this a reality. While they agreed that now technology enables people to work in an integrated fashion from around the globe to support sustainability and competitive advantage, they pointed out that the habits, mindsets and cultural views that support these changes will take much longer to achieve.

Setting a Vision for Corporate Real Estate 2020

In August 2011, more than 70 senior CRE leaders from highly respected national and international corporations gathered together for a two-day visioning session to analyze the trends and crises in today's volatile business environment and examine the resulting impact on CRE's present and future.

While there's not enough space here to summarize the visioning session in its entirety, our report will examine its projections about workplace. ([See a video of the visioning session here.](#)) The expansive 2020 business environment vision this group developed is an extremely valuable analysis of which all CRE leaders, managers and other professionals should be aware. See this report's Appendix for how to access the full report and the other research, articles and publications referenced here.

BOLD STATEMENTS



Corporate Real Estate 2020 Launch, August 2011

2020 Business Environment — Implications for CRE and Workplace:

CRE senior leaders in the visioning session see our current environment as so volatile that prediction has become extremely challenging. Nonetheless, the group did create a baseline of assumptions for further analysis and identified the following likely impacts on CRE and workplace in 2020:

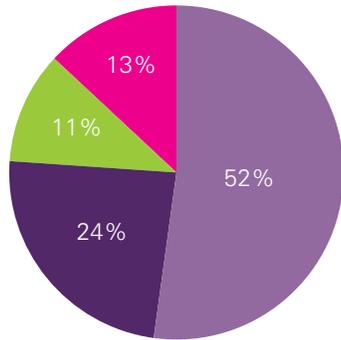
- CRE will be focused more on work and enabling work — our most direct way to serve the needs of the core business.
- Buildings will be less important than accommodating “work” and “workers.”
- Work will go to people rather than people going to work.
- CRE will be a critical ambassador to the corporate brand and will be more customer- and consumer-focused.
- There will be a continuing rebalance of our portfolios between established and emerging markets, leading to increasing vacancy rates in non-Asian real estate markets, perhaps as high as 40 percent.

Bold Statements for Corporate Real Estate 2020: Workplace

At the visioning session, eight project team topics were assigned for analysis and reports. Bold Statements, which were expected to undergo modification over the next several months as more data was collected, were developed for each team. Once the Workplace project team finalized its Bold Statements, we collected feedback on them from November 2011 through March 2012. More than 40 end users, service providers, respected applied researchers, educators and graduate students were interviewed by project team members. An estimated 200 additional respondents were engaged via educational sessions at 2011/2012 CoreNet Global Summits. Our sources ranged from leading-edge corporations forging the new path for workplace innovation to more traditionally focused CRE operations, from smaller companies with operations in one to three countries to those with worldwide operations.

BOLD STATEMENTS

INTERVIEWS CONDUCTED



- End User
- Service Provider
- Researcher
- Educator

We asked a broad range of questions to elicit views on future technology impact, expected shifts in corporate power centers, the blending of multigenerational work styles and expectations and more. We obtained feedback on the expanding roles of outsourcing and out-tasking and on the evolution of service providers from assistance with non-core functions to integral strategic resource partners in implementation of the new workplace. Our team’s Bold Statements and research findings are presented in the following pages. Finally, we also share thoughts from industry leaders about the balance between globalization and localization and how shifts in established and emerging economies may impact the workplace in 2020.

BOLD STATEMENT 1

By 2020, work and workplace will expand beyond a focus on “mobility” to include the concept of “presence,” both physical and virtual. Office presence will become significantly more abbreviated, and office activities will become more intense and highly specific. The major driver of these dynamics will be extreme technology developments that will continue to impact the workplace.

Workplace mobility has exploded in the last several years. A May 2011 Chicago Summit presentation on emerging technologies reported that by 2020, 80 percent of the global population will have access to mobile telephony, and more than 60 percent will have access to smart phones or low-cost tablet computers.⁵ Cisco projects that by 2013 there will be one trillion

wireless devices in use worldwide. The “death of distance” is not far off.⁶

Today approximately 26 percent of the total global work force of three billion works away from their office at least two days a week. Citrix research citing this statistic also projects work away from the office to grow beyond 40 percent in the next five years.⁷

Workplace Survey

Workplace project team members received mixed reactions to our questions about mobility and physical and virtual presence. A survey conducted at the March 2012 Singapore Summit with a group of 40 attendees produced interesting viewpoints as correlated with respondent generation, residence location and company geographic scope. The group was predominantly Gen X members (1965-1982) followed by Baby Boomers (1946-1964) with a few Traditionalists (1925-1945) and Gen Y members (1983-2002). Responses were weighted so the varying number of respondents in the categories would not skew the results. The following are a few key outcomes of that survey.

- **Equality of face-to-face and virtual collaboration:** Summit respondents living in India were in greatest agreement that face-to-face and virtual collaboration are equally effective. The strongest disagreement with this was from those based in China followed closely by Korea/Japan and Australia/New Zealand. Global or regional span of the various companies represented, or whether respondents live in

5. Peter J. Miscovich, Managing Director, Corporate Solutions, Jones Lang LaSalle, and Gordon Feller, Director, Urban Innovations, Public Sector Practice-CISCO Internet Business Solutions Group, “Emerging Technologies’ Impact on Urbanization and the Workplace,” presented at CoreNet Global Summit, Chicago, IL, May 2011).

6. Frances Cairncross, “The Death of Distance,” *The Economist*, Telecommunications Survey Vol. 336, 5 (September 30, 1995).

7. Ware, “Managing People You Can’t See”

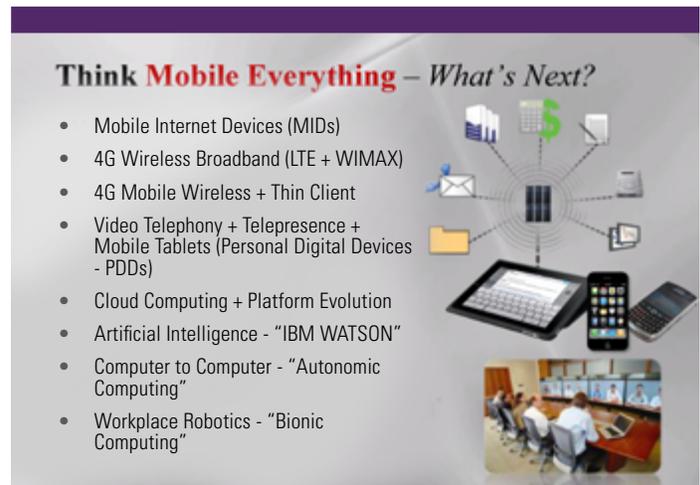
BOLD STATEMENT 1

APAC, had no impact on responses to the issue. It did, however, affect viewpoints on whether most employees work in the office for a lack of other options or permission. Those who work for a global company and live in APAC agreed with that statement. The few respondents in the Traditionalist generation disagreed that face-to-face and virtual collaboration are equally effective, while responding Gen Y members strongly felt it was equally effective followed closely in this viewpoint by Baby Boomers and Gen Y members.

- **Importance of Third Places:** Korea/Japan and India residents responding didn't agree that third places like participating coffee shops and libraries are used by employees as alternative workplaces. Summit attendees from all the other region categories (Australia or New Zealand, Singapore or Southeast Asia, China or Taiwan, Hong Kong, and Europe, Middle East, or Africa) all agreed they were important.
- **Mobility Patterns of Senior Leaders:** All companies represented and all respondents regardless of location agreed that senior leaders are highly mobile because of territory coverage, however, respondents from Singapore and Korea/Japan agreed less strongly.

Permission to Participate

In our one-on-one interviews, corporations across all sizes, degrees of globalization and industry focus spoke to our team of tensions around mobile work versus traditional office-based work policies. Many talked about how knowledge workers have expanded their flexible work arrangements regardless of the degree of support or policies from corporate.



↑ **Peter J. Miscovich**, Managing Director, Corporate Solutions, Jones Lang LaSalle and **Gordon Feller**, Director, Urban Innovations, Public Sector Practice-CISCO Internet Business Solutions Group, "Emerging Technologies' Impact on Urbanization and the Workplace" (presented at CoreNet Global's Global Summit, Chicago, May 2011).

Given the feedback received about the present and future of virtual work, our workplace team asserts that mobility support is rapidly becoming a table stakes condition for knowledge workers. We heard from many end users and service providers that it has become critical for competitive positioning.

Time in the Office

We project that by 2020 presence in the traditional office for many knowledge workers will be significantly abbreviated, occurring on an as-needed basis for specialized functions, meetings or targeted exchanges determined by the requirements of group work output. We see this trend already with many leading-edge companies that feel these workplace advances help attract the best and brightest employees. For companies with a heavy knowledge worker component, there's a realization that the worker is becoming the company's ROI.

BOLD STATEMENT 1

In Support of Workplace – the Cloud

The development of the cloud platform has moved us much closer to full virtual office capability.

The cloud offers organizations a totally shareable space for storing data and working together from anywhere in the world. CoreNet Global reports that in 2020, “the digital universe will be 44 times

bigger than it is now, and 34 percent of it will be based in the cloud.”⁸ A recent Jones Lang LaSalle/ Cisco presentation at a CoreNet Global Summit forecast a variety of new services and business opportunities emerging from the cloud platform and stated that cloud computing will produce \$240 billion in revenue by 2020.⁹

CASE STUDY: Accenture Paris – Moving Forward Project

Accenture’s Moving Forward project was designed to meet business growth and profitability while effectively responding to a host of other goals including generation “x” and “y” interest in collaboration, business vision and interesting jobs, work / life balance and health at work, the need for collaboration to do good work, cost savings, diversity and sustainability and respect for the environment.

Says Christian Nibourel, President of Accenture France, “We are like a flagship store – we are a live example and demonstration of what collaboration means.” As an organization of experts in business implementation, the Accenture Paris office uses its own workplace as a selling tool for solutions to all types of business challenges (e.g. real estate, technology).

Space Characteristics

The previous office model included three generic space types (meeting rooms, enclosed spaces, open spaces) – a “3 sizes fits all” approach. In the new design, 15 space types were created to support multiple scenarios, with the underlying assumption that the population would be internally mobile and would not stay in any one type of space for the entire workday.

The Paris workplace includes hotelled work benches for individual work as well as a variety of shared collaborative

spaces which are detailed below. The office comprises about 650 work settings supporting a total assigned population of more than 3,050 people.

- *Phone booths*, cozy rooms for phone calls and debriefs
- *Lagunas*, borrowed from the African tradition of small open spaces with low ceilings that serve as a place where everyone sits and discusses without pressure
- *Media spots*, designed to support collaboration where staff can gather and easily share knowledge on digital screens (single-click technology)
- *Proposal room*, team space which is the only room that can be reserved for up to 15 days. Includes video conference to ease connection with other Accenture offices

One aspect of the space redesign was to address how to develop a “social footprint” for the Paris office that would create community and a sense of belonging for its staff, especially within the context of mobility, client-focused work and working from home.

Implications for the Future of The Workplace

- Leadership recognizes that the workplace is not about space or

real estate but about strategy and the future of the organization

- Use the workplace to model and showcase client solutions, as a selling tool
- Re-think the workplace as a center of collaboration and reallocate space to do this
- Open up the workplace as a center of collaboration with the wider community of clients, contractors, the community, and the city
- Re-think the workplace in response to technology (smart phones and the internet) and to leverage mobility allowed by technology
 - > Use softphone technology to provide phone services on laptops for homeworkers
 - > Realize that more than half of staff will be using handheld devices rather than laptop computers
- Recombine the virtual and physical experience inside and outside the workplace
- Leadership takes the risk to position the workplace for the future of the organization; recognizing that change will not be easy or happen overnight

“Workplace Innovation Collaborative 2012,” DEG, March 2012.

8. Richard Kadzis, “How Business Is Changing: A Framework for the Year 2020,” *THE LEADER* Special Whitepaper (August 2011).

9. Miscovich and Feller, “Emerging Technologies’ Impact on Urbanization and the Workplace”

BOLD STATEMENT 1

There's still much to be done to establish security and compliance policies and processes for this platform. However, we believe that by 2020 cloud-enabled wireless will be pervasive and relatively seamless across devices and venues, and in established economies it will become a minimum expectation for performance. It is clear to see how this platform will support our mobile needs and will expand the concept of "presence" to include virtually everywhere. Wherever our employees are present (office, train, third place, customer location, etc.), they need to leverage space, technology and connectivity to get work done in the most productive way. More information on cloud computing's future and uses for business planning may be found in CoreNet Global's Knowledge Center.

Adoption of Flexible Working Strategies

Some researchers and educators we spoke with suggested corporations might adopt flexible workplace trends too quickly. They offered caveats about the importance of thorough analysis of an organization's culture and business needs before using benchmarking from other organizations. From **Franklin Becker** of Cornell University on IT's facilitation of virtual work: "Because it's easier doesn't mean it's always better. CRE is guessing about much in workplace innovation and design and needs to do more research, including gaining a better understanding of how working together and apart is different globally." Becker cited a recent study that followed real estate graduates. Results showed these virtual world/tech savvy workers still want office time to feel part of something, to be around highly productive people and to catch learning opportunities as they informally arise. And former BOSTI Associates researcher **Ellen Keable**, now a Workplace Strategist with Jacobs Global Buildings,



pointedly asked whether the projected benefits of new workplace, based on beliefs about the effects of places on human performance, satisfaction and health, are actually supported by evidence.

Taking a more thoughtful approach to flexible workplace strategies was echoed by **Mark Gorman, MCR, SLCR**, Vice President, Corporate Real Estate and Facilities with Ciena, whose recent growth has demanded greater engagement in how business strategy and real estate strategy fit together meaningfully. "We're not a big champion pushing telework just for the sake of telework. We have a telework program in which people are allowed to sign out for a maximum of a couple days a week. This is not because we're slow adopters — that was my learning breakthrough as I began to better understand our culture. We totally get and embrace mobility and are very comfortable with employees traveling extensively and being connected virtually. We just highly value the opportunity for face-to-face contact and collaboration." In a global study on collaboration, Herman Miller researchers found that companies who were the most successful at implementing flexible working strategies thought

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through all aspects of how work gets accomplished. This implies a holistic strategy to account for the influence of place and those flexible workers.

And researcher and educator **Sue Weidemann**, formerly Director of Research at BOSTI Associates and now with SUNY Buffalo's School of Architecture and Planning, pointed out, "It's much easier to do virtual/distance work well if you have previously met someone and have a sense of that person. You need periodic times where you gather and work together." **Brian Green** of Herman Miller's Insight + Exploration team interview end users on four continents and found that face to face is still the preferred method of collaborating. End users feel that face to face increases efficiency, clarity and connection.

As organizations seek to support the virtual and agile work environment, flexible working strategies have assumed increased prominence. This is not only because of the increase in the numbers of knowledge workers but also to current economic challenges, the need for cost containment, shrinking footprint and maximizing use of existing space. After 20 years of flexible working practice (historically known as AWS or Alternative Workplace Strategies), the knowledge base has had the time to mature and provide many impressive case studies. Numerous CRE executives we spoke with mentioned increasing cooperation in their organizations among CRE, IT and HR around the planning and implementation of flexible working practices that meet their business needs and corporate cultures.

A clear message from our interviews and

Woven throughout the interviews, was the implication that service providers have become highly valued partners for the specialized knowledge, skills and tools they can provide in the development of flexible work and workspace.

surveys was that when it comes to virtual work, one size does not fit all. Woven throughout the interviews was the implication that service providers have become highly valued partners for the specialized knowledge, skills and tools they can provide in the development of flexible work and workspace. **Gagandeep Singh**, formerly with Deloitte Consulting, and **Nadia Orawski** suggest that the time is ripe for flexible working strategies to be adopted widely in response to the current challenges and opportunities we face. Singh and Orawski assert that if the skill sets needed to bring this to the attention of the C-Suite are engaged, by 2020, HT, IT and CRE will be adequately integrated for flexible working to have progressed as not only an enterprise-wide solution but a "business-as-usual business process." We agree.¹⁰

10. Gagandeep Singh and Nadia Orawski, "Moving beyond Alternative Workplace Strategy: After 20 Years Can AWS Finally Scale-Up?" *THE LEADER* (January/February 2010).

BOLD STATEMENT 1

CASE STUDY: Banco de Crédito del Perú

The 1980s headquarters of Banco de Crédito del Perú (BCP), one of the oldest and largest banks in Peru, was built before many of today's technologies were available. A need for updating the buildings plus concerns about staff productivity led bank leaders to feel a change in the organizational culture was required. They wanted a new workplace strategy that would make better use of the company's assets, increase team work and collaboration and drive cultural change across the entire organization.

The process BCP used with the assistance of Steelcase and their architecture firm Metropolis Arquitectura is a textbook model of how to engage an entire organization in redefining itself. First Steelcase's Applied Research & Consulting (ARC) team worked with company leadership to decide "how much change the company could handle." It was decided the priorities would be work processes and space.

ARC engaged users at all levels and across the organization to explore BCP's "readiness for change and how to best implement breakthrough changes." The initial visioning work, multiple workshops with management and staff and "co-design exercises" led by ARC resulted in the development of "pattern maps" that detailed the project's design concepts. From there, further attributes were developed to support the company's need to increase communication and collaboration and meet other goals.

Pilot spaces developed early in the project "became workplace prototypes that were tested by users for several months. Their feedback helped refine the work environment even as final workspaces were being designed."

A balanced scorecard was developed before opening the new workplace to measure and report on the impact of the changes on the staff and on business performance. Four dimensions were tracked: "financial measures, business processes, customer and stakeholder perceptions, and learning and sustainability issues." Scorecard results from the pilot workplace effort showed significant improvements across the board, as

shown in the chart below.

BCP is extremely pleased with the results. "We've been trying to change the culture of the company for four years. Now we are a new bank." José Ignacio Maúrtua - Director, Centralized Administration.

"Banking on a new workplace strategy: Banco de Crédito del Perú, Lima, Peru." A Steelcase Threesixty Publication.

CRITICAL SUCCESS FACTORS

ARC helped BCP determine their critical success factors – what the company must do to realize their goals. BCP's vision for its future was based on six factors: a clear corporate strategy; having the best talent; customer focus; operational excellence and innovation; effective communication and information; and organizational collaboration and integration.

Each factor in turn is supported by specific workplace design principles as the chart below indicates. For example, encouraging collaboration and communication supports each of the six success factors, so the workplace fosters many forms of collaboration, including one-on-one meetings, group collaborations, impromptu get-togethers, etc.

		DESIGN PRINCIPLES & ATTRIBUTES					
		Foster Innovation	Promote Integration & Transparency	Support Mentoring & Learning	Encourage Collaboration & Communication	Provide User Control of the Work Environment	Live the Brand & the Culture
CRITICAL SUCCESS FACTORS	A Clear Strategy	■	■	■	■	□	■
	The Best Talent	■	□	■	■	■	■
	Customer Focus	■	■	□	■	□	■
	Operational Excellence & Innovation	■	■	■	■	■	■
	Communication Information	■	■	■	■	□	■
	Collaboration & Integration	■	■	■	■	■	■

■ Indicates strongly supports design principle and success factors

BOLD STATEMENT 2

The need for owned real estate as we know it today will continue to decline and by 2020 will be extensively supported by a model in which assets outside the portfolio are leveraged as readily as owned assets are to meet specific needs. Corporations will turn to third parties to provide on-demand models of office space and technology to serve the mobile worker and knowledge work as a whole.

The factors affecting portfolio management have become extraordinarily complex in the last 10 years and will not ameliorate over the next decade. Economic crises, technology advances, globalization and the rise of the knowledge worker all have influenced corporations' need for office space and resulted in greater portfolio consolidation. In our extensive Corporate Real Estate 2020 interviews

with end users and service providers, virtually all anticipated corporate portfolio consolidation through 2020 with high office vacancy rates expected to climb even higher in many markets. The surveys we conducted at CoreNet Global Summits indicated strong agreement with this assertion.

As globalization continues while continuous cost containment is being sought, for the CRE group in 2020, "the push to align workplace strategies with leasing and other portfolio strategies will also continue."¹¹ The challenge for CRE directors with whom we spoke is meeting these goals in the midst of constantly changing information, with a cohesive rather than one-off approach and complete clarity on how portfolio decisions will support the needs of the business.

At CoreNet Global's May 2011 London Discovery Forum, senior CRE leaders from 26 international organizations based in the U.K., the U.S. and Spain, spoke of the importance of aligning with the business in the portfolio planning process and getting up-front agreement on priorities and strategies. Knowing how to get that agreement and define where you start are important, as is an understanding of both the corporation's baseline and the baseline across your industry.¹²

As we know, speed of response to business need can be difficult. Said one London Discovery Forum attendee, a senior executive from a major financial firm, "The time lag between business demand and delivery of the solution is huge. This speaks to the need for agility. The line of business often wants to see the financial impact or benefit now, but CRE often can't do it that quickly. Much broader skill sets

11. Kadzis, "How Business Is Changing"

12. CoreNet Global, "London Discovery Forum 25 May 2011 — Final Summary Findings Report," (May 2011).

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are now required to do portfolio planning — you can push your portfolio to high efficiency but actually harm the business.”

Flexible Working & Portfolio Optimization

As discussed in the Mobility to Presence section of this report, research by CoreNet Global and its strategic partners plus a variety of member surveys reveal that while “portfolio management used to center mainly on leasing, location and negotiation strategies,”¹³ the drive to reduce space has now expanded greatly for flexible working.

- The CoreNet Global *2012 State of the Industry* report provides statistics on the adoption of flexible working strategies. “Most of the more than 100 corporations and service providers that we surveyed globally in 2011...related how flexible working started as a real estate strategy but quickly became an overall business strategy.”
- It follows that “per person measures are now suddenly indicative of the enterprise’s performance: space per person, heads per seat and percentage of time a person utilizes space.”
- This information is part of a CoreNet Global/Steelcase 2011 study that surveyed 100 respondents from a range of industries, most in North America and Europe. Results show further that 18 percent of respondents implemented a flexible working program in 2005 when the dot-com bubble burst, 17

With cost containment, knowledge-worker and younger-worker needs, as well as diminishing need for office space all hitting the workplace simultaneously, flexible working strategies will remain in the forefront as a powerful solution to these issues.

percent of this year’s respondents implemented flexible working strategies during the 2009 economic crisis, and 16 percent of respondents intend to implement them in 2011, the year of the survey.¹⁴

- As indicated earlier in this report, by 2020 the flexible working trend will become even more widespread. With cost containment, knowledge-worker and younger-worker needs, as well as diminishing need for office space all hitting the workplace simultaneously, flexible working strategies will remain in the forefront as a powerful solution to these issues.
- As these practices continue to increase, more third-party providers will become engaged in providing these and other on-demand models of office space and technology, both in corporate offices and away from them.

Third Places

The so-called “third place” (work and home being the first and second places) as a flexible workplace

13. Kadzis, “2012 CoreNet Global State of the Industry Report”

14. Chris Congdon, “Positive Transformation: How Emerging Strategies Are Affecting the Workplace,” *THE LEADER* (January/February 2012).

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option was made possible by the expansion of Wi-Fi into coffee shops, libraries and community centers. The image of coffee-sipping laptop and iPad users in Starbucks has become ubiquitous and an icon for the third-place concept.

In 2020, third places will be an even more expanded part of employees' flexible workplace options.

- The worldwide mobile worker population will increase from just more than one billion in 2010 to more than 1.3 billion by 2015, as forecast by the IDC.¹⁵
- *Steelcase 360 Magazine* Editor **Chris Congdon** reports about the CoreNet Global/Steelcase study that "60 percent say they're using space saved by [flexible working] to accommodate more team spaces, and 41 percent are reconfiguring to accommodate a wider variety of work and social settings, such as cafés and meeting spaces. So while nearly half (49 percent) of this year's respondents retain a 1:1 ratio of people to chairs, they're presumably providing more of those seats in places other than individual work stations. In other words, flexible working solutions are being created in house."¹⁶
- There's currently mixed acceptance of the trend by corporations, with some encouraging it and others still in the mode of office face time equals work time. However, as Millennials become more than 50 percent of the work force, the push for this work mode will only increase.¹⁷



Other new third-place models have emerged, an example being co-working centers that offer opportunities to meet and work shoulder to shoulder with others seeking a strong community atmosphere. One such center is the Lower Manhattan Coworking Club, self-described as a space "for freelancers, entrepreneurs, startups and small businesses." More informal and social than local business hubs, such co-working clubs may offer a variety of programs and social events and are quite affordable.

Another flexible workplace option that has a bit more structure and can provide some of the office-based positives workers seek is the local business hub, exemplified by companies like Regus. Said CEO **Mark Dixon** in a recent *LEADER* article, "We help companies lower their property costs by 60 to 80 percent and increase flexibility through flexible working. We've seen a lot more customers using us for the first time because they've had to reduce costs."

15. Stacy K. Crook, Justin Jaffe, Raymond Boggs and Stephen D. Drake, IDC, "Worldwide Mobile Worker Population 2011–2015 Forecast," (December 2011).

16. Congdon, "Positive Transformation"

17. Rob Larsen and Shawn Rush, "A Generation Ahead: Strategic Real Estate Planning Guide for Tomorrow's Work Force," *THE LEADER* (March/April 2012).

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Recognizing that the third-place mentality is here to stay, some corporations have sought to respond by incorporating this trend into their office space. In one of our Corporate Real Estate 2020 interviews Teknion's **Kay Sargent**, Vice President, Architecture, Design and Workplace Strategies, used the term "Engagement Center" to describe the new thinking about workplace. It aptly describes the rich mix of components that will include not only space design but sociability design. Jones Lang LaSalle describes efforts to incorporate third places into corporate settings as "public areas with club-like characteristics and a relaxed, comfortable atmosphere [that] offer networking opportunities and a less formal place for idea exchange that can benefit the business."¹⁸ The 2011 Steelcase/CoreNet Global research on emerging work strategies supports this statement, showing 41 percent of the study respondents reconfiguring to add alternative settings like cafés and meeting spaces and 57 percent reusing the space saved to accommodate more team spaces.¹⁹

Leading global service providers are walking the talk about third-space options and collaborative space. Steelcase's new in-house flexible working solution is an example of the types of spaces that support collaboration and teamwork that we will see extant in 2020. Lead designer **Julie Barnhart-Hofman**, a Design Principal with Steelcase WorkSpace Futures research group, stated that "collaboration is an iterative, rolling, often very informal process. The variety and type of spaces available to work — workstations, hallways, cafés, team spaces, lounge areas, etc., — can have an impact on how well you collaborate."²⁰

CASE STUDY: Yell and Regus

In the late 1990s, Yell, an international provider of business leads and marketing solutions to the Yellow Pages in the U.K., Yellow Book in the U.S. and Paginas Amarillas in Spain, saw a need for moving from temporary to fixed locations and acquired leases on some 30 offices of about 500 square meters (5,382 square feet) each. The typical office included individually assigned rooms and manager offices, some touch-down space and large meeting rooms. Increasing property and business costs led Yell to reduce the number of its sales offices from 35 to 20 in 2007, but with office space rates expected to continue to rise over time, a decline in office use over the past three years, they sought a solution. After researching the major trends transforming the workplace and best-in-class flexible workplaces, Yell decided to try a pilot project using local business hubs. Its collaboration with Regus reduced Yell's property overhead by more than 75 percent or \$3.5 million per year and is expected to increase. In addition, Yell was able to implement a highly cohesive flexible property strategy, increase work day efficiency and productivity, shorten employee commutes, decrease time lost between appointments and provide 150 locations closer to Yell's clients and employee homes.

Source: Michael Leone, Regus, and Simon Taylor, Yell Group, "Achieving Optimized Agility @ Work — a Yell Case Study," presented at CoreNet Global Summit, Hong Kong, March 2011.

Other On-Demand Services

Numerous stressors are influencing employees' and corporations' struggle to find optimal flexible workplace solutions. What's been most discussed is the knowledge worker's need for work-anywhere options and the desire of most corporations to reduce their portfolio. Ziona Strelitz of ZZA Responsive User Environments discussed the employee side of these stressors at the November 2011 CoreNet Global Summit in Atlanta²¹ and in a whitepaper entitled, "Why place still matters in the digital age."²²

18. Jones Lang LaSalle, "Perspectives on Workplace," (November 2008).

19. CoreNet Global/ Steelcase, "How Emerging Work Strategies are Changing the Workplace: Portfolio Optimization," CoreNet Global (July 2011).

20. Congdon, "Positive Transformation"

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Employees' struggle to juggle work and home, the competitive pulls on their time and their available energy, and various life cycle stage stressors like aging parents or very young children all affect how employees are able to operate productively and as Strelitz put it, "cope sustainably." Another not insignificant factor is the commute to work, which has become a serious time issue in many cities.

While some larger and leading-edge corporations have of course had workplace amenities for decades, there's new movement in the workplace toward being more responsive to workers' personal needs. This is being driven by two major factors. One, there's an increasingly widespread perspective that a corporation's people are its ROI. As one London Discovery forum participant put it, "People are so much more expensive than buildings!" Second, newer generations of knowledge workers expect and demand some consideration for their personal lives. If they don't get it, they go elsewhere. Such amenities and benefits are now considered by many organizations to be competitive advantages for the best workers who will help take or keep their organizations at the top.

Helping employees with lifestyle enhancements like doctors, pharmacies, dry cleaners, gyms, day care, telework, satellite offices and other amenities is an important piece of the so-called "social contract" defined in our CoRE 2010 focus on workplace. This model is now viewed as an embodiment of "empathy," or employers seeing and meeting some of the personal needs

New 3rd Party Providers



Other third parties to which CRE outsources may include advisors and installers of presence tracking systems, cloud security systems and independent hub centers. From CoreNet Global's 2012 State of the Industry Report:

Industry experts also identified several game changing workplace and technology forces that will pronounce themselves by 2020 and that go beyond being revolutionary.

One of them is biometric-based security. "Technology security will become biometric," Keith Perske, Principal, eBusiness Strategies, relates. "Security poses real issues in the distributed work environments which many companies have adopted to increase productivity, collaboration and innovation."

The idea that personal, biological identifiers will allow access to key information transcends science fiction and represents another breakthrough for changing the way we work: the more extensive use of artificial intelligence.

Other advances in areas like nanotechnology will help with the introduction of emotional intelligence sensors to help raise communication effectiveness. "Sensing will increase, and buildings will become better equipped to recognize and differentiate people's preferred styles or routines," Perske explains. "On the individual level, ubiquitous technology on our skin, in our clothing and as eyewear represents the new user interface."

These and other outcomes, such as the use of predictive technologies to more effectively forecast future demand for office space, are also linked to intelligent infrastructure and smart buildings. They will tend to be smaller in scale yet provide a competitive advantage in terms of virtual teams and collaboration with multiple stakeholders.

21. Ziona Strelitz, ZZA Responsive User Environments, "Local Business Hubs: A Strategic Answer to Sustainable Working," presented at CoreNet Global Summit, Hong Kong, March 2011.

22. Ziona Strelitz, ZZA Responsive User Environments, "Why place still matters in the digital age: Third place working in easy reach of home," Regus (October 2011).

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of workers. As the Corporate Real Estate 2020 visioning meeting report put it, “Corporate empathy is fast becoming a key word in the 2020 business lexicon.”²³

This brings us back to the discussion of on-demand services being provided by third parties, as the Corporate Real Estate 2020 visioning group also predicted for 2020 that many big companies providing a host of workplace amenities will move these services to third-party providers who can do them more efficiently on an on demand basis.

Offices Aren’t Going Away

There are downsides to all out-of-office arrangements. You won’t meet your department’s newest bright light, discover a potential company mentor, meet with your team or feel as much like part of your organization. These experiences are why, as found in the series of Steelcase/CoreNet Global surveys on workplace, workers still value office time. More than 70 percent of respondents said the office is the best place to interact with colleagues, and 40 percent said the office provides access to needed tools and technology.²⁴

Very few employees, the survey found, are actually taking advantage of flexible working strategies. For respondents with these strategies, almost 50 percent reported 10 percent or less of their employees regularly work away from the office. Less than five percent have at least half of their employees engaged in flexible working arrangements. Another reason suggested for this surprising result is supervisor reluctance to make

flexible working available even though it has been adopted by an organization. Confirming the issues that make flexible working transition more difficult, the CoreNet Global/Steelcase survey shows a sharp increase in the number of respondents who say a transitional/culture change initiative is “very important” when planning a work space change — 48 percent compared to 39 percent in previous results. Most rely on an outside architecture or design firm for transitional culture change plans.²⁵

23. Kadzis, “Corporate Real Estate 2020: Key Findings and Summary Report, Launch Meeting”

24. CoreNet Global/ Steelcase, “How Emerging Work Strategies are Changing the Workplace: Portfolio Optimization,” CoreNet Global (July 2011).

25. CoreNet Global/ Steelcase, “Reducing the Portfolio & Maximizing the Use of Existing Space,” CoreNet Global (June 2009) and CoreNet Global/Steelcase, “How Emerging Work Strategies are Changing the Workplace”

CRE's role in major corporations will become highly strategic in support of the business's requirements.

Several converging influences in the external business environment have presented an unparalleled opportunity for CRE's role in major corporations to shift from real estate and facility management to more strategic support of the business. If CRE will rise to the challenge, by 2020 its role will have morphed into what our Corporate Real Estate 2020 Workplace Research Team calls "Work Experience Enabler." If CRE does not rise to that challenge, its impact on the organization will be marginalized, and other shared services providers will take its place to enable work and meet strategic business needs.

The influences that have created this greater potential for CRE are familiar to us. Technology is at the top of the list, with its impact across the nature of work and the work space, the enablement of a diverse work force working in partnership on a global basis and the effect of social networking on customer influence and positioning.

- Tremendous flexibility is required in this highly changeable environment in which, says Gensler Consulting's South Central Region's Leader **Sven Govaars, MCR, SLCR**, "companies are expanding their global presence while simultaneously reducing their physical footprint."²⁶

- The group at CoreNet Global's Corporate Real Estate 2020 visioning session declared the time is ripe for CRE leaders to add new and highly visible value to corporate business models because of the combination of high office vacancy rates in North America and elsewhere, the need for retrofitting office space to meet new worker needs and the push for continued portfolio reduction.
- To effectively ensure constantly changing worker needs are met in flexible work spaces, the CRE leader will become an "Experience Manager," offering employees "an à la carte workplace experience with a menu of services, locations and support," as envisioned by our group of senior leaders. Knowledge workers will come in for a day, three hours or three days. They may require technology for meetings, need a place to unwind and refresh their creativity or seek a private space for calls.
- CRE is positioned to ensure employees have an effective work experience, all arranged in advance. And they will track the metrics that help evaluate the efficient use of the space through passive monitoring. By 2020, sensor technology will be prevalent in our environments to maximize efficiency and reduce energy consumption.
- Working effectively with other key support functions of the enterprise will increasingly be more of a strategic function of CRE. The interdependence of support services around planning flexible working strategies will demand new skills of CRE.

26. Sven Govaars, "Five Forces Shaping the Next Era: A Dashboard for Understanding and Affecting Change," *THE LEADER* (July/August 2011).

BOLD STATEMENT 3

- Shared services will evolve to the level of internal strategic partnerships in which leaders will be required to, as our group put it, “gain a cross-functional understanding of the business with a customer service orientation to support the business.”²⁷
- Some leaders project that by 2020, CRE, HR and IT will become a single entity serving the needs of the organization. Others have already begun working with greater collaboration.

Impact on Brand

At the Corporate Real Estate 2020 visioning session, CRE executives also pointed out that CRE has the opportunity to enable the consumer by supporting and strengthening the corporate brand and company culture.

- Apple, Google, Cisco, Accenture, Pfizer and Nokia have been among the industry leaders that have integrated company branding with their workplace and their people. CRE can be front and center of such efforts.
- “Mergers and acquisitions, supply chain logistics, market entry and speed to market are also among the many CRE touch points that also enable companies to reach consumers.”²⁸
- And as flexible working strategies translate to higher productivity, by now many applied research efforts have shown to be the case, increases in worker satisfaction filtering down into customer service can enhance the company’s reputation and customer satisfaction. CRE’s support and facilitation of this work gains it the attention of the C-Suite.

Key Partners

Key partners in the development of efforts to provide on-demand models of office space and technology will be a broad range of third party suppliers and strategists. As part of the Corporate Real Estate 2020 research process, our in-depth interviews with eight leading service providers made it clear that their client relationships have evolved into centrally placed consulting roles. With their various specializations they can provide highly focused processes and tools to help manage the complex and sometimes contradictory goals CRE departments must undertake as they move to a more on demand environment.

By 2020 their integral roles will only continue to expand as CRE’s place in the corporation rises. Service providers in our industry, from architectural and design firms to furniture designers to technology specialists and manufacturers to comprehensive real estate service providers, will continue to provide value as strategic partners, helping CRE to assess the need, plan the space, deal with change management issues and assess the results. Newer providers have come onto the scene to help with more complex technology and security needs and third place options. By 2020 these partners will become even more integrated into portfolio optimization and workspace planning.

- Finally, CRE must become well versed in change management and able to facilitate change throughout the organization. Constant change and adaptation will become business as usual, and only those who understand how to manage it well will succeed.

All these roles will demonstrate CRE’s value in serving the needs of the core business. Two CRE leaders at opposite ends of the Americas echoed the way CRE is moving to strategic support of the business. A senior real estate executive for a pharmaceutical company in New York says, “The CRE of the future needs to be less about workplace and much more about business process; more about helping people innovate, be more agile...

27., 28. Kadzis, “Corporate Real Estate 2020: Key Findings and Summary Report, Launch Meeting”

BOLD STATEMENT 3

in the end it should be about adding value to the business. It should be about providing environments that help people perform.” **Milton Jungman**, Accenture’s Workplace Solutions Director for Latin America, summarizes his company’s aspirations: “We are not looking for the workplace of tomorrow — we believe we’ve created that. We want to know what it might look like two, five, 10 years from now. We want our workplace to be a playground for innovation. We need to create the spaces that bring people together so that they can ‘talk’ to each other. The new CRE model needs to recognize that globalization is a given, and that technology and information must be a seamless part of the solution. You either get ready for that, or you’ll be out of the game.”

“The new CRE model needs to recognize that globalization is a given, and that technology and information must be a seamless part of the solution. You either get ready for that, or you’ll be out of the game.”

— Milton Jungman

CASE STUDY: Birmingham City Council, UK



Property as Catalyst for Strategic Change

Birmingham City Council (BCC) is the largest Local Authority in Europe, with a total annual budget in excess of £3bn, directly employing 50,000 people, of whom 9,000 are office-based. The Council's Central Administration Buildings (CAB) program is transforming the core office accommodation, addressing issues of location, quality, cost and operational inefficiency. A reduction from 55 buildings to eight new or refurbished, fit-for-purpose and sustainable workplaces is enabling the Council to vacate expensive leased properties and dispose of surplus space, significantly reducing property operating costs.

Strategies

- Delivering over £100 million in net efficiency savings over the next 25 years
- Transforming and rationalizing over 100,000 sqm of administrative office portfolio
- Reducing total floor space by 50,000 sqm through the introduction of desk sharing at ratio of 7 workstations for 10 staff, and layout density of 8 sq. m. per workstation

- Disposing more than 40 surplus properties
- Developing a new £40 million flagship office
- Refurbishment costing £33 million, including one £25 million refurbishment
- 30% reduction in annual running costs
- Provision of fit for purpose, flexible workspace, offering an improved working environment
- Creating a corporately owned and centrally serviced office portfolio, in place of property responsibility vested with directorates / respective lines of business

Mechanisms

The CAB program is being led by a unified corporate team forged to drive the project by the Council as a whole, including leadership by Property, Finance, Technology, HR and Operational business streams. With the services of Telereal Trillium for support, an overall project vision was developed to articulate the Council's objectives — "Property – the Catalyst for Strategic Change" — and an engagement plan to win senior stakeholder buy-in to a shift from directorate controlled, mainly cellular working, to a centrally managed, open plan, shared environment where collaborative working would be the norm.

Telereal Trillium have developed policies and standards for providing, allocating and managing this space. Promoting agile working while managing the change program will maximize the use of shared workspace, and ongoing engagement to scope user demand will ensure that the solutions continue to meet the operational needs of directorates and the Council overall.

The project scope involves evaluating utilization, condition and lease flexibility

of the existing estate and opportunities for acquisition, plus review of procurement options for the c.£70 million capital program, overseeing the construction supply chain, and managing c.10,000 people moves.

Achievements and Status:

- Program on target for completion by 30 October 2012, with new and refurbished accommodation now in place
- By introducing agile working practices and driving better space utilization, 50% space reduction has been achieved involving reported improvements and without overall negative impact on operations. Delivery of better working environments is validated by business leaders, senior managers and cross-section of employees, through independent Post Occupancy Evaluation by ZZA Responsive User Environments
- BCC confirmation of an overall increase in employee productivity, through more flexible work practices and improved technology, enabling staff to work in optimal locations and on the move
- Significant decrease in property operating costs and substantial financial savings, through consolidation of employees into fewer buildings, and associated vacancies and disposals
- Carbon savings through the installation of a combined heat and power system (CHP) which has cut 2,800 tons of carbon at a 5% cost saving in its first year of operation, with further carbon savings achieved through improved insulation and ventilation and intelligent lighting systems

Case study provided by: Ziona Strelitz, ZZA Responsive User Environments, April 25 2012.

OTHER FACTORS

No report on *Workplace 2020* would be complete without a consideration of two key drivers that impact Workplace decision making — globalization and the economic environment. While our Corporate Real Estate 2020 Workplace Research Team did not put forth Bold Statements about these issues, we share with you here what CoreNet Global staff researchers, research team members and other senior leaders in CRE had to say about them.

Economic Expectations & Globalization

CoreNet Global's "How Business is Changing" details external challenges that made things tough in 2011 — "continued high unemployment, an above-average number of natural disasters, political upheaval in the Mideast, higher oil and gasoline prices, fiscal crises in the U.S. and other Western nations, and the overall sense that uncertainty makes it nearly impossible to plan much past six month horizons."²⁹ Participants in the Corporate Real Estate 2020 visioning session saw these unresolved issues as continuing uncertainties alongside a looming scarcity of resources on the horizon. Energy, water, food distribution, construction materials and even brain power will be impacted. And as scarcity leads inevitably to more conflict, it will affect economic policies, privacy and security, human rights, wealth and poverty gaps, the prevalence of war and urban congestion.³⁰

One certainty is that the global economy of 2020 will be much less U.S. centric. The Corporate Real Estate 2020 visioning session group pointed out that, in

addition to China's growth and expansion into global commerce, growth in Latin America and Africa will also be a factor in this new reality. New and rapidly expanding population centers will shift our focus to expanding customer bases in other parts of the world. As the key findings report from the Corporate Real Estate 2020 visioning session put it, the access to more limited resources "will likely determine which regions and cities grow more in the world of 2020." In turn, this will impact which cities have tomorrow's best "hub-to-hub" connections that will characterize the future global economy.

More than half the world's population already resides in cities. "Several new cities are in development all over the world, including eco-friendly Sino-Singapore Tianjin, Mentougou City in China and PlanIT Valley in Portugal. In addition, 600 global cities will be expected to account for 62 percent of the world's future growth."³¹ And per CoreNet Global's 2011 State of the Industry Report, corporations are now looking at emerging markets in the areas known as CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa).³²

In established, mature economies with their high office vacancy rates, the focus will largely remain on the update and repurposing of existing portfolio assets. The Corporate Real Estate 2020 visioning session group called this one of the biggest opportunities CRE has for leadership and demonstrating its value to the C-Suite. Many of our end-user interviews referenced plans to downsize (or "right-size") portfolios in mature U.S. markets while focusing growth on these expanding and emerging markets (see figures on the power centers data referenced on the next page).

29., 31. Kadzis, "How Business Is Changing"

30. Kadzis, "Corporate Real Estate 2020: Key Findings and Summary Report, Launch Meeting".

32. David Heaton, "2011 CoreNet Global State of the Industry Report: Trending Toward Recovery," (March 2011).

OTHER FACTORS

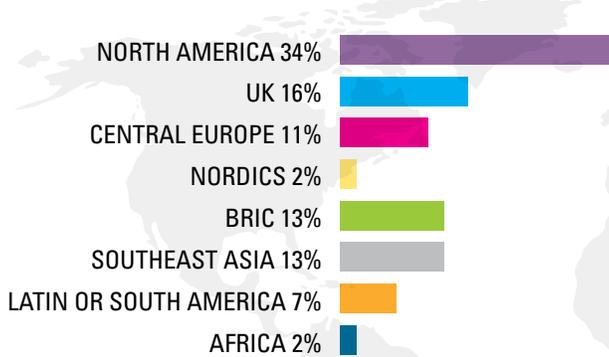
Our research team asked the end users and service providers they interviewed where their power centers currently are and where or if they saw these shifting by 2020. As background, 12 percent of our respondents are located in five or less countries currently, 21 percent were in at least five but fewer than 25 countries, 46 percent were in more than 25 but less than 100 countries, and 21 percent were in at least 100 countries at the time of the interviews.

Think Globally, Act Locally?

Looking toward 2020 then, there's little doubt that corporations' march toward globalization will continue, but there are more wild cards in the

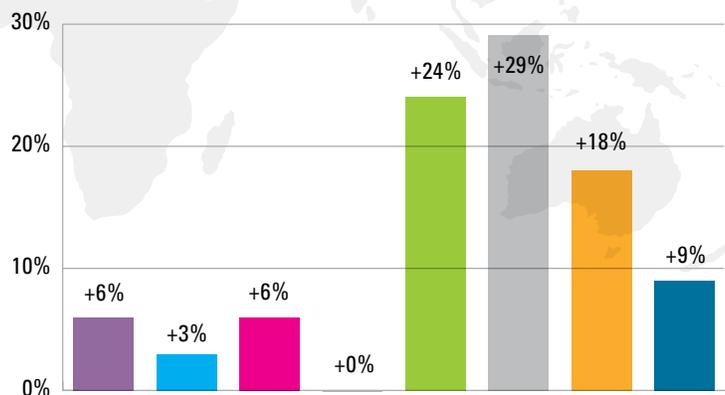
game. One interesting view of a global expansion motivator was put forth at CoreNet Global's Corporate Real Estate 2020 visioning session. **Barry Varcoe, B.Sc., Ph.D., FRICS**, Global Head of CRE and Facilities Management for EMEA-based Zurich Financial Services, framed a discussion with the group about external factors that would influence CRE and discussed a future view in which, with no "world government" to address or solve critical global issues and with the cooperation of nations having been proven unreliable in the recent past on such issues, multinational corporations will respond by becoming supranational³³ corporations.³⁴

CURRENT POWER CENTER DISTRIBUTION IN 2012



Here's how respondents projected that certain power centers would increase in importance for them by 2020. Note the flow of power centers to BRIC (Brazil, Russia, India, China), Southeast Asia and Latin or South America. This tracks well with published expectations for growth in emerging markets. Per Goldman Sachs, the BRICs will add \$12 trillion over the next decade — double the Eurozone and the U.S.³⁵

PROJECTED POWER CENTER INCREASE BY 2020



33. Supranational: An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping. ([Investopedia](#), April 21, 2012).
 34. Kadzis, "Corporate Real Estate 2020: Key Findings and Summary Report, Launch Meeting"
 35. Jim O'Neill, "Viewpoints: From the Office of the Chairman: Some BRICs Built But More Still Needed," 27 November 2011

OTHER FACTORS

The visioning session group saw a movement by 2020 toward homogenization, moving away from nationalism and toward globalism. Several participants spoke of cultures becoming more affinity-based and crossing traditional geographic boundaries. Some in this group saw movement by 2020 toward a global citizen concept in which the careers and lifestyles of individuals lend themselves to no specific nationalist culture or preference.

We have already started to see virtual clusters of like-minded people across the globe thanks to the internet and Wi-Fi. Few would dispute that the “Arab Spring” was an almost leaderless sequence of events organized via social networks. That is an unprecedented development. In most cases the virtual clusters being formed are far less dramatic, but they have become a significant segment of the global culture.

“Think globally, act locally” has been the purview of urban planners, environmental professionals and sustainability experts for years. We think it’s highly appropriate for CRE professionals in the context of ongoing globalization and portfolio planning. At the same time we were hearing about blurred traditional boundaries and the development of the future global citizen, our research team also heard caveats about the importance of planning globalization efforts with a clear understanding of local cultures. We checked with Singapore Summit attendees on some of these issues through a breakout session survey.

We asked for their thoughts on the following statements:

- A globally integrated enterprise requires a single consistently applied company culture and brand.



- Globalization often requires abandoning local and regional values.
- Employee engagement depends on the organization’s support and acceptance of local culture.
- Established organizations will try to recreate themselves in emerging economies.
- Our industry’s culture influences workplace strategy more than local or organizational culture.

Every attendee at the survey session, whether working for a regional company and living in APAC, working for a global company but not living in APAC, or working for a global company and living in APAC, agreed that a globally integrated enterprise greatly benefits from a single consistently applied company culture and brand. The groups also strongly agreed that employee engagement depends on the organization’s support and acceptance of local culture. However the same groups disagreed or strongly disagreed with the idea that globalization often requires abandoning local and regional values.

OTHER FACTORS

The interesting nuances of these questions and their responses show the careful dance that corporations have to engage in to effectively balance a global corporate identity with feet on the ground in the local culture. Several end users in our one-on-one interviews spoke of the importance of having one or more local people to help with early stage planning and implementation.

Some of our counterparts with operations in Latin America also shared insights on handling globalization and localization issues:

- A leading corporate real estate executive based in New York observed, “Most American cultures are blind to the differences and tension points in other national cultures. Cultures are sticky — you simply don’t change a culture easily. There will always be a tension between organizational cultures and local cultures, and people need to acknowledge that and learn to deal with it.”
- **Milton Jungman**, Accenture’s Workplace Solutions Director for Latin America, is located in Sao Paulo. He said, “In our industry (consulting), maintaining a cohesive corporate culture is critical, but always a challenge. We have only one workplace strategy, but the local idiosyncrasies of rolling it out are many. We are a global company, but local cultural issues are important and present tremendous challenges that need to be recognized and respected. Our strategy strives to see local culture not as a barrier, but a way to reflect Accenture’s core values and commitment to our people. The local office of a large global company will always present challenges, and we need to be ready for that.”
- **Fabio Roszczewski**, Latin America Workplace Program Manager for Cisco, located in Sao

Space Utilization



Johnson Controls’ Workplace Strategy Group has been measuring space utilization for several years and has to date completed 160 studies in 20 different countries around the globe. The results show that space is not being utilized effectively. More than 170,000 work settings have been analyzed in total.

In review of utilization data gathered, there are some interesting trends that suggest new innovation in workplace planning and design is required to make efficient use of real estate.

Workspace

- South American data suggest buildings are more than 80 percent occupied and in use; North America trails with 50-60 percent.
- EMEA utilization ranges from 40-60 percent, while Asia responses suggest 50-65 percent usage.
- Globally, on average only 48 percent of desks are used at any one time.
- Industrial companies are most utilized at nearly 70 percent, while only 35 percent of technology industry buildings are utilized on a regular basis.
- Half of office space around the globe is unoccupied throughout a working day.

Meeting Space

- Globally, meeting rooms are utilized only 30 percent the time, with little variation between regions.
- Globally, 50 percent of all meetings taking place have just one or two occupants.
- More than two thirds of all meeting rooms around the globe are unoccupied throughout a work day.

OTHER FACTORS

Paulo, agreed with Jungman's remarks.

"Obviously, the organizational effort focuses on the need for everyone to work within the same guidelines and proposed workplace strategy. What's important is to also understand the cultural nuances and devise the right strategy for each local implementation. For example, in our work Mexico and Brazil have provided a good example of embracing change, while Peru and Argentina have shown more resistance, with the need for more convincing and more time for implementation. The reality is that some cultures are more reactive to change than others."

Unlike some earlier efforts in new global markets, we seem to be learning the lesson that one size does not fit all. Corporate Real Estate 2020 Workplace Research Team member Steve Hargis sums up, "The nature of development in emerging economies will depend largely upon the culture of the specific organization in question — more traditional organizational cultures will often try and recreate themselves regardless of location, while new development by others will not be gated by the choices we have made in developed countries." It's a process corporations are still working to get right.

Unlike some earlier efforts in new global markets, we seem to be learning the lesson that one size does not fit all.



CONCLUSIONS & RECOMMENDATIONS

The trends identified in CoreNet Global’s CoRE 2010 have continued and in fact are intensifying as we move toward 2020. CRE and the workplaces we design, manage and operate are at the middle of a “perfect storm.” New technologies, heightened generational differences, continued cost pressures, increased competition and the continued push toward globalization have created an exciting future of never ending change for our profession. In addition to these factors, uncertainties about the impact of continuing financial challenges on the global economy make this an extraordinarily challenging time for our organizations and our profession.

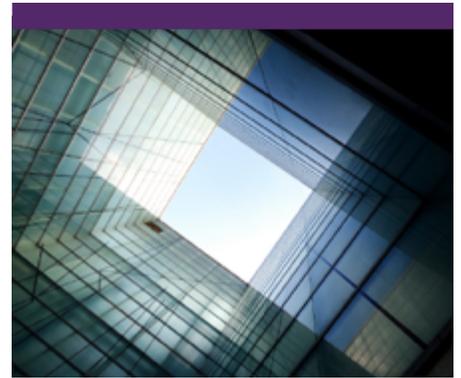
- As we move toward 2020, it will be critical for CRE leaders and other CRE professionals to expand their toolkit of skills and knowledge or they will be unable to help their organizations to stay competitive and their departments to keep pace. The ability to speak the language of the business and to ensure alignment with business needs is a first order of business in this regard and will assist CRE in demonstrating its strategic business value.
- We will see continued and even greater reliance on service providers that are increasingly becoming strategic partners instead of outsourcers for non-core functions. Service providers will be end users’ right hands in planning, implementing, benchmarking and evaluating. The range of flexible workplace options will continue to grow in scope and sophistication and organizations will become more adept at selecting the right mix with the assistance of highly experienced service providers who will bring all their expertise to bear.
- Flexible working strategies will become pervasive as a real estate solution to meet business needs, as the work force of 2020 demands it. By 2020 most organizations using these strategies will have policies in place that make it comfortable and clear for mobile workers, and the number actually involved in flexible working strategies will go up dramatically to meet pent-up demand. The highly flexible, creative and efficient use of office space currently seen at the most competitive, leading edge organizations will be much more commonplace in top tier companies across industries.

New technologies, heightened generational differences, continued cost pressures, increased competition and the continued push toward globalization have created an exciting future of never ending change for our profession.



CONCLUSIONS & RECOMMENDATIONS

- Work space and place association with the corporate brand will become more pronounced and broadly utilized. CRE has many opportunities to support both the brand and the consumer, via engaging facilities that reflect the corporate brand, and focus on both customer and employee experience.
- The old truism about challenge leading to opportunity is certainly true for CRE. It's uniquely positioned to become the hero, with its finger on the pulse of the two biggest business expenses and highly valuable corporate assets — people and buildings. ROI is leaning far to the former, much less to the latter.





CONCLUSIONS & RECOMMENDATIONS

Research

Continued applied research will help to ensure that CRE does more than “best guess” about the efficacy of new workplace designs and how well desired results are achieved. Are we making Gen X and Gen Y workers feel more satisfied at work? Are we ensuring knowledge transfer between generations? Are we encouraging more teamwork and helping to build team cohesiveness and sense of belonging?

Benchmarking

Understand your own business model thoroughly before using another organization’s benchmarks. You cannot effectively analyze whether you are meeting your goals if you are comparing your company’s data to that of a company with a different culture, business needs, work force, etc. Benchmarking alone is not enough to build a business case for a robust, flexible working program and make visible the benefits it delivers back to the organization.

Globalization-Localization

Realize there will be differences in how you will roll out new operations for each culture where you land. Understand that culture and its openness to change before you plan, and have someone local on the ground where you are going. Global consistency is critical to brand, but localization is important, and even small adaptations can make a significant impact without necessarily threatening overall corporate culture. Also remember that culture isn’t just about countries and languages — cultural differences can also be manifested in business types, legacy conditions, acquisitions, etc. Some culture shifts will have to happen, and if the change is not adequately supported by your organization it may not be widely adopted. Show and tell work space changes as they are happening and get people excited about the possibilities. Train on new policies and procedures.





CONCLUSIONS & RECOMMENDATIONS

On Demand

The clear message here is flexibility. Flexible working strategies, third places and leasing are the keys to that goal. Increasingly in many business types, organizations will not own the majority of the space that supports their workers. Reconfigure legacy space to make it workable in the new landscape, and if you are going to put a flexible working program in place be sure to communicate the plans and changes thoroughly to the site. Use alternative sources of workspace in the community to support the varying needs of your workers.

Better Integration & Planning of Shared Services

Working effectively with other key support functions of the enterprise can become a strategic function of CRE and is one opportunity to demonstrate its value to the business and get to the head of the line. Integration around planning flexible workplace strategies will demand new skills of CRE. Get prepared now to become an “Experience Manager” who offers employees a varied menu of à la carte workplace experiences, both on site and off. Focus on strategic needs, but remember that variety and choice are critical for employee effectiveness and engagement.

Support the Brand and the Consumer

Be cognizant of CRE’s ability and opportunity to support and strengthen the corporate brand and company culture. CRE has multiple touch points with both the customer and employee and needs to be alert as to how it can improve overall experience.

Education

While suggestions for gaining new knowledge and skills are woven throughout this report, specific training opportunities are available from CoreNet Global’s extensive list of courses to help prepare CRE professionals at all levels.

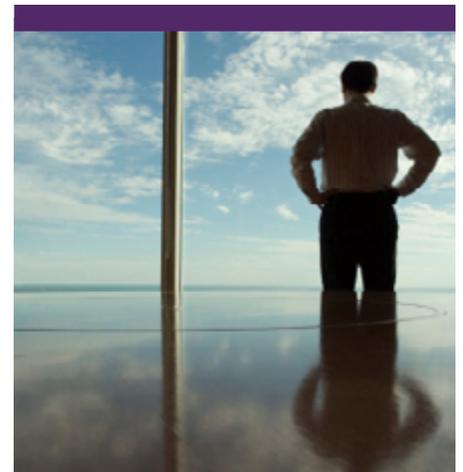
With a nod to students, the future of CRE who will be entering our profession in 2020, the Institute for the Future and the Apollo

Reconfigure legacy space to make it workable in the new landscape, and if you are going to put a flexible working program in place be sure to communicate the plans and changes thoroughly to the site.



CONCLUSIONS & RECOMMENDATIONS

Research Institute identified a set of key skills and competencies for workers that we find highly applicable for corporate real estate professionals in today's new workplace of collaboration, team work, creative thinking and complexity. These are excellent food for thought, including how to plan to develop these skills.³⁷



- **Sense-Making:** ability to determine the deeper meaning and significance of what is being expressed
- **Social Intelligence:** ability to connect with others in a deep and direct way, to sense and stimulate reactions and desired interactions
- **Novel and Adaptive Thinking:** proficiency at thinking and coming up with solutions and responses beyond that which is rote or rule-based
- **Cross-Cultural Competency:** ability to operate in different cultural settings
- **Computational Thinking:** ability to translate vast amounts of data into abstract concepts and to understand data-based reasoning
- **New Media Literacy:** ability to critically assess and develop content that uses new media forms and leverage these media for persuasive communication
- **Transdisciplinarity:** literacy in and ability to understand concepts across multiple disciplines
- **Design Mindset:** ability to represent and develop tasks and work processes for desired outcomes
- **Cognitive Load Management:** ability to discriminate and filter information for importance and understand how to maximize cognitive functioning using a variety of tools and techniques
- **Virtual Collaboration:** ability to work productively, drive engagement and demonstrate presence

37. IFTF/Apollo Research Institute, "Future of Work Report," (March 2012).

**Enterprise Leadership**

Mark Schleyer, *AT&T*

Michael Creamer, *Cushman & Wakefield*

Location Strategy and the Role of Place

Mary Jane Olhasso, *MCR, SLCR, County of San Bernardino*

Partnering with Key Support Functions

Craig Robinson, *MBA, Cassidy Turley*

Portfolio Optimization & Asset Management

Jack Burns, *Cresa*

Keith Keppler, *Cresa*

Russ Howell, *MBA, Jones Lang LaSalle*

Service Delivery & Outsourcing

Blake Layda, *Jones Lang LaSalle*

Scott Bumpas, *Cresa*

Lisa Huls-Fry, *Cassidy Turley*

Sustainability

Leigh Stringer, *HOK*

Technology Tools

Larry Sweeney, *AT&T*

Robin Ellerthorpe, *HOK*

Workplace

Anne Nathe, *Johnson Controls, Inc.*

Chris Mach, *MCR, AT&T*

Cindy Beavers, *Steelcase Inc.*

Margaret Gilchrist Serrato, *Ph.D., MBA, AIA, ASID, LEED AP, Herman Miller*

Michael Leone, *Regus*

Patricia Roberts, *Jones Lang LaSalle*

Rob Wright, *Johnson Controls, Inc.*

Russ McFadden, *AT&T*

Steve Hargis, *MCR, LEED AP, HOK*



APPENDIX B

PROFESSIONAL LEADERS INTERVIEWED

Corporate real estate and workplace leaders who were interviewed as a part of the study included:

Accenture

Dan Johnson, Global Director, CRE Workplace

Milton Jungman, Workplace Solutions Director,
Latin America

adidas

Douglas Noonan, P.E., Head of Group Corporate
Real Estate

Allsteel

Jan Johnson, FIIDA, LEED AP, Vice President,
Design and Workplace Resources

American Medical Systems

David McGinty, Manager, Global Real Estate &
Facilities

AT&T

Angela Hundley, Client Relationship & Workplace
Strategies

Chris Mach, M.A., MCR, Senior Director

Rich Wagner, Director, Client & Workplace
Strategies

Brenau University

Andrea Birch, Dean

Carnegie Mellon University

Vivian Loftness, FAIA, University Professor of
Architecture

CBRE

Samantha Martz, Associate

Brian Thomas, Transaction Analyst

Ciena

Mark E. Gorman, MCR, SLCR, Vice President,
Corporate Real Estate & Facilities

Cisco

Fabio Roszczewski, Workplace Program Manager

Cornell University

Franklin Becker, Professor of Design &
Environmental Analysis

Corporate Portfolio Analytics

Martha O'Mara, Ph.D., Managing Director

Equifax

Karen Burkhart Dick, Leader, Global Real Estate

Ernst & Young

Trex Morris, Global Real Estate Leader

Fidelity Investments

Marianne Diamond, Vice President

Randy Whinnery, Director

Georgia Institute of Technology

Howard Wertheimer, Director of Space Planning

Haworth

Cindy Donn, A&D Director, Northeast Region

David Rush, Senior Design Strategist

IA Interior Architects

Mary Lee Duff, Principal

Jacobs Global Buildings

Ellen Bruce Keable, National Workplace
Specialist

Johnson & Johnson

Amalia Franke, Facilities and Workplace Services
Manager

Johnson Controls

Guy Holden, Vice President and General
Manager, Global WorkPlace Solutions



APPENDIX B

PROFESSIONAL LEADERS INTERVIEWED

Jones Lang LaSalle

Susan Lim, Head of Strategic Workplace Services, Asia Pacific

Patricia Roberts, Executive Vice President

Marsh & McLennan Companies

Kevin Frankenberger, MBA, MCR, Director of Planning and Administration

Michelin

Jamie Lominack, Real Estate Manager

Nokia

Suzanne LeBlanc, Corporate Real Estate, Manager, East Coast

Pfizer

Roland Openshaw, Global Workplace Strategy

Polycom

Michael Pereira, MCR, Global Program Manager

Raytheon

Kim Wright, NCS Facilities & Real Estate

Red Hat

Craig Youst, CFM, MCR, Senior Director, Global Facilities & Corporate Real Estate

Regus

Wes Lenci, Vice President

Steelcase

Rafael Noriega, Vice President

Melanie Redman, Senior Design Researcher

TD Bank Group

Scott Hite, Head of Architecture & Design

Teknion

Kay Sargent, Vice President

Texas Instruments

Steve Slejko, Planning Manager

U.S. General Services Administration

Kevin Kelly, Director Workplace 2020

UnitedHealth Group

Lisa Rogers, Director, Workplace Design

University at Buffalo SUNY

Sue Weidemann, Ph.D., Professor, School of Architecture and Planning

University of California, Berkeley

David Nelson, Lecturing Professor

University of Michigan

Jean Wineman, Associate Dean, College of Architecture

University of Texas at Austin, McCombs School of Business

Eric Brewer, First Year MBA Student

Roberto Elizondo, First Year MBA Student

George Farish, Second Year MBA Student

Virginia Polytechnic Institute and State University

Greg Tew, Chair, Interior Design Program

APPENDIX C

WORKPLACE INTERVIEW GUIDE

Editor's note: The Workplace team formulated slightly different questions for the interviewees in each of four different industry categories: Corporate End User, Service Provider, Research and Education. Within the Corporate End User and Service Provider categories, the team also reached out to CoreNet Global Young Leaders and students. Those questions were slightly modified as necessary, and those cases are noted where appropriate.

The purpose of this document is to assist the research teams in setting up the interview by providing consistent information on the background of the project, research areas, purpose of the interview, timeline, deliverables and expectations. Some of the people being interviewed may be very familiar with the project, while others may not. Reviewing this information prior to the formal interview can help to ensure that all interviews are conducted in a consistent manner and the people being interviewed have a clear understanding of the overall project and their role in the process.

Background

CoreNet Global is the world's leading association for corporate real estate (CRE) and workplace professionals, service providers and economic developers. Nearly 7,000 members, who include 70% of the Fortune 100 and nearly half of the Forbes Global 2000, meet locally, globally and virtually to develop networks, share knowledge, learn and thrive professionally.

Program Description

Corporate Real Estate 2020 is a research and leadership development program designed and managed by CoreNet Global to address the business environment in the future and to collect, package and distribute state-of-the-art best practices, tools, models and case studies to help our members prepare to meet future business needs.

To achieve this objective, we are interviewing a number of senior industry leaders to validate a new vision for the industry and develop a series of transition strategies to assist CRE organizations in transforming themselves to meet the challenges ahead as the economy changes and new business models evolve.

There are three major steps in the overall process as indicated below:

- Vision Validation
- Development of Research Areas
- Transformation of the Industry

New Vision for the Industry

Using materials collected throughout our discovery process and at our Launch Meeting we developed a draft vision for the industry that has been preliminarily validated by the research team. This vision will continue to change as our research proceeds and new information is obtained.

Research Areas

Based on the vision of the future we have also developed a number of key Research Areas to assist our members in migrating from their current real estate practices to the new skills and

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strategies needed to survive and grow over the next two to five years. These include strategies for the following areas:



Research Process

There are numerous steps in the overall research process including the development of a research premise, goal and hypotheses for each of the above research areas – which are, in turn, validated through one-on-one interviews with industry leaders and experts, industry surveys and other techniques.

Deliverables

Deliverables from this project will include research reports; web-based white papers; executive development seminars; workshops and panels at Summits; material and speakers for chapter programs; articles in *THE LEADER*, industry and business press; and topics and speakers for other learning events.

Timeline

Corporate Real Estate 2020 was officially launched in August in Dallas where the research teams first met to define and validate the vision and refine their thinking on the Research Areas. Based on that meeting our goal is to complete the interview process over the next several weeks and start producing programs, reports and other materials by the CoreNet Global Summit in San Diego in April 2012.

Intellectual Property

Before we begin, I also want to explain the Intellectual Property Guidelines for Corporate Real Estate 2020.

Please do not share any confidential or proprietary information with any member of the research team. If we use any specific information or materials from this interview that refer to you or your Company, we will offer you the opportunity to review that information prior to publication.

Purpose of the Interview

The purpose of this interview is to capture your knowledge and thoughts on Workplace in 2020.

Do you have any questions before we get started?

Interview length approximately 1 hour

Validate the correct spelling of your name and official title:

Name:

Title:

Company:

Date of Interview:



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Interview Category: End User

Editor's Note: Young Leader EU interviews will follow this same question set with an additional focus placed on their unique perspective, being relatively "unencumbered" by the trappings of legacy and tenure.

Background Information

Note: Interviewers are encouraged to review the Annual Report and 10K form for the firm prior to the interview.

1. **What is the primary industry classification for your firm?** (check one)

- Energy
 - Engineering / construction
 - Financial Services / Insurance
 - Food / Beverage
 - Healthcare
 - Heavy Manufacturing
 - High Tech Manufacturing
 - Pharmaceuticals
 - Retail / Wholesale
 - Telecom
 - Transportation
 - Other (please specify)
-

2. **What was the annual revenue for your firm last year? Please specify _____ or check one of the following:**

- Less than \$1 Billion
- Equal to or more than \$1 Billion but less than \$5 Billion
- Equal to or more than \$5 Billion but less than \$10 Billion
- Equal to or more than \$10 Billion but less than \$25 Billion
- Equal to or more than \$25 Billion

3. **In how many countries do you operate? Please specify _____ or check one of the following:**

- Less than 5 countries
- Equal to or more than 5 but less than 25
- Equal to or more than 25 but less than 100
- Equal to or more than 100



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4a. **Where are the significant headquarters or “power centers” for your firm? Check all that apply.**

- North America
- UK
- Central Europe
- Nordics
- BRIC (Brazil, Russia, India, China)
- Southeast Asia
- Latin or South America
- Africa
- Other

4b. **Please explain how those centers of organizational power will be shifting over the next 10 years.**

5. **What is the approximate number of employees in your firm? Please specify _____ or check one of the following:**

- Less than 5,000
- Equal to or more than 5,000 but less than 10,000
- Equal to or more than 10,000 but less than 25,000
- Equal to or more than 25,000 but less than 100,000
- Equal to or more than 100,000

6a. **What is the approximate size of your company’s portfolio in square feet (or square meters)? _____.** For which of these is the CRE group responsible?

6b. **How are the firm’s assets distributed?**

- _____ % Office
- _____ % Retail
- _____ % Laboratory
- _____ % Manufacturing
- _____ % Warehouse
- _____ % Call Center
- _____ % Fleet Facilities
- _____ % Other

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Context on your Business and the Corporate Real Estate (CRE) group

1. What business strategies or strategic initiatives are currently being deployed by the company's core business to improve its competitive position (e.g. cost reduction, market share, M&A, etc.)? How will these change over the next ten years?
2. Describe how your CRE group is organized (with notes about insourcing/outsourcing, etc.), and how it reports up into the corporate organization. Is this expected to change over the next ten years?
3. In a paragraph or less, describe what's driving your current workplace strategy. Is this consistent across your portfolio? Would you be willing to share descriptive props (slide decks, other info) that address your workplace strategy program? (We will keep these confidential and review only in the context of this interview and project.)

Future of the Workplace

- 1a. Does your firm have a vision for their workplace in 2020?
- 1b. What are the key influencers of that future?
2. What are your views for 2020 on the following:
 - Mobility and the location of 'work'
 - Real estate ownership of assets versus on-demand models
 - Globalization and cultural impact
 - Diversity and location of customer base and corresponding employee talent pool
 - Provisioning for knowledge workers versus other types
3. How will your CRE organization change to meet future challenges posed by emerging work/worker models? Please note any innovative strategies you have employed to meet the challenge.
4. Is any other department within your organization exploring an innovative workplace strategy that we should be talking to?



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Interview Category: Service Provider

Editor's Note: Young Leader SP interviews will follow this same question set with an additional focus placed on their unique perspective, being relatively "un-encumbered" by the trappings of legacy and tenure.

Background Information

Note: Interviewers are encouraged to review the Annual Report and 10K form for the firm prior to the interview.

1. **What is the primary industry classification for your firm?** (check those that apply)

- Energy
 - Engineering / construction
 - Financial Services / Insurance
 - Food / Beverage
 - Healthcare
 - Heavy Manufacturing
 - High Tech Manufacturing
 - Pharmaceuticals
 - Retail / Wholesale
 - Telecom
 - Transportation
 - Other (please specify)
-

2. **What was the annual revenue for your firm last year? Please specify _____ or check one of the following:**

- Less than \$1 Billion
- Equal to or more than \$1 Billion but less than \$5 Billion
- Equal to or more than \$5 Billion but less than \$10 Billion
- Equal to or more than \$10 Billion but less than \$25 Billion
- Equal to or more than \$25 Billion

3. **In how many countries do you operate? Please specify _____ or check one of the following:**

- Less than 5 countries
- Equal to or more than 5 but less than 25
- Equal to or more than 25 but less than 100
- Equal to or more than 100

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4a. **Where are the significant headquarters or “power centers” for your firm? Check all that apply.**

- North America
- UK
- Central Europe
- Nordics
- BRIC (Brazil, Russia, India, China)
- Southeast Asia
- Latin or South America
- Africa
- Other

4b. **Please explain how those centers of organizational power will be shifting over the next 10 years and indicate why (customer location, talent pool, emerging markets, etc.).**

5. **What is the approximate number of employees in your firm? Please specify _____ or check one of the following:**

- Less than 5,000
- Equal to or more than 5,000 but less than 10,000
- Equal to or more than 10,000 but less than 25,000
- Equal to or more than 25,000 but less than 100,000
- Equal to or more than 100,000

Context on your Business and your Corporate Real Estate clients

1. What business strategies or strategic initiatives are currently being deployed by your company’s core business to improve its competitive position (e.g. cost reduction, market share, M&A, etc.)? How will these change over the next ten years?
2. Describe how you most commonly engage with Corporate Real Estate clients (outsourced model, advisory consulting, service level agreements, procurement agreements, etc.). Is this expected to change over the next ten years?

Future of the Workplace

- 1a. Does your firm have a vision for their workplace in 2020?
- 1b. What are the key influencers of that future?

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2. From the perspective of your company and your clients', please explain any unique views for 2020 you may have on the following:
 - Mobility and the location of 'work'
 - Real estate ownership of assets versus on-demand models
 - Globalization and cultural impact
 - Diversity and location of customer base and corresponding employee talent pool
 - Provisioning for knowledge workers versus other types
3. How will your CRE clients' organizations change to meet future challenges posed by emerging work/worker models?
4. Based upon the unique position/perspective of your relationship with the corporate real estate industry, what other future innovations might you predict?



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Interview Category: Researchers

Background Information

1. Describe the primary focus of your business and the corresponding credentials that guide your work.
2. Describe the relevance of your research to the corporate real estate industry.
3. Describe the breadth of your research in terms of span of years, diversity of cultures or industries studied, etc.

Future of the Workplace

1. As a result of your research efforts, have you developed any supportable perspective on a vision for the workplace in 2020 – how we will work, where we will work, why we will work?
2. What do you believe to be the key influencers of that future?
3. From the perspective of your company and your clients', please explain any unique views for 2020 you may have on the following:
 - Mobility and the location of 'work'
 - Real estate ownership of assets versus on-demand models
 - Globalization and cultural impact
 - Diversity and location of customer base and corresponding employee talent pool
 - Provisioning for knowledge workers versus other types
4. Based upon the unique position/perspective of your research, what other future innovations might you predict?
5. Based upon the unique position/perspective of your relationship with the corporate real estate industry, what other future innovations might you predict?



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Interview Category: Educators

Editor's Note: Student interviews would follow this same line of questioning with minor rewording.

Background Information

1. Describe your current position and relative impact/insight into the educational process.

Future of the Workplace

1. As an educator, have you developed any supportable perspective on a vision for the workplace in 2020 – what will be the expectations of the future work force and how will the workplace need to support them?
2. How would you characterize the prevailing work ethic of individuals entering the work force over the next ten years? What forces have helped to shape it?
3. What tools, methods and learned behaviors are the current educational process ingraining in the work ethics of the future work force, specifically in terms of how they capture, retain and share knowledge, innovate, co-develop, collaborate, concentrate, etc.?
4. If not already addressed, do you have specific views on the following topics as it relates to future work force expectations:
 - Mobility and the location of 'work'
 - Real estate ownership of assets versus on-demand models
 - Globalization and cultural impact
 - Diversity and location of customer base and corresponding employee talent pool
 - Provisioning for knowledge workers versus other types
5. Based upon the unique position/perspective of your research, what other future innovations might you predict?

APPENDIX D

SUMMARY OF RESPONSES TO BOLD STATEMENTS

The Workplace team tested six Bold Statements, or research hypotheses, through research interviews with senior executives, Summit education sessions and the results of the Corporate Real Estate 2020 end-user survey. While the Bold Statements were supported by a strong majority of survey respondents, the team's interviews focused on drilling deeper into the underlying themes, drivers and experiences behind these Bold Statements. That said, a summary of results to the specific hypotheses is provided below:

Presence in the office will be more abbreviated, but while there it will become more intense and targeted to specific activities.

Finding: Seventy-two percent of survey respondents agreed or strongly agreed with this statement.

People's changing work styles accompanied with HR/IT will be the enablers of workplace change (people and technology as drivers).

Finding: Eighty-five percent of survey respondents agreed or strongly agreed with this statement.

More corporations will turn to 3rd parties to provide on-demand models of office space and technology to serve the mobile worker and knowledge work as a whole.

Finding: Sixty-six percent of survey respondents agreed or strongly agreed with this statement.

CRE executives will become more strategic in support of the business requirements. Their role will evolve to "Experience Managers," or

plan administrators, offering employees an à la carte workplace experience with menu of services, location and support.

Finding: Seventy-two percent of survey respondents agreed or strongly agreed with this statement.

Last chance: CRE must align with business or become obsolete. Metrics will shift to support of business: innovation, knowledge worker, etc.

Finding: Seventy-five percent of survey respondents agreed or strongly agreed with this statement.

All of these Bold Statements indicate a shift in CRE from "cost container" to "business enabler," and support the idea of CRE as a new group: Work Experience Enablers.

Finding: Fifty-four percent of survey respondents agreed or strongly agreed with this statement.

APPENDIX E

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Accenture	Global Workspace Association	Procter & Gamble
Adobe	Google	Prudential Financial
adidas	Harvard Business School	Raytheon
ADP	Haworth	Red Hat
Aedas	Hewlett-Packard	Regus
Air New Zealand	Hilton Hotels and Resorts	Royal Dutch Shell plc.
Allsteel	Hindustan Unilever Limited	Salesforce.com
Altisource	HOK	SAP
American Airlines	Honeywell	Shell Oil Company
American Express	IA Interior Architects	Siemens AG
American Medical Systems	IMC Octave	Siemens Building Technologies
ANZ	Infinera	Sony Electronics
Associated British Foods	Infrastructure Ontario	Southern California Edison
AstraZeneca	ING Bank	Sprint Nextel
AT&T	Intel	Standard Chartered Bank
Atmos Energy	Interface	Staples
Bank of America	inVentiv Health	Steelcase
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Ernst & Young	Novellus	Vodafone
Fidelity Investments	NVIDIA	Vodafone NZ
Fischer & Company	Oracle	Westpac
Ford Land	Pacific Gas & Electric	Yahoo!
Future of Work...unlimited	Pan-European HR Network	Zurich Insurance Group
Genentech	Parsons	
Gensler	Pfizer	
Georgia Institute of Technology	Philips International	
Georgia Institute of Technology, School of Building Construction	Polycom	



APPENDIX G

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EIGHT RESEARCH TEAMS



Enterprise Leadership



Location Strategy & the Role of Place



Partnering with Key Support Functions



Portfolio Optimization & Asset Management



Service Delivery & Outsourcing



Sustainability



Technology Tools



Workplace