2013

WORKPLACE TRENDS

WORKPLACE TRENDS

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QUALITY OF LIFE SERVICES

Foreword

Michael Norris, COO & Market President, Sodexo

It is with great pleasure that I share Sodexo's 2013 Workplace Trends Report. This year's report takes a comprehensive look at what is driving efficiency, development and satisfaction in the workplace, and offers a unique perspective on what is essential to organizations to help them be productive and grow.

We asked top practitioners in human capital solutions, information technology, facilities management, real estate and hospitality what issues are being considered at the C-Suite level that are key drivers of success and essential to individual and organizational performance. The result: an overarching theme that "people centric" approaches are yielding positive outcomes and driving value beyond traditional brick and mortar strategies. And, not surprisingly, this approach and the trends that have emerged transcend industry, location and size.

Common threads found in each trend illustrate clearly how companies can no longer discount the impact the built environment has on performance and effectiveness. In line with this shifting perspective, facilities management is increasingly seen less as a tactical function, and more of a strategic management discipline that can produce significant value for an organization by enabling workers to be more engaged and productive. We certainly see this at Sodexo; we are having these conversations in our C-Suite, and we know that other forward-thinking organizations are also embracing this new way of thinking.

Technological advances, coupled with globalization, continue to play a significant role in today's ever-evolving workplace, shifting the landscape toward a true virtual work environment. Collaboration is king and information is available on-demand, allowing almost everyone access and connectivity whether at work, home, or play.

We have also learned that the expectations of the most recent generations entering the workforce are more and more pronounced in this year's trends. How this generation expects to be recruited, recognized and retained is reflected in many of the trends: social media has become the primary method of sourcing talent, establishing buy-in and endorsing ownership is a key component of recognition, and alignment of values, mentoring programs, as well as a culture of inclusion, have all become driving forces in employee satisfaction. All have a significant impact on the holistic well-being of today's workforce.

And finally, with continuing pressure on companies to be lean and efficient, these trends are not only a direct reflection of today's new economic reality, but they reflect a global influence that tells us that the only thing constant is change. The workplace as we know it never ceases to evolve, and will continue to do so through 2013 and beyond.

Research Methods & Summary of Findings

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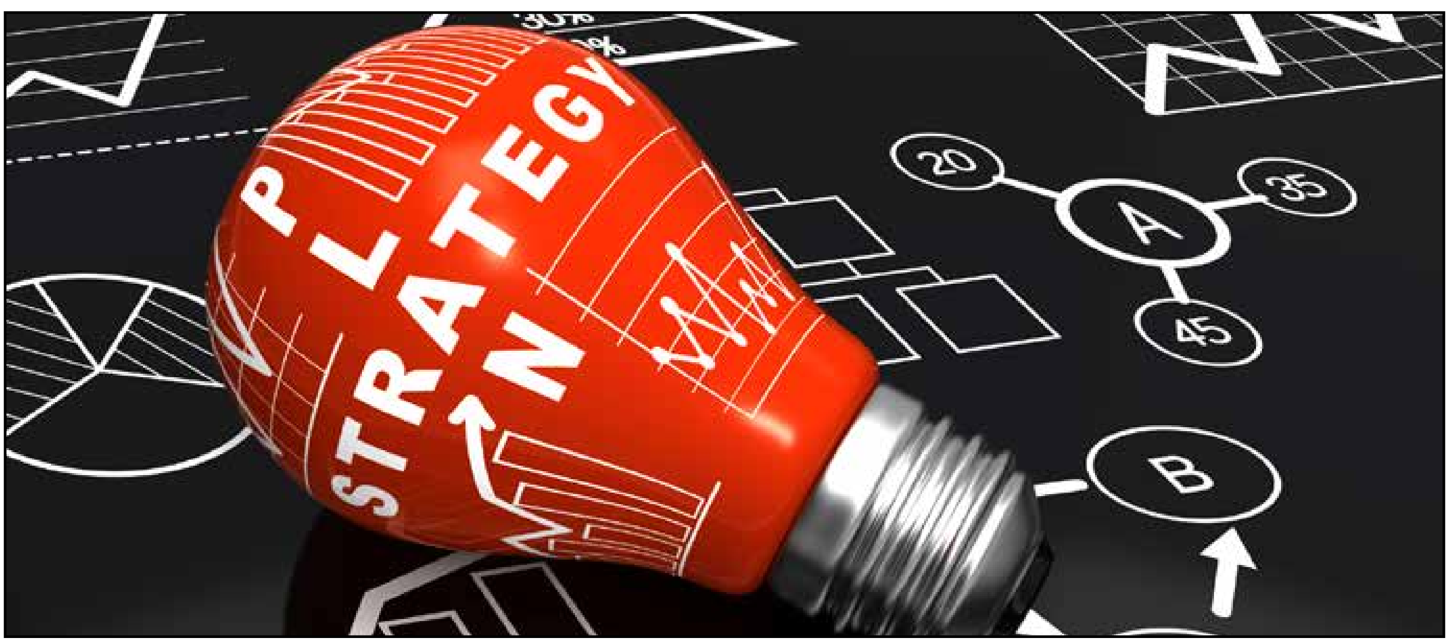
Sodexo's experts in human capital solutions used an integrated methodology to monitor trends that affect the quality of daily life of their consumers in the workplace. This approach included traditional quantitative measures, observations and interviews from over 1,000 client sites, as well as a robust bibliographic review of academic and trade journals within Human Resources, Information Technology, Facilities, Real Estate and Hospitality. In addition, Sodexo collected interviews and reports from panel discussions at Society of Human Resource Management (SHRM), American Psychological Association, International Facilities Management Association (IFMA) and CoreNet.

We have also incorporated an analysis of social media to understand context of less-structured data, such as discussion boards and ad-hoc surveys within LinkedIn and Twitter. The 2013 Workplace Trends Report represents a sample size in excess of 800 end users.

Our research demonstrates the employees' desire to be aligned with their employer. The impact: Organizations must tangibly demonstrate a holistic level of empathy and commitment to their employees at both a personal and professional level. As one would expect, health and wellness, inspirational workspace design, flexible work arrangements, inclusion and the overall experience at work round out trends for engaging and retaining the workforce of 2013. Most importantly, we must underscore that these trends are outcome-driven. Each of the top 12 trends is quantifiable and has been shown to drive business outcomes.



2013 WORKPLACE TRENDS

TOP 12 TRENDS AT A GLANCE

1. The Built Environment's Crucial Role in Organization Performance
2. Superstar Recruitment - The Power of Community
3. Inspiring A Connection To People, Community, & Brand through CSR
4. The Contemporary View of Inclusion & Its Effect on Psychological Health
5. 21St Century Mentoring
6. Thriving in The Cloud
7. Ushering in The New Era of Recognition
8. Facilities Management: A Strategy, Not A Tactic
9. Data Reporting OUT; Predictive Modeling IN
10. International Design & Construction; A Shifting Paradigm
11. The Changing Office...Literally
12. Integration as THE Solution

1. THE BUILT ENVIRONMENT'S CRUCIAL ROLE IN ORGANIZATION PERFORMANCE

Employers increasingly recognize the importance of the built environment in promoting better health, quality of life, and work-related engagement among their employees. Sodexo interviewed two leaders in the field about the impact that environmental factors can have on employee health and engagement, and the role these outcomes play in supporting organizational performance. LuAnn Heinen, VP at National Business Group on Health, shared her insight about the impact that environmental factors can have on employees' health. Richard Kadzis, VP of Strategic Communications at CoreNet, discussed the role of the built environment in promoting – or hindering – employee engagement.

Both of our subject matter experts concluded that environmental changes can strongly support employers' efforts to improve employees' health behaviors. Specifically, tactics that enhance the physical environment of the workplace, ensure its safety, and provide a wide range of programs that help employees manage work/life balance issues have a positive impact on employee health and engagement. These outcomes bring about improved employee performance and effectiveness, which ultimately translates into long-term organizational success.

2. SUPERSTAR RECRUITMENT - THE POWER OF COMMUNITY

One of the key trends influencing many aspects of the workplace – but especially HR – is the increased use of social media, especially as it relates to recruitment and employment branding. The way we communicate with candidates today is vastly different than it was even just a short five years ago. Today, social media and mobile communications dominate over traditional e-mail campaigns. In fact, a recent study released by Jobvite found that 92 percent of U.S. companies used social media networks in 2012 as part of their recruitment efforts. Additionally, 7 out of 10 employers have successfully hired a candidate through social media – up from 58 percent in 2010.

As an early innovator with social networking, Sodexo's Talent Acquisition team has continued to innovate and expand our reach through new technologies to meet our talent needs now and into the future. We use these tools to enhance our ability to engage talent in new and interesting ways, while building an online, interactive talent community and meaningful communication with candidates. Our social media tools make it possible for us to continue communicating over time with this pool of talent, easily articulating our employment brand while keeping them abreast of new company initiatives and opportunities.

3. INSPIRING A CONNECTION TO PEOPLE, COMMUNITY, AND BRAND THROUGH CSR

To succeed in today's marketplace, companies must have the right people on board and know how to inspire their best performance. Yet, the most talented candidates today are often seeking more than a paycheck. They are looking for a values match. Companies are finding that they can attract, motivate and retain top talent by creating meaningful work environments with their sustainability and Corporate Social Responsibility (CSR) strategy.

CSR initiatives represent the passion and commitment of people who choose to live their values through their work. Sodexo has embraced initiatives to protect the environment, promote health and wellbeing, and support the development of communities where we do business. These strategies have proven to be beneficial to the organization – a 2011 study of Sodexo managers found that positive perceptions of Sodexo's corporate citizenship were significantly related to job satisfaction, motivation, and intent to remain with the organization.

CSR can also be an important factor in attracting and retaining members of tomorrow's workforce. One study of new college hires found that 86% of them would consider leaving an employer whose social responsibility values fell short of their expectations. But the values match is not just important to the newest generation of workers. As values have evolved over time, we see the connection with sustainability and CSR as a potential motivating factor for each of the four generations that make up today's workforce.

Today's definition of mentoring allows for a richer experience and more utility than mentoring of the past...

4. THE CONTEMPORARY VIEW OF INCLUSION AND ITS EFFECT ON PSYCHOLOGICAL HEALTH

Even in today's challenging economic times and volatile business world, there are elements in the workplace that are just as, or more important to employees than adequate pay and benefits. Recent research supports the idea that creating a psychologically safe and healthy workplace is absolutely essential for companies aiming to bring about better outcomes for their employees and improve organizational performance.

A key component of a psychologically healthy workplace is having an atmosphere of diversity and inclusion. However, both diversity and inclusion have expanded definitions and meaning in this day and age. A diverse and inclusive environment is one that encourages different viewpoints among employees with various backgrounds, opinions, and even workstyles.

The notion of "workplace bullying" in the workplace is the antithesis of a healthy environment and is the diametric opposite of inclusion. The Workplace Bullying Institute defines this concept as "repeated, health-harming mistreatment [...] that takes one or more of the following forms: verbal abuse, offensive conduct/behaviors (including nonverbal) which are threatening, humiliating, or intimidating, and/or work interference — sabotage — which prevents work from getting done."

This issue is one of the most explosive trends that has gained momentum in the past decade and has been linked to several measures of employee ill health and absenteeism. As this issue is brought to the forefront of HR, we will see more people speak out about the bullying issue, how it is related to the mental health of the workplace, and how it can truly hurt a company's bottom line.

5. 21ST CENTURY MENTORING

A November 2011 Accenture Skill Gaps Study found that 55 percent of workers in the U.S. reported they are under pressure to develop additional skills to be successful in their current and future jobs, but only 21 percent said they have acquired new skills through company-provided formal training during the past five years.

One way companies are addressing this skills gap is with a new form of mentoring that is emerging. Modern mentoring uses technology to create knowledge sharing connections among colleagues at all levels, in all areas, and at all locations within a company. Today's definition of mentoring allows for a richer experience and more utility than mentoring of the past, and it looks vastly different than mentoring of even 10 years ago.

Virtual relationships and multi-participant engagements form the basis for modern mentoring, which incorporates a more inclusive mindset about who should participate, a broader scope for making meaningful learning connections, and an open flow of knowledge among participants. No longer just about one-to-one relationships between senior leaders and potential successors, today's mentoring is focused on removing the barriers between people and engaging them in rich learning and teaching opportunities in a broad, networked manner so that knowledge can flow to the point of need.

6. THRIVING IN THE CLOUD

The "cloud" is like a virtual public utility for computing power, enabling us to use software virtually to share ideas, collaborate, and build knowledge. The industry is less than a decade old, but more than eight in 10 companies currently use some form of cloud solution, and more than half plan to increase cloud investments by 10 percent or more this year. The research firm International Data Corporation (IDC) calls cloud computing the foundation for the technology industry's next 20 years of growth, saying, "it is nothing less than the complete transformation of the industry's core offering and business models."

The significance of the trend toward cloud computing is that it moves communications from the desktop to a virtual environment, making everything available on an on-demand basis. Need extra storage capacity? It is there on the "cloud" on demand. Need access to sophisticated software programs for a one and done project? You can rent access on the "cloud" rather than having to buy expensive programs that you many never use again. Need to collaborate with colleagues on a project? "Cloud" services are available.

The "cloud" makes access to information available from anywhere at anytime, so that workers are no longer hostage to desktops or networked devices. The "cloud" truly is transforming industries, and will have a profound and positive impact on the way we live, shop, interact, and work in the near future.

7. USHERING IN THE NEW ERA OF RECOGNITION

It's no secret that achieving buy-in and ownership are essential to the success of any incentive and recognition program. Both can be seen as measures of commitment that will ultimately determine the dedication of necessary resources from management, as well as the acceptance and enthusiastic participation of the workforce.

Buy-in and ownership can be achieved through a strategy of planned involvement. This strategy is based on the knowledge that the more people feel included in the formative stages of your incentive and reward program, the higher the degree of their involvement and the more likely they are to support the final program.

Think of buy-in and ownership as a continuum in which the immediate goal is to establish buy-in though a strategy of involvement. Once buy-in has been achieved, choose appropriate ways to strengthen that support through ongoing communications, reviews, peer-to-peer dialogue, and status meetings. And always remember that ownership is most easily achieved when people feel they have taken an active part in the process and believe that the outcome reflects at least some of their own ideas and efforts.

8. FACILITIES MANAGEMENT: A STRATEGY, NOT A TACTIC

There have been many assertions, over many years, that facilities management (FM) should be more strategic. Recent research provides evidence that FM can have a strategic impact, and should play a strategic role in the enterprise, but whether it will achieve that level of influence in any particular organization depends entirely on the actions taken by senior FM executives.

A survey of almost 400 professionals across six continents was conducted in order to review the current "state of the practice" of FM. The research focused specifically on how FM is currently organized, governed, and measured, as well as on how FM professionals interact with their peers in other infrastructure disciplines. Our insights were enriched by direct conversations with a selection of senior FM and corporate real estate (CRE) executives, as well as with thought leaders from academia and international professional associations.

To be effective, FM leaders must change their behaviors, and indeed their very identity. FM is not about managing facilities per se; rather, it is about enabling the workforce to be productive and engaged, and to produce value for the organization. In our view, and in the view of leading FM executives, the workplace is nothing more (or less) than a tool for supporting work, for shaping the experiences of the workforce, and for producing competitive advantage.

9. DATA REPORTING OUT; PREDICTIVE MODELING IN

Organizations are complex systems that operate using connected sets of physical, financial, and social structures. Policies, procedures, and programs in each aspect of a business can affect behaviors and outcomes in other areas and have specific impact on human capital job performance.

Overall, approximately 13% of U.S. architecture firms reported overseas work between 2009 and 2011.

Until recently, companies seeking to manage human capital risk have focused on "silos" of data and attempted to develop interventions solely from analyzing data independently within these silos. Given that interventions developed in this manner have not produced the desired cost savings, many innovative organizations have turned to a "Big Picture" approach in an attempt to understand the interrelatedness between the silos and the business policies that ultimately determine human capital performance.

A "Big Picture" approach to human capital risk management focuses on strategic connections among critical data elements that comprise an organization's human capital management efforts, with specific focus on those connections that influence job performance. This approach provides decision makers with actionable information that they can use to integrate human capital management activities and optimize their overarching human capital management strategy. Only through this Big Picture integration approach can a broad array of seemingly disparate human capital data elements interconnect in a meaningful, actionable manner resulting in true human capital management changes and improved business performance.

10. INTERNATIONAL DESIGN AND CONSTRUCTION; A SHIFTING PARADIGM

The downturn in the United States' economy that began in early 2008 has had serious repercussions for the design professions. However, globalization strategies crafted during the recession were the saving grace for some firms, and still provide opportunities for those that are interested in testing the waters abroad. Overall, approximately 13% of U.S. architecture firms reported overseas work between 2009 and 2011.

Of firms that have not had any international projects in the last three years, approximately one-quarter are interested in overseas work. Global opportunities are driving more interest in international work, as only 18% of firms were actively pursuing or considering pursuit of international projects in 2008.

International projects will require more due diligence and research. Understanding the local culture is the factor that the largest share of firms takes into account when they are preparing to enter a foreign business market. Many firms also take into account relationship dynamics, such as having clients, friends, and colleagues in the market as well as the ability to work with local consultants, architects, and engineers. Regulatory factors are also important to take into account, including understanding the local monetary system, tax regulations, and revenue repatriation.

11. THE CHANGING OFFICE... LITERALLY

In 2013, there will be a new awareness of office design, one that emphasizes how offices must adapt to fit the way people work instead of the other way around. Companies see today's offices as customized tools for working and living better. While those designs are as varied as their inhabitants, some common characteristics stand out.

Today's offices are brighter, with artificial light taking a backseat to daylight that fills the space, an emphasis that affects the design of everything from floor plans to the

building's façade. Technology and the means to accommodate it are so pervasive that a workstation is anywhere networks can be accessed wirelessly. Workspaces are more versatile to suit not only the work performed but also the personal preferences of the individual doing it. Because companies are looking for ways to engage their employees and create a sense of community, common spaces get the lion's share of money and attention, with more real estate devoted to these areas than ever before; administrative and filing spaces are the losers in this exchange. Individual offices aren't disappearing, but they are shrinking in size, sometimes even in number. And in an era when no sharp line can be drawn between home and work, offices are borrowing traits from houses to offer more amenities and to reflect the same destinations found in any residence: kitchen, pantry, living room, and family room.

Meanwhile, sustainability – an office feature once considered special – has become standard. Whether for reasons of economics, environmental consciousness or both, the must-have lists of clients, even those with no interest in green building, routinely include recycled products (including buildings), locally sourced and sustainable materials, energy-efficient HVAC systems, and better indoor air quality. The result is a pronounced shift toward offices designed to attract and retain top talent while emphasizing productivity over cost savings and comfort over square footage.

12. INTEGRATION AS THE SOLUTION

As organizations grapple with boardroom issues such as talent cliffs, financial uncertainty, image value, and the ability to make quick and decisive moves in their own markets, it is the CRE&FM executive's responsibility to identify and deliver solutions that deliver real organizational value, aligned with these issues. Enter integration 2.0.

Integrated solutions work best when complex problems have been clearly defined. Today, the "complex problems" we refer to involve the ability to meet unique human centric needs. The needs of today's working generation are more complex and dynamic than ever, and creating efficient, effective, and flexible work environments that take into account total well-being has become critical.

Progressive organizations are beginning to understand and solve for human needs when designing workplace services and solutions by redefining integration to mean having the skills and resources to expand its capabilities on four specific fronts:

1. Viewing individuals and organizations holistically and dynamically.
2. Translating these needs to create new and more effective operational/business models.
3. Designing strategic Life/Work Ecosystems (interventions) that synergize insight and solutions from multiple functional areas within the organization.
4. Evaluating the impact of these ecosystems on improved service effectiveness, people effectiveness and well-being.

At the intersection of each of these expanded capabilities is the moment where integration becomes THE solution – human needs are met resulting in heightened organizational performance, top-line revenue generation, bottom line profitability, and increased image value for the organization.

The Built Environment's Crucial Role in Organizational Performance

Sodexo's interview of LuAnn Heinen, VP at National Business Group on Health & Richard Kadzis, VP of Strategic Communications, CoreNet

Employers increasingly recognize the importance of the built environment in promoting better health, quality of life and work-related engagement among their employees. Sodexo interviewed two leaders in the field about the impact that environmental factors can have on employee health and engagement, and the role these outcomes play in supporting organizational performance. The following excerpts from interviews with subject matter experts LuAnn Heinen and Richard Kadzis provide an overview of the work environment as it relates to employee health and engagement.

The Built Environment and Employee Health[1,2]

Q: How do environmental factors impact individual health status, and how can employers effectively leverage these factors to improve their employees' health?


LuAnn Heinen
VP at National Business Group on Health

LuAnn: According to the Centers for Disease Control and Prevention (CDC), 20% of an individual's health status is the result of the environment. If an individual who is trying to lose weight only has access to high-fat, high-calorie foods, his effort will be thwarted. However, if he has access to nutritious foods and opportunities for physical activity, success is much more likely.

In the workplace, even small changes to the work environment can improve employees' diet, increase physical activity levels and decrease tobacco use without negative effects. Combined with work-site health promotion programs, environmental changes can improve the overall health of employees, including their weight and BMI. Because of this, and according to the ecological model of health, health promotion interventions need to target both individual behavior and the surrounding environment.

One example of an intervention that successfully targeted environmental factors in the workplace is the NIH-funded obesity prevention trial conducted at the Dow Chemical Company. At worksites receiving the intervention, environmental prompts and point-of-choice messages were strategically placed in front of stairwells, vending machines and in cafeterias, to encourage employees to make healthy food choices and be physically active. Employees at sites where environmental changes were added to existing wellness programs maintained their weight and BMI over the course of two years. On the other hand, employees at sites without environmental alterations gained an average of 2.1 pounds and 0.3 BMI points.[3]

Q: Why are employees more sedentary in today's workplace, and how can organizations create a work environment that promotes physical activity?

LuAnn: Office automation – including printers, elevators, telephones and e-mail – improves productivity but significantly reduces employee physical activity. This is especially true for office-based employees who are sedentary for up to eight hours or more a day. Employers can create a work environment that supports physical activity in a variety of ways. According to a 2010 quick survey of Business Group members, 71%-73% of respondents offer employees an on-site fitness center or walking trails. Twenty-three percent use stairwell signs and prompts. A smaller percentage of employers design parking lots and offices to encourage additional movement throughout the day.[4]

Q: Is there evidence to support the effectiveness of strategies that promote workplace physical activity?

LuAnn: Research on environmental strategies used to promote workplace physical activity focuses on three different categories: stairwell signs and prompts, access to places for exercise and flexible work time. In a systematic review of 11 studies, point-of-decision prompts increased stairwell use by a median of 2.4 percentage points. Though the increased use appears small, it actually represents a 50% relative increase in stair use.[5] Small incentives offered in the stairwell, such as fruit, along with stairwell enhancements including paint, carpeting, artwork and music, increased stair use even more. However, most studies evaluated short-term behavior change; limited evidence supports long-term behavior change.

Limited research also demonstrates the beneficial effects of walking paths and fitness centers. In two studies, individuals with access to fitness centers were 1.8 times more likely to participate in leisure-time activity and 1.3 times more likely to meet national physical activity recommendations. Additionally, employees with access to safe places to walk near work were nearly twice as likely to engage in physical activity during work breaks.[6]

In addition to environmental modifications, corporate policies that provide flexible work time for physical activity were associated with increased employee activity levels in several studies. Flexible work schedules allow individuals to come in early, work late or take an extended lunch in order to exercise during the day. In 2010, 62% of the Business Group's *Best Employers for Healthy Lifestyles®* platinum winners offered flexible work time for physical activity.

Q: How can the built environment negatively influence employees' health status, and what can organizations do to control these threats?

LuAnn: In 2010, the direct costs of occupational injuries and safety incidents for U.S. companies were more than $53 billion, in addition to the indirect costs of absenteeism, the hiring of temporary staff and diminished customer service.[7] By promoting a healthy and safe working environment, employees will have fewer injuries and employers will experience reduced costs and improved productivity.

Engagement also plays a role in keeping workers safe. Research indicates that the most engaged employees have nearly half as many safety incidents compared to the least engaged employees.[8] In addition, the average cost of a safety incident for an engaged employee was $63, compared to an average of $392 for a disengaged employee.[9]

The keys to maintaining a safe environment are managerial support and organizational commitment. Companies that promote safety are more likely to have higher rates of employee adoption of safe work practices as well as lower rates of workplace injury. Safer workers are also more likely to be satisfied with their jobs.

The Built Environment and Employee Engagement

Richard Kadzis
VP of Strategic Communications, CoreNet

Q: We hear a lot about the costs of occupational injuries and safety incidents, and the importance of flexible work schedules that permit employees to engage in physical activity. With these factors in mind, why do companies still need a physical workspace – why not have all employees work virtually?

Richard: There is a synergy between the built environment and the people who reside in it, whether it's physical or virtual space. One of the many predictions made within CoreNet Global's Corporate Real Estate 2020 research is that virtual work will not trump the physical workplace. While there are proportionately more knowledge workers doing their jobs from home, or from a third place beyond the office or home, there's still an overriding need for people to connect in person.

Connecting isn't just about collaborating on projects or goals and objectives, which is a critical aspect of contemporary workplace design. It's also about the need for people to touch base again with the company culture and to see or be with their co-workers and, of course, their managers.

Still, it's becoming a proven fact that companies should address people, technology and place in that sequence; so that technology is clearly understood as a way to empower people's work and that place is a resource for people to engage with their companies, bosses and co-workers. Place enables work, as does technology, but it's no longer just about bricks and mortar.

A big realization is that buildings or offices aren't so much assets for transaction or arbitrage as they are resources to enable work and engage employees. Interrelationships among stakeholders are keys to understanding the correlation between the environment and person, and their subsequent impact on business outcomes.

Q: Can you tell us more about employee engagement and its impact on organizational outcomes?

Richard: Data shows that 70 percent of employees are not fully engaged with their jobs. Employers can't influence or control factors in their people's personal lives, or the corresponding outlooks and behaviors that result in lower performance levels. But forward-facing companies that understand the importance of meaningful employee engagement are good at connecting their people to the "big picture."

In his book, "The Connected Company," Dave Gray argues effectively for collaborative leadership and management models that engage all stakeholders and give employees a voice in the process of change. Gray also outlines the critical nature of instilling "purpose" and "meaning" in the employee's work experience.[10]

In other words, the more an employee can grasp how he or she fits into the mission and business plan of the company, and how that individual's contributions impact business outcomes – or even the bottom line – then employees feel much more connected. It's one of the hallmarks for attaining higher employee engagement levels, and it starts with collaborative leadership styles that allow for "bottom-up" influence on the future direction of a company, whether it's a workplace transformation, a new product launch, a post-merger consolidation, an integrated sustainability strategy, or something else.

Q: In addition to collaborative leadership styles, what strategies can companies implement to adopt a more holistic approach to employee engagement?

Richard: In 2013, we have the ability to transform key practices and resulting measures that have tended to shape the perception of corporate real estate (CRE) as a cost center or cost-cutting mechanism. This revolves around the growing number of companies that are adopting "people-centric" approaches driven by employee engagement, workplace well-being and employee wellness. We can evolve away from 2D metrics like cost per square foot or revenue per person to 3D metrics like value created per square foot, or even quality of life per square foot.[11]

As mentioned, a major step in that direction happened in 2012, with the finding that the work-life supports enabling this model are no longer just a CRE strategy, they have become a business model. We're beginning to see a transformation in the way CRE is viewed inside forward-facing organizations, where it's being integrated with Human Resources, Information Technology and other key support functions at a strategic level to become a "Super Nucleus." Two global fast moving consumer goods companies and an American multinational software company are among the companies taking this approach.

One of CoreNet Global's 10-year strategic objectives is to create a network outside of CRE for our members to connect more closely with those critical internal partners, and the Super Nucleus concept provides a channel for that. In doing so, we can start to work to change from an activity-based model for mobility to a people-focused model for engagement and higher productivity. The metrics we use to track performance need to become more empirical and evidence-based, so we can ultimately improve the quality of work environments and work experiences while addressing people, technology and place in that sequence.

Conclusion

Environmental changes can strongly support employers' efforts to improve employees' health behaviors. Specifically, tactics that enhance the physical environment of the workplace, ensure its safety and provide a wide range of programs that help employees manage work/life balance issues have a positive impact on employee health and engagement. These outcomes bring about improved employee performance and effectiveness, which ultimately translates into long-term organizational success.

Superstar Recruitment: The Power of Community

Trish Freshwater, Senior Communications Manager, Sourcing & Talent Acquisition, Sodexo

Trish Freshwater
Senior Communications Manager, Sourcing & Talent Acquisition, Sodexo

One of the key trends influencing many aspects of the workplace – but especially HR – is the increased use of social media, especially as it relates to recruitment and employment branding. The way we communicate with candidates today is vastly different than it was even just a short five years ago. Today, social media and mobile communications dominate over traditional e-mail campaigns. In fact, a recent study released by Jobvite found that 92 percent of U.S. companies used social media networks in 2012 as part of their recruitment efforts. Additionally, 7 out of 10 employers have successfully hired a candidate through social media – up from 58 percent in 2010.

Another staggering statistic describes the growth of mobile data. In 2009, an estimated 100 million Smartphones were in use. This number is projected to be close to 1 billion in 2013. And, mobile Web usage is projected to increase 17 fold by 2016 – with more people accessing the Web using a mobile device than a desktop computer by the end of this year.

"At Sodexo, our Talent Acquisition team has worked hard to harness the power of social media and leverage it with mobile access," says Arie Ball, Vice President, Sourcing and Talent Acquisition. "We were an early innovator with social recruiting and now we're finding ways to innovate and expand our reach through new technologies to meet our talent needs now and into the future."

In March of this year, the company launched the Sodexo Careers and Job Search mobile app that ties all of the company's social recruiting efforts together in one simple on-the-go platform where candidates can engage with recruiters on all of Sodexo's social networks and search and apply for jobs straight from their Smartphone.

The Social Connection

Social media is used as more than a one-way conversation with companies simply pushing info out to applicants. By using social media, applicants can see multiple sides of a company and get a true picture of their potential employer. In the Career Builder 2012 Workforce Planning and Talent Acquisition Survey, data shows that job candidates actively look for information about companies when job hunting. In fact, 70 percent of job seekers reported using Glassdoor, Yelp or another ratings site to learn more about an employer before applying to a job. This data falls in line with consumer research that shows potential buyers will use 10.7 sources before making a purchase.

"Social media has allowed us to develop deeper relationships with our talent community," explains Ball. "Rather than rely on job boards, phone calls and e-mails, we can reach out to candidates on the platforms they prefer to use and provide them with information about our company, our culture and what it's like to work for Sodexo. It's also a fabulous way to reach passive candidates and expand our talent pool, as we're able to engage with them in meaningful ways, easily articulating our employment brand and keeping them abreast of new company initiatives and opportunities."

Early social recruiting was focused on LinkedIn. Now, however, all social networks are fair game in the recruiting arena with approximately two-thirds of HR departments searching Facebook for top talent and more than half using Twitter. Still, LinkedIn remains strong with 93 percent of HR/recruiting professionals using this site – up from 78 percent in 2010. Not surprisingly, of the social media hires, 89 percent come from LinkedIn, 25 percent from Facebook and 15 percent from Twitter.

But, based on the June 2012 Jobvite Social Recruitment Survey, social recruiting not only expands a company's reach for top talent, it also impacts the quality of hire and employee referrals. Of the more than 1,000 HR and recruitment professionals who participated in the study, 43 percent of recruiters who use social recruiting saw an increase in candidate quality and 31 percent cited a sustained increase in employee referrals. Given that industry data shows that people have an average of 150 social network contacts, Sodexo North America's 125,000 employees offer a potential social reach of nearly 18.8 million second-degree connections.

Mobile Access

The rapid growth of mobile technologies and the way society is embracing this access offered by 24/7, anywhere, anytime technology is of particular interest to recruiters. Through developing technologies, candidates are approaching their job searches in new ways, as they use mobile devices to research and interact with companies, and search for and apply for jobs – all on the go.

"Our mobile initiative aims to help us meet the company's ambitious growth goals by expanding our reach and engagement with candidates – both internal and external – by providing on-the-go access to all of our online properties where they can interact with recruiters on the social network of their choice," said Ball. "What's even better is that they can search and apply for jobs directly from their mobile device regardless of immediate access to a desktop computer. And, our employees can make referrals directly from the mobile app anytime, anywhere."

More interestingly, research shows that minority groups are using mobile technology at higher rates, creating an opportunity to support Sodexo's efforts to build a diverse and inclusive workforce. According to the Pew Internet Research and Nielson Company, nearly half of all minorities embrace mobile technology and make it their primary method of accessing social media and other Internet sites. Therefore, with the anticipated rapid growth of Smartphone use, the marriage of Sodexo's social media and mobile recruitment strategy seems a natural fit to attract top diverse talent and engage top internal employees with a tool to help them advance their career anytime, anywhere.

By the Numbers

With active representation on nearly all of the popular social networks, Sodexo's Talent Acquisition team has seen tremendous growth in their outreach efforts. Here are just a few examples:

- The Sodexo Careers Facebook fan page has over 8,700 fans (2,340 new fans in 2012 to date) and averages more than 250,000 impressions per month.
- The Sodexo Careers LinkedIn group grew by more than 2,650 members to 8,725 in 2012.
- @SodexoCareers has approximately 9,000 Twitter followers. The profile's TweetReach averages 360,000 impressions for 50 tweets – a notably small part of the overall reach of Sodexo recruiters and recruiting leadership active on Twitter.
- The SodexoCareers blog receives about 3,600 visitors and 6,500 page views per month. More than 8,900 additional readers receive the blog via e-mail subscription; more than 270,000 receive a synopsis of the posts in our monthly blog update. In 2012 to date, the blog update has directly generated 800 applications.
- The relatively new Sodexo Careers Pinterest page has 22 boards, more than 580 pins and new pins daily.
- Since March 2012, the Sodexo Jobs mobile app has seen 8,500+ downloads and resulted in 36 total hires (20 internal). Additionally, more than 3,400 candidate applications were submitted via mobile.
- Mobile has led to more than 1,400 new Sodexo Talent Community members

A social media utilization survey distributed to all FY2010 new hires revealed that:

- During their job search and interview process, internal and external hires utilized one or more SodexoCareers Talent Community properties at virtually the same rate (46-47%).
- The careers blog was the most frequently used property, read by 32% of internal hires and 17% of external hires (25% of total).
- Facebook was the next most popular for both internal (12%) and external (11%).
- The Career Connections eNewsletter was the third most popular for both groups but utilized a bit more by externals (11%) than internals (7%).

ARIE BALL
Vice President Sourcing & Talent Acquisition, Sodexo

"Although Sodexo was an early innovator with social networking, we have continued to innovate and expand our reach – and enhance our ability to engage talent in new and interesting ways," says Ball. "Clearly, our results map directly to our overall objective: to leverage social media to build an online, interactive talent community to help meet Sodexo's need for talent, now and into the future. Through our social media and mobile initiatives, we have vastly expanded our outreach to the various pools of talent and engaged that talent in a more meaningful way."

Inspiring A Connection to People, Community & Brand through CSR

Kristen Rainey, Director, Sustainability, Corporate Services, Sodexo
Rachel Sylvan, Director, Engagement, Office of Sustainability & Corporate Social Responsibility, Sodexo

Kristen Rainey
Director, Sustainability,
Corporate Services, Sodexo

The ability to attract and retain the right talent can make or break companies. To succeed in today's marketplace, companies must have the right people on board and know how to inspire their best performance. Yet, the most talented candidates today are often seeking more than a paycheck. They are looking for a values match. Companies are finding that they can attract, motivate and retain top talent by creating meaningful work environments with their sustainability and Corporate Social Responsibility strategy.

The International Organization for Standardization defines Corporate Social Responsibility (CSR) as "a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society."[1] Businesses that have incorporated a CSR strategy may choose to address any number of issues, typically including human rights, workplace safety, local and international community involvement, social development, fair business practices, and increasingly, employee health and wellness.

Rachel Sylvan
Director, Engagement,
Office of Sustainability
& CSR, Sodexo

Sodexo has embraced CSR initiatives to protect the environment, promote health and well-being, and support the development of communities where we do business. We also have a strong track record working to address the root causes of poverty worldwide and have taken action to stop hunger and set the standard for ethical business conduct. At Sodexo, we believe that good corporate citizenship is integral to achieving our business goals. More importantly, our CSR initiatives represent the passion and commitment of our people who choose to live their values through their work.

Recent studies have shown that social responsibility is a particularly important factor in attracting and retaining members of tomorrow's workforce. In just one example, a PricewaterhouseCoopers study of new college hires conducted in 2009 revealed that 86% of them would consider leaving an employer whose social responsibility values fell short of their expectations[2]. In a 2012 report on "What Workers Want," a national non-profit called Net Impact found that 58% of students would accept a pay cut to work for a company that shared their values[3]. But the values match is not just important to the newest generation of workers. As values have evolved over time, we see the connection with sustainability as a potential motivating factor for each of the four generations that make up today's workforce.

Sodexo has found that our sustainability and CSR strategy is already benefiting our talent recruitment, motivation and retention. According to a 2011 study of Sodexo managers conducted with Professor Ante Glavas at the University of Notre Dame, positive perceptions of Sodexo's corporate citizenship were positively and significantly related to job satisfaction, motivation, and intent to remain with the organization. That is, for every increase in perceived Corporate Citizenship, there was a corresponding increase in the job satisfaction, motivation, and desire to remain with the organization for Sodexo managers. There was no difference in the strength of these results when we looked across age ranges; our commitment and actions in the area of sustainability are a powerful motivating factor for all generations participating in this study. However, each generation might have its own reason for valuing a company's commitments in this space. Keep in mind that not everyone identifies with the generation in which they were born, but making sure the approach to sustainability appeals across generations can help a company maximize the employee engagement results from its sustainability efforts.

Company matching programs are an effective way for a company to demonstrate with dollars that it will support organizations and causes that its employees' value.

Traditionalists

Born before 1946 and representing 7% of the workforce,[4] traditionalists lived in a time when the country had to pull together to win World War II, and companies gave back to their communities through corporate philanthropy programs. Traditionalist workers often feel a personal responsibility to improve their communities, and companies will want to demonstrate the immediate impact they are making at the local level through the value of their products and services in people's lives, their local hires, and their community outreach through corporate philanthropy. Company matching programs are an effective way for a company to demonstrate with dollars that it will support organizations and causes that its employees' value. In addition, this is the generation most personally impacted by the Great Depression; as a result, many will likely buy in to programs focused on reducing waste. Finally, traditionalists tend to prefer discussing important matters in person, so scheduling meeting time to address important topics is key to obtaining their commitment.

Baby Boomers

Born between 1946 and 1964 and representing 42% of the workforce,[5] Boomers grew up post-war and typically value hard work. Many want to be involved in their communities beyond corporate philanthropy and will look for opportunities for personal involvement through hands-on volunteer experiences. Baby Boomers tend to find company-sponsored volunteer programs to be of value. It is impactful to engage Baby Boomers in the process of selecting recipient organizations that are aligned with both the company's and the employees' values. And keep in mind – their preferred communication vehicle is often by telephone. Take the time to pick up the phone and seek their perspective.

Generation X

Born between 1965 and 1977, Gen X-ers represent 29% of the workforce.[6] They came of age in a new era of rapid technological development. Gen X-ers view sustainability through a lens of innovation, seeking out ways to make products and services not just greener, but greener and better. They are known to be skeptical and value the transparency involved in honest reporting of CSR performance. Many also prefer e-mail as their form of communication. Providing online resources (such as e-newsletters and/or links to a sustainability report) is useful in allowing them to learn more about a company's sustainability efforts at their own speed and convenience.

Connecting to Millennials about a company's sustainability efforts is most effectively achieved through social media.

Generation Y

Born between 1978 and 2000, Gen Y-ers are also known as Millennials and represent 21% of the workforce.[7] They are digital "natives," tending to prefer texting over other forms of communication. It is not uncommon to find a Gen Y-er texting someone who is literally in the same room, nor is it uncommon to find Gen Y-ers who do not check their voice mail at all. Public and private personas are often blurred, with Facebook providing an opportunity for them to connect with friends and work colleagues alike. Connecting to Millennials about a company's sustainability efforts is most effectively achieved through social media. In addition, Millennials need to feel their opinion is heard, so engaging them in online or text-based surveys and providing them with opportunities to share their input is critical. Furthermore, offering them opportunities to share what sustainability initiatives your company is doing, via tweeting or posting to Facebook, can be an effective way of optimizing their role as public spokespeople for your company. Finally, with Millennials, engaging them in short bursts is most effective, which allows them to continue multi-tasking as they are accustomed.

As companies continue to focus on attracting and retaining top talent, they need to clearly articulate their sustainability and CSR values with their prospective and current employees.

This internal communication piece is as critical as the company's external communication. Furthermore, they must recognize that in today's multi-generational workforce, sustainability and CSR mean different things to different age groups. Just as good educators know to provide multiple educational methods to accommodate students' different learning styles, companies must also adapt their messaging in order to connect most effectively with and motivate different age groups.

Note: *The authors want to thank Sodexo's Inter-Generational Employee Business Resource Groups for providing a wealth of resources and greatly informing our perspective on generations in the workplace.*

The Contemporary View of Inclusion & Its Effect on Psychological Health

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In today's challenging economic times and volatile business world, what could be just as, or more important to employees than adequate pay and benefits? Based on conclusions and research data from many experts,[1,2,3] creating and sustaining a psychologically safe and healthy workplace is a feasible solution that often creates better outcomes for individuals and their employers. Recognizing employees' mental well-being can directly impact workplace performance, as increasing numbers of today's successful companies excel at creating and sustaining such environments to engage and retain employees.[4]

Psychologically safe and healthy work environments emphasize employee well-being and encourage high performance, which is associated with high levels of engagement and high rates of retention,[5,6] In fact, according to the results of a survey from the American Psychological Association (APA), the top reasons working Americans will stay with current employers are work-life fit and enjoying what they do.[1] Fewer employees cited economic reasons for remaining on a job, such as benefits, pay and a lack of other job opportunities.

In addition to adequate flexibility, healthy relationships, and experiencing positive emotions at work, employees want to feel heard and appreciated for their contributions. Based on the responses collected from a recent APA survey, 21% of American workers admitted feeling undervalued at work.[2] Half of all respondents that reported feeling undervalued at work stated they planned to look for new jobs within a year. Employees who felt valued at work were more likely to report better physical and mental health, as well as higher levels of engagement, satisfaction and motivation, compared to those who did not feel valued at work.

The creation of a psychologically healthy workplace is not a new idea in corporate wellness, but it is often ignored in favor of other initiatives such as weight management, nutrition and health screenings. Many best-in-class employers are recognized leaders for programs that encompass the needs of the employee as a whole; this includes well-rounded programs that include diversity and inclusion components. Fostering an environment where employees can bring their whole self to work not only evokes positive psychological health, but the company is also rewarded with productive, loyal employees.

According to Barry Hall, a Principal with Buck Consultants and the global leader of Buck's Wellness Research, "Employers are putting additional focus on improving employee morale and engagement, likely due to concerns that employees have become disengaged throughout the recession. Employers recognize that retaining workers will become increasingly challenging as the job market is revitalized, and being a good place to work with a healthy culture will help them keep their best employees." The difference between a "good" place to work and a "not-so-good" one often comes down to the relationships workers have with bosses and peers. Well-planned and adequately implemented engagement and inclusion strategies can create an environment where issues that negatively affect psychological health are the exception, not the norm. An example of such an issue that has gained increased attention in recent years is workplace bullying.

What is Workplace Bullying?

Workplace bullying is repeated, harassing behavior that is deliberately intended to cause harm to one or more individuals and prevents them from excelling at work. It is a form of emotional harassment that is targeted, intentional and persistently instigated by an individual's peers and/or managers and supervisors.[7] Workplace bullying can take one or more of the following forms:

- Verbal abuse;
- Conduct that is threatening, humiliating or intimidating;
- Work interference and sabotage that prevents work from getting done;
- Exploitation of a known psychological or physical vulnerability.

"According to the Workplace Bullying Institute, 35% of adult Americans (an estimated 54 million workers) report being bullied at work; an additional 15% witness it and vicariously are made miserable."

It is important, however, to distinguish bullying from illegal or sexual harassment; in fact, bullying is four times more prevalent than illegal harassment, and 68% of bullying is same-gender harassment, with women bullies targeting other women in 80% of cases.[7] On the other end of the spectrum, incivility, rudeness, or exercising managerial prerogative should not be mistaken for bullying. Neither is bullying conflict between employees who simply disagree over intellectual ideas. Bullying is a form of emotional violence and is therefore not subject to mediation.

The notion of "bullies" or "jerks" is nothing new – but the measurement of their effects on our people is astounding, which is why Gold's Gym, Washington Mutual, Berkshire Hathaway, and Mozilla are a few of the firms that maintain a "no jerk policy" to sustain a healthy work environment.[8] They know bullies affect the bottom line and create toxic environments in which quality work and employee engagement are impossible.

In fact, within organizations where bullying is ignored or little to nothing is done to stop or prevent it, the targets accrue a variety of costs that can range from ill health and tarnished professional reputations, to reduced productivity.[9,10] Many of the indirect costs to individual targets add up to become organizational problems, including high turnover rates, absenteeism, and even workers comp and disability claims. More importantly, ignoring bullying in the workplace creates a toxic work environment in which employees lack the basic level of trust needed for teams to successfully work and produce together.

Solutions for Workplace Bullying

So what can be done to prevent workplace bullies in the first place, or keep them at bay? Dr. David Ballard, the head of the American Psychological Association's Healthy Workplace Program, suggests, "Organizational leaders can promote a psychologically healthy workplace by modeling desired behaviors, rewarding pro-social conduct and training managers to identify and address counter-productive interactions. Formal policies regarding bullying and incivility can also help communicate clear expectations and promote a culture of trust and respect." It is critical in the case of "workplace bullying," therefore, for organizations to establish and sustain policies that enable employees to identify when it happens and to create a "safe" means of reporting the behavior to a neutral party – without fear of repercussion.

The Workplace Bullying Institute also notes the importance of education for the entire organization, and suggests that organizations call upon workplace bullying consulting firms like The Work Doctor to conduct clinics, create prevalence surveys, and assist with policy creation.[11] The Work Doctor can also help employers create an Expert Peers Team (EPT) comprised of individuals widely recognized as empathic, good listeners, and with a reputation of standing up to abusive others. The EPT, whose primary task is to develop an expertise in workplace bullying and serve the organization on this issue, should be large enough to be representative of most levels of the organization and to cut across disciplines.

Identifying the Causes of Workplace Bullying

To effectively examine the issue of workplace bullying, just one of the tangible issues affecting psychological health in today's workplace, the root causes must be considered. One of the root causes is, in many cases, difference in the backgrounds, lifestyle choices, or even generational gaps between employees. Those are not the only causes, however. If you take a more robust approach to inclusion and diversity in the workplace, these causes would include differences in lifestyle and workstyle as well. Some targets of bullies have a more soft-spoken approach to working that is not seen as "aggressive" as perhaps a manager would like. Other targets are absolute stars in the organization – they are well-liked, perform optimally, but may outshine their peers and supervisors. A comprehensive inclusion strategy is a must for those employers looking to provide for the workforce as a whole.

For instance, Sodexo is well known for its Diversity and Inclusion efforts and in fact, they are a cornerstone of how the company does business. The company's efforts are centered on educating employees about the core value of inclusion and the conscious and unconscious behaviors that can lead to an unhealthy environment. Courses on identifying and preventing micro inequities, providing constructive feedback, and leveraging diversity of thought and inclusion of people are embedded in the curriculum of the Get Live! management onboarding program. Sodexo's Employee Network Groups also contribute to an education about issues of culture, race, sexual orientation, disabilities and a multi-generational workplace and help foster a culture of inclusion to prevent some of the bullying fueled by particular biases.

In conclusion, Corporate Wellness needs to be redefined to include comprehensive mental health programs and inclusion strategies. As an industry, it is essential to focus time and attention on employees' needs in their entirety. In the case of workplace bullying, the key is to develop new ways of teaching employees behaviors that the company values, but more importantly teaching them what behaviors are unacceptable. One suggestion is for the different parts of an organization to communicate with each other.

"If Human Resources, Employee Assistance Programs, Inclusion Strategists and Wellness Directors were all part of a universal plan to promote psychological health, perhaps we would all be better employers."

21st Century Mentoring

Randy Emelo, President and CEO of Triple Creek

Randy Emelo
President and CEO of Triple Creek (www.3creek.com)

A November 2011 Accenture Skill Gaps Study found that 55 percent of workers in the U.S. reported they are under pressure to develop additional skills to be successful in their current and future jobs, but only 21 percent said they have acquired new skills through company-provided formal training during the past five years.[1]

To support workers for future challenges, organizations must:

- Plug into and leverage the collective intelligence of the enterprise through learning connections.
- Encourage creativity and innovation through diverse learning networks.
- Accelerate speed to competence through self-directed approaches that generate real-time learning content.

Mentoring has proven again and again to be a powerful and effective workforce development tool, and the need for mentoring, knowledge sharing and skill building continues to grow. However, traditional mentoring is no longer adequate in today's hyper-connected and fast-paced world. Companies today must embrace a new form of mentoring and knowledge sharing that allows workers to find and connect with their colleagues so they can learn while on the job, share best practices throughout all areas of the business, and collaborate with people no matter where they may be located (see Figure 1). This trend is being driven in part by the Millennial generation. A growing contingent in the workforce, this generation has a preference for connecting and learning digitally. They want to have access to people from throughout their organization and have the freedom to choose who they seek knowledge from or share insights with. As employers modify processes to accommodate Millennial preferences, the demand for making virtual connections for learning will grow.

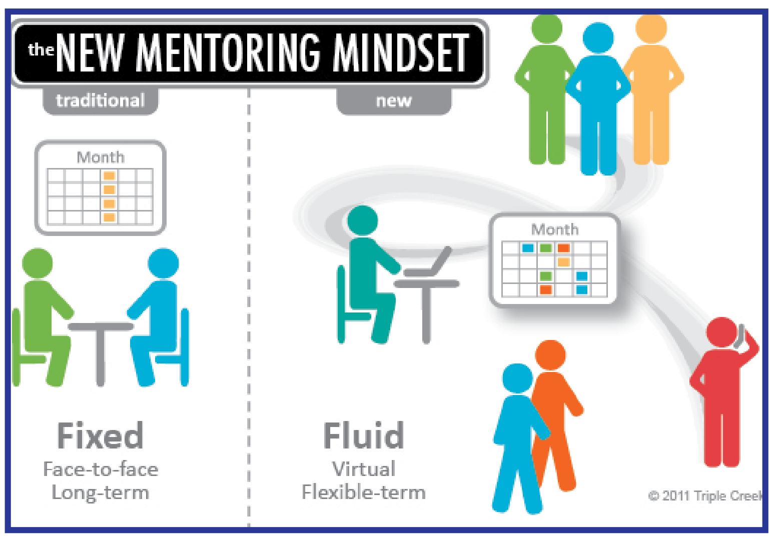


Figure 1

Modern Mentoring

With the help of technology, the age-old practice of mentoring is being redefined into modern mentoring that centers around connecting people across an organization to share critical knowledge and skills. Virtual relationships and multi-participant engagements form the basis for modern mentoring, which incorporates a more inclusive mindset about who should participate, a broader scope for making meaningful learning connections, and an open flow of knowledge among participants. No longer just about one-to-one relationships between senior leaders and potential successors, today's mentoring is focused on removing the barriers between people and engaging them in rich learning and teaching opportunities in a broad, networked manner so that knowledge can flow to the point of need.

Technology plays a large role in enabling this to happen because it allows organizations to view mentoring as a "for the masses" practice that harnesses the collective knowledge, skills, abilities and passions of an organization's entire workforce. Employees can create their own personal learning and advising networks that grow and flex as their individual needs and strengths change. This adaptability means insights are shared and applied on the job in a just-in-time manner, with people seeing real work results from their mentoring activities (See Figure 2).

Figure 2

Adults want to drive their own learning, and as they address their own personal real-time learning needs by connecting with colleagues from anywhere in the organization, they are in control of their learning. These knowledge-sharing connections help break down silos and spread expertise and innovation quickly across the enterprise, which can spark new solutions and creative ideas among employees that they can then bring to the job.

An ideal mentoring and knowledge-sharing network is:

- 5-15 people
- Learners and advisors come from across functions, locations, generations, etc.
- People shift in and out of the network and of the roles themselves, as learning needs and knowledge strengths evolve, creating a diverse, fluid and dynamic network

The diverse networks that people form can help them generate creative solutions, novel ideas, and unique approaches to organizational problems or issues they are facing. In fact, researchers Christoph Lechner, Karolin Frankenberger, and Steven W. Floyd found that among colleagues who are collaborating for work, the more diverse the networks were in terms of values and viewpoints, the more they increased their performance.[2]

In light of this result, organizations looking to foster and encourage major creative solutions and thinking among workers, as well as innovative improvements in current processes throughout the business, would do well to encourage more diversity in individual learning networks. This type of inclusive knowledge sharing thrives at Sodexo, where they actively support learning connections across generational, geographical and organizational boundaries.

Sodexo brings this practice to life with their Spirit of Mentoring initiative that offers both formal and informal mentoring options. Powered by software from Triple Creek, employees throughout the company engage with one another as learners and advisors; transfer knowledge related to their experience, competencies and needs; and collaborate with colleagues around training, career development, on-the-job productivity, learning groups and more. Sodexo makes great use of modern mentoring networks, reaching out to colleagues across locations, generations and functions. Here are just a few examples:

IMPACT: This acclaimed mentoring program connects individuals cross-culturally and across business lines. In addition to the one-to-one experience, participants choose to engage in a virtual community to share resources that hone their leadership competencies. Program metrics show that 30 percent of women involved in IMPACT received a promotion.

Peer2Peer Mentoring: This informal mentoring is made available through nine Sodexo Employee/Business Resource Groups. Examples include iGen, Sodexo's Intergenerational Group, which is in the process of launching generational roundtables; WiNG, the Women's Network Group, which offers mentoring circles; and several other groups that offer one-to-one mentoring options.

Expertise in Action – Collaborative Learning Groups: These groups are forming in response to the development needs of the learners within the Spirit of Mentoring system. Topics of mutual interest include communication, strategic leadership and leading change, to name a few.

The richness of diverse views and understandings often grows more abundant when people reach outside of their typical like-minded networks. People reaching across different generations will gain insights into how people of various age groups tend to think and behave. People reaching across cultures can leverage differences to better understand colleagues and clients, and to increase creativity and effectiveness when working with people from other cultures. People reaching across functions can harness the power of best practices from colleagues in other business units and locations so that they can repeat what works well, rather than trying to invent a new process.

In addition, different perspectives within knowledge-sharing communities help novel ideas and approaches arise in answer to organizational problems or issues people are facing. Individuals in a different functional area, geographical area, or even from a different department or age group will likely view situations and issues through a distinctive lens. Their experiences and focus areas give them a unique perspective, and this fresh take on the situation can produce innovative solutions. The best solutions sometimes come from the most unexpected places.

The Power of Peers

The common theme here is that peers reach out across silos and barriers to connect with and learn from one another. While traditional mentoring typically focuses on a lower level employee seeking guidance and wisdom from someone higher up, the focus of more expansive knowledge sharing has broadened. Today, the value comes from peers sharing insights with one another at all levels and in all areas of a company.

In Triple Creek's 2010 "Group Mentoring Research" study, 72% of group mentoring participants cited their peers and fellow group learners as good or excellent sources of learning.[3] Peers can be a great source of social support and encouragement, since they understand and experience similar organizational pressures that can lead to breakthrough insight and advice. Even if they don't work in the same business unit or function, peers understand the pressures their colleagues face.

According to a 2011 report called "The Power of Peers" from the Corporate Leadership Council, only 36% of employees are effective at peer mentoring, and only 7% of organizations focus engagement initiatives on improving these interactions.[4] When employees are effective at critical peer mentoring interactions, average engagement capital can improve by 66%. If companies can harness the power of peer connections within mentoring, they can significantly improve their engagement. This is just what Sodexo has accomplished. Using open and dynamic mentoring, Sodexo has created a central gathering place where people can come and go as needed, where they can join in when their time and needs allow, and where learners can be met at their own unique point of need.

Using software to facilitate people-to-people learning helps make this happen. The vast majority of people are not active learners, meaning that they need some structure to help guide them in this process. By using organizational competencies as the nucleus of mentoring engagements, users can take targeted action to meet specific work-related goals and remain focused on learning. Additionally, since all connections are competency-based and have an intentional learning focus, organizations can more easily measure things like speed to competence (i.e., how quickly individuals are becoming proficient in specific competencies) and understand the impact that the process is having on individuals and the organization as a whole. These types of measures, which have been historically lacking in past attempts to understand the impacts of learning and development processes, provide the "meat" that companies need today in their quest for ROI related to modern mentoring.

This new mindset around mentoring is not a fad or "flavor of the month" type of HR process; it is an emerging approach to enterprise-wide self-directed development. It is the natural evolution resulting from people's desire to connect with and learn from others, and the organization's desire to have a better understanding of the impact and ROI of learning and development processes. It is what both individuals and organizations have been asking for, without really knowing what to call it.

Modern mentoring is fast becoming a must-have solution for companies of all sizes. Those organizations that wait too long to make the transition to the modern view of mentoring will find themselves struggling to retain and find talented employees who feel they can grow with the company.

Generational Views on Mentoring

Traditionalists (born between 1922 & 1945) are hardworking, loyal to their organization, and respectful of those in authority. They want learning that is predictable, practical, and delivered by experts. They also need to share their experience and expertise with others to feel valuable.

Baby Boomers (born between 1945 & 1964) believe in participative management and work hard for personal gain. They want to be involved in learning that has an immediate payoff to their job. They need more help in developing the complex relational skills involved in leadership.

Gen Xers (born between 1965 & 1980) tend to be skeptical of those in authority and seek a better work/life balance. They are also often fiercely independent and have more of an entrepreneurial spirit. They want learning that is collaborative, peer driven, and relationally balanced. They need help settling on a career path that is both challenging to them and fits the needs of the organization.

Millennials (born between 1981 & 2000) are hopeful, multi-tasking Web-surfers. They want learning that is on-demand but highly social and network oriented. They need help learning the foundational skills and social awareness needed to be effective in the organizational culture. Due to the exposure and ready access that they have had to information and resources as they have been educated, they don't have patience for learning processes that take too long.

Types of Mentoring

New approaches to mentoring can empower workers to direct their own career development in greater ways.

Topical mentoring. Topical mentoring leverages both the expertise of leaders and the collaborative experience of other learners. One or more advisors lead numerous learners in conversation, knowledge sharing, and practical application related to a specific learning topic or around a point of affinity. People can find or create learning groups on their own, or organizations can manage the process. People learn from the advisors and from other learners, helping to build deep expertise across the enterprise.

Situational mentoring. Situational mentoring gives individuals a way to address immediate learning needs with one or more advisors. Several people can offer solutions and ideas at the same time so that learners get quick-hitting answers on a high-impact issue, problem, challenge, or opportunity within a short amount of time. Learners then synthesize this knowledge into a solution that fits their need and bring that solution back to their job in a timely manner.

Peer mentoring. Peer mentoring connects colleagues at the same hierarchical level in the organization but who may be in different functions or divisions. Learning relationships of this sort are particularly beneficial because peers can be a great source of social support and encouragement. They understand and experience the same organizational pressures based on position in the organization, and can provide breakthrough insight and advice from someone who truly gets it.

Reverse mentoring. Reverse mentoring places those who would typically be considered advisors into the learner role, and those typically considered learners into the advisor role. Reverse mentoring often exposes organizational leaders to new trends in technology, new ideas and innovations, and new perspectives of younger generations, while also bringing bright young minds to the attention of seasoned leaders.

Open mentoring. Open mentoring programs that promote self-directed relationships allow people to address their own learning needs in a manner of their choosing, while still aligning with overall organizational goals. Using technology to facilitate distance mentoring lets people collaborate with one or more mentoring partners on a global basis and allows the programs and mentoring networks to grow organically throughout the entire organization.

Thriving in The Cloud

Jim Ludlow, MBA, Founder and CEO of Liquid Interactive

Jim Ludlow
MBA, Founder and CEO
of Liquid Interactive

It was not so long ago when business executives did not know the difference between hardware and software. In the early 1980s, when desktop computing was becoming common in offices across America, the challenge businesses faced was how to adopt and adapt their business practices to a new communications and computing environment. Over the years since the "floppy disk" dominated the landscape, the computing world has undergone several iterations, as access to computing grew to become an integral part of our lives and our work. And, in many ways, the best is yet to come, as the market reaches for the cloud.

Cloud computing is what connects the data on devices like the iPhone and iPad. It is what enables us to use software virtually to share ideas, collaborate and build knowledge. The significance of the trend toward what is called "cloud computing" is that it moves communications from the desktop to a virtual environment, unleashing the true power of information.

The trend is a move away from content ownership and toward collaboration and sharing. The best way to think about this transition is to look at the role public utilities played in the industrialization of America. At one time, every factory was responsible for its own energy production. This meant that every factory had to own the equipment needed to generate energy and power, like using a nearby stream or river to power a grist mill.

This is similar to offices of today owning all of the means of computing. This requires the purchase not only of a sophisticated hardware and software network, but also a very expensive and sensitive array of servers on which data is stored and shared within a company, creating expensive levels of redundancy.

Public utilities took advantage of economies of scale by creating centralized points of power generation and then sharing power with their network of customers who paid for what they consumed. A single nuclear plant can produce megawatts of power and send it out over power lines to their customers, saving them the expense and hardship of having to generate power individually.

The "cloud" is like a virtual public utility for computing power. It makes everything you would have on a proprietary system available to the customer on an on-demand basis. Need extra storage capacity? It is there on the "cloud"

on demand. Need access to sophisticated software programs for a "one and done" project? You can rent access to these programs on the "cloud" rather than having to buy expensive software licenses that you may never use again. Need to collaborate with colleagues on a project? "Cloud" services are available to enhance real-time communications.

The "cloud" makes access to information available from anywhere at anytime. Workers are no longer hostage to desktops or networked devices. In the "cloud" environment, your information is where you are and can be accessed when you need it, using most any cloud-compatible device.

What Is Changing

The "cloud" is transforming industries. In the book, *The Mobile Wave*, Michael Saylor talks about how products are becoming software.[1] Nowhere is this more evident than in the music industry. Not too many years ago, recordings were pressed onto vinyl, packaged and shipped to record stores where they were inventoried, stored and advertised to promote sales. Today, songs are available online for less than a dollar, and all of the steps of creating and moving product to market have been eliminated.

The same can be seen with newspapers, magazines and books. The "cloud" will also change the way we bank, educate, treat illness and interface with the rest of the planet in the near future. In the services industry, the "cloud" is transforming information into commodities, as more information becomes available to everyone. For example, consumers can now utilize the cloud to bypass real estate agents and sell their homes virtually.

The trend here is that as more people have computing power in their pockets, the ability of consultants to do business on the power of the information to which they have access is waning. Empowered consumers with access to data, albeit sometimes misinterpreted, are changing the landscape of the information-based consulting world. So what is the state of cloud computing?

- The industry is less than a decade old and is now viewed as a legitimate strategy. More than eight in 10 companies currently use some form of cloud solution, and more than half plan to increase cloud investments by 10 percent or more this year, according to a survey of 500 companies interviewed in a survey conducted by CompTIA.[2]

- According to a study conducted by Ernst and Young – Cloud Computing Issues and Impacts – the research firm International Data Corporation (IDC) calls cloud computing the foundation for the technology industry's next 20 years of growth, saying,

"It is nothing less than the complete transformation of the industry's core offering and business models."[3]

- The same study states that public clouds (delivered to multiple customers via the Internet) and private clouds (built by or delivered to a single organization via private network) will account for 15% of IT spending in 2011 and grow at a compound annual rate of about 26% for the next four years.[4] This is roughly five times the growth rate of the technology industry as a whole. In addition, 80% of all new software offerings in 2011 will be available as cloud services (regardless of whether they are also available via traditional on-premise business models).

- The major players in the industry are continuing to carve out and define their niches in the marketplace, to ensure brand penetration and brand preeminence. Players like Verizon are growing through acquisition. Amazon, the industry leader, is expanding its service offerings and lowering prices. Other providers are positioning by providing private, public and hybrid clouds.

- The industry is becoming more of a market. In an article in InformationWeek, Cloud Pricing: Amazon, Microsoft Keep Cutting, Charles Babcock writes, "During the first week of March (2012), two tech giants dropped their cloud-computing prices within two days of each other. First, Amazon Web Services, the market pioneer in infrastructure-as-a-service, dropped prices on its core EC2 service and slashed the hourly rate for long-term contracts. Two days later, Microsoft dropped prices on its Windows Azure compute and storage services, including a 50% cut for entry-level servers."[5]

Expect to see not only more price competition, but also service and security competition continue to grow in the interest of the consumer.

- Also, as more businesses use the "utility type services" provided in the cloud, they will create a competitive advantage over their competition, mostly as a result of scale. This will encourage even more companies to utilize cloud computing in order to level the playing field. This will increase demand, but also begin to segment the market. Service providers will adapt to meet these challenges, offering more services for mid-sized businesses.

- As the mobile trend continues to expand, access to data, interaction with consumers in real-time, and improved collaboration among employees will transform the way business is done globally.

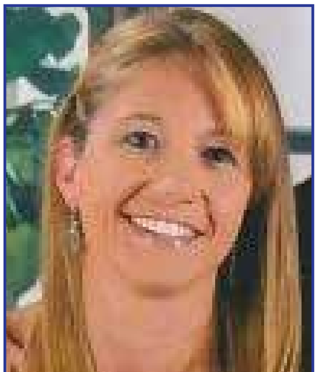
- Lastly, again speaking to the maturity of the industry and its greatest potential threat – data security – best practices, processes, procedures, protocols and products will continue to be a growth sector in the "cloud" as demand for security increases as the market grows.

So what is the future of cloud computing? The same question could have been asked 150 years ago regarding public utilities. The concerns then were about the monopoly power given to these utilities and their ability to control prices, as well as the loss of individual control of energy production and use. These concerns, albeit legitimate at the time, paled in significance to the benefits that have accrued from centralizing utilities. The same may be said for the "cloud" at this point in its history.

Sure, there are challenges and concerns that need to be addressed, but the bottom line is that we are entering a new world of computing that will have a profound and positive impact on the way we live, shop, interact, work and play.

Ushering in The New Era of Recognition

Jennifer Tekin, Sr. Marketing Manager, Sodexo Motivation Solutions



Jennifer Tekin
Sr. Marketing Manager,
Sodexo Motivation Solutions

It's no secret that achieving buy-in and ownership are essential to the success of any incentive and recognition program. Both can be seen as measures of commitment that will ultimately determine the dedication of necessary resources from management, as well as the acceptance and enthusiastic participation of the workforce.

In a survey published in 2008 by the organization WorldatWork[1], it was found that, although the objectives of recognition and incentive programs across multiple industries in the US were varied, the "top three" goals most often cited were:

- Creating a positive work environment (77%);
- Motivating high performance (71%);
- Creating a culture of recognition (69%).

WorldatWork noted in its report that while it was clear that organizations were looking to achieve multiple objectives – more than 12 were reported by respondents – those goals could be categorized into two broad themes: the improvement of individual or team performances; and/or the improvement of an organizational culture, presumably one that embraces a culture of recognition and promotes it from within.

It seems clear from industry blogs, newsletters and other sources that the importance of developing a culture of recognition within an organization is an idea gaining favor worldwide. But whatever the theme (or combination of themes) your organization embraces, gaining the full commitment of management and employees, at all levels, is critical to your program's success. And gaining that commitment is what ownership and buy-in are all about.

First, a distinction: Buy-in generally occurs when you have been convinced by others that an idea or plan of action merits your support for a variety of reasons, some of which may be powerful, others less so. Ownership occurs when you have convinced yourself that you have a real stake in an idea or plan of action and are determined to make it succeed.

Taking Positive Steps to Ensure Success

Fortunately, both buy-in and ownership can be achieved through a strategy of planned involvement. This strategy is independent of whether you are targeting a peer-to-peer or management-level recognition program. It works for both, and is based on the knowledge that, as individuals, the more people feel they have had a say in the formative stages of your incentive and reward program, the higher the degree of their involvement and the more likely they are to support the final program.

This sense of involvement won't happen by itself. Here are some tips that have been successfully employed by our diverse client base in the formation of their own recognition and incentive programs:

- Invest sufficient creative time in the design of a well-planned process to promote involvement.
- Include at least one representative from all levels of management in your formative committees.
- Tailor the process around the needs, culture and structure of your organization.
- Start at the top and the bottom; you'll need both to succeed.
- Develop key committees at each level and ensure that they have the resources they need.
- Don't be afraid to engender a sense of fun in the process – in the right circumstances, "Ambassadors of Fun" can be more effective than a "Recognition Committee."
- The more people feel they have had a say in the formative stages of your incentive and reward program, the higher the degree of their involvement and the more likely they are to support the final program.
- Consider the demographics of your organization: diversity, in all its many forms of culture, age, gender and ethnicity are key to designing a program to meet an array of preferences and needs.
- Communicate frequently, continuously and through as many different media as possible.
- Remember that the question is not whether people should be involved in the process, but how.

Finally, think of buy-in and ownership as a continuum in which the immediate goal is to establish buy-in though a strategy of involvement with all levels of management as well as the workforce the program is structured around.

Once buy-in has been achieved, choose appropriate ways to strengthen that support through ongoing communications, reviews, peer-to-peer dialogue and status meetings.

And always remember that ownership is most easily achieved when people feel they have taken an active part in the process and believe that the outcome reflects at least some of their own ideas and efforts.

Additional Ideas on Gaining Buy-in and Ownership

There is often a tendency to become so focused on the many details and "numbers" involved in the creation of a program that we lose sight of our ultimate goal – in this case, the creation of a genuine culture of appreciation that will in the end determine the sustainable, long-term success of that program.

Gaining buy-in and ownership is in reality a people-oriented task of planning and management. Here are some further ideas on how to build support for the process gathered from an article by Lisa Brochu[2], author and associate director of the National Association for Interpretation (NAI)[3].

- **Ask for full participation in the planning process.** Avoid accommodating the tendency of some busy people to drop in and out of the process. Schedule meetings and review deadlines well in advance.

- **Find a great facilitator.** A great facilitator will be inclusive and respectful of everyone's opinion, building consensus as the project progresses so there are no surprises at the end of the road. Keep decision-makers and funders in the loop. Although these people may not be at every meeting, plan regular opportunities to communicate what's happening.

- **Speak up.** Sometimes we inadvertently sabotage a process by keeping quiet. Better to speak up and have the discussion, even if you find that your idea doesn't fly, than to hold everything in and maybe end up with an inappropriate result.

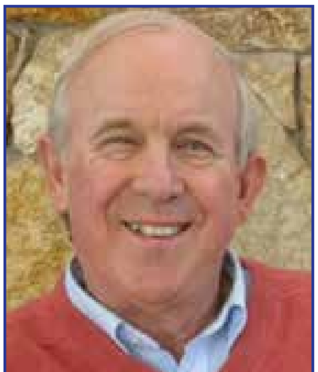
- **Be prepared with facts and appropriate information.** Before you come into a planning meeting, review relevant research, recommendations, or examples so that you can share information that might influence the process.

- **Let someone else own the idea.** As much as we enjoy being the center of attention and getting credit for a great idea, sometimes the better choice is letting someone else appear to be the genius, even if you were the first to come up with it. Ultimately, the point is to get support for the idea, regardless of whose idea it is.

Facilities Management: A Strategy, Not A Tactic[1]

James Ware, Ph.D., Founder & Executive Director of The Future of Work...Unlimited, Global Research Director for Occupiers Journal Limited, & a Partner with The FutureWork Forum

Paul Carder, Co-founder, Managing Director, & 'Chief Networking Officer' for Occupiers' Journal Limited, Founder/Publisher & Editor of "Work & Place," a publication of Occupiers' Journal



James Ware
Ph.D., Founder & Executive Director of The Future of Work

There have been many assertions, over many years, that Facilities Management (FM) should be more strategic. Recent research provides evidence that FM can have a strategic impact, and should play a strategic role in the enterprise, but whether it will achieve that level of influence in any particular organization depends entirely on the actions taken by senior FM executives.

To be effective, FM leaders must change their behaviors, and indeed their very identity. FM is no longer just about managing facilities per se; rather, it is about enabling the workforce to be productive and engaged, and to produce value for the organization. In our view, and in the view of leading FM executives, today's workplace is nothing less than a tool for supporting work, for shaping the experiences of the workforce, and for producing competitive advantage.

This brief paper considers what being "strategic" really means, takes a hard look at the current "state of the practice" of FM, and provides FM leaders with recommendations for action. Our insights draw largely on a survey completed by almost 400 FM professionals across six continents in the summer of 2012. The research focused specifically on how FM is currently organized, governed and measured, as well as on how FM professionals interact with their peers in other infrastructure disciplines. Our understanding of the issues was enriched by direct personal conversations with almost three dozen senior FM and Corporate Real Estate (CRE) executives in the U.S., the UK, Australia, and Hong Kong, as well as with thought leaders from academia and international professional associations.

Paul Carder
Co-founder, Managing Director, & 'Chief Networking Officer' for Occupiers' Journal

It is clear to us that to be effective and to serve an organization's real estate and business needs, FM leaders must work on a number of multi-disciplinary relationships within their organization. They must focus on gaining the buy in needed to provide coordinated workforce support from all the infrastructure functions. The overarching goal must be to achieve a deep common understanding of the strategic imperatives of the organization as a whole.

Some FM leaders may "Raise the Bar" by managing multiple infrastructure functions in shared enterprise support teams (or similar). In doing so, their role becomes more strategic and their career paths will see new doors opening if they can more clearly articulate and communicate this broadened scope across their organization.

What stands in the way of "Raising The Bar?"

In our experience, the "Head of FM" is a generic title for the senior functional executives who are ultimately responsible for facilities, corporate real estate and workplace in their organizations. More could be done when considering an organization's business strategy and how to translate it into tangible targets and actions for facilities operations.

We rarely ever see organizations map out a cause-and-effect chain to guide FM strategy, which is why heads of FM are so often told to cut (or freeze) their budgets without reference to the causal chain of consequences to the workforce, to work processes and productivity and to the bottom line.

Without understanding the consequences of these budget cuts, FM has all too often become a commodity rather than a professional skill in many organizations, to be maintained at lowest cost. Worse still, the FM industry does not yet have the sophistication to be able to analyze and report on the consequences of lowered standards and reduced (or lower-cost) resources.

It could be said that the FM industry knows the cost of everything, but the business value of little. This is a recipe for continuously lowering the bar rather than raising it.

What has brought about this unfortunate reality?

We believe that senior business executives and Heads of FM should work together. Leaders in FM should inquire how they can help the organization succeed at the highest levels, meaning how they can assist with attraction and retention of employees, and how they can enhance the image value of the business as a whole.

Does it make sense to think of FM as a strategic resource? Is "operational strategy" an oxymoron?

Being, or becoming, strategic

To have a strategic impact, an activity or capability must differentiate the business from its competitors. It is worth noting that in some industries (retailing comes immediately to mind) the facilities are absolutely central to brand strategy and to generating business revenue.

In a 1996 Harvard Business Review article called "What is Strategy?" Harvard Business School Professor Michael Porter identified three basic principles that define strategic positioning:

1. "Strategy is the creation of a unique and valuable position, involving a different set of activities [different from what competitors are doing]. . . .
2. Strategy requires you to make trade-offs in competing—to choose what not to do. . . .
3. Strategy involves creating "fit" among a company's activities."[2]

As Porter further describes it:

"Strategic positioning attempts to achieve sustainable competitive advantage by preserving what is distinctive about a company. It means performing different activities from rivals, or performing similar activities in different ways."

So the answer to the question "Is operational strategy an oxymoron?" is clearly a resounding "No." Operations, including facilities, can clearly help an organization be competitive in the marketplace. But the key idea is differentiation. It is not enough just to have lower-cost facilities than your competition.

The questions that must be asked relate to how well your facilities/workplace strategy contributes to your business strategy. Is facilities management aligned with the requirements of your business units, in the locations where you need to be? Do your facilities support your talent recruiting and management strategies? Are the workplace designs consistent with the business technology needs and strategy? Does the facilities cost structure support the company's financial strategy and cash flow requirements?

Perhaps even more importantly, facilities managers have to ask themselves this very basic question:

What is the facilities function doing to strengthen the company's strategic positioning with customers, with employees (and prospective employees), and with the communities where we are located or want to do business?

The "Web" of FM Relationships

Our research shows that, no matter where FM is situated within the larger organization, it is embedded within a complex web of relationships. Each has the potential for strategic significance; and each also presents particular challenges to FM professionals. There are certain gaps in FM's web of relationships within the organization that merit exploration and strategic tactics in order to optimize our success.

Six Gaps for FM

Gap One:	Understanding the vision and strategy of the enterprise
Gap Two:	Understanding and translating the strategy of each SBU
Gap Three:	Understanding and translating the CFO's strategy
Gap Four:	Developing and implementing a workplace strategy, aligned with HR and IT
Gap Five:	Bridging the relationship between workplace strategy and delivery of projects
Gap Six:	Aligning the FM supply chain with the FM strategy, and with the organization as a whole

It has become clear that the in-house occupier (or "end-user") Head of FM is at the center of this web of relationships with senior business executives, and with strategic business units, as well as with functions such as IT, HR, RE and, usually today, also service providers.

As seen in the descriptions above, the global survey has provided us with unprecedented insight into the current views of FM professionals and where the gaps are to move the profession ahead in the future. Strategy is critical to ensuring our sustained role in workplace decision making and outcomes.

Summary of Findings

Our recently completed global survey received responses from FM professionals in over 40 different countries. As might be expected, we have less data from China, Japan, India, Africa and Latin America, and we intend to look at these markets in more detail in the near future. The survey revealed that:

1. Facilities are increasingly being recognized as a strategic resource;
2. However, FM has had mixed success achieving strategic alignment with other elements of the business;
3. Large, global organizations face dramatically different challenges than smaller, more local businesses—and they manage their facilities very differently;
4. Financial metrics and cost control continue to dominate FM;
5. Heads of facilities are still buried in day-to-day operational concerns; and
6. FM career paths are undergoing significant change, and the FM profession faces a potentially serious future talent shortage.

We will describe each of these six findings in turn.

1. Facilities is increasingly being recognized as a strategic resource

There are dramatic differences across organizations in how the FM function is operated, where it reports, how its efforts are measured and rewarded and which functions are outsourced. However, many organizations today are beginning to treat facilities as a strategic resource, and FM as a strategic function—in some instances even elevating FM to a senior executive role, reporting to the Chief Operating Officer (or equivalent).

Many of the organizations we know include facilities and workplace issues in their executive committee and business planning discussions; some address those issues at the Board level as well. Most of them measure the impact of facilities on workforce productivity and business performance; and some view the quality of their facilities as an important contributor to the corporate brand, and in attracting and retaining talent.

It is very clear that a majority of facilities professionals agree with our opening position, being that the FM function should have a significant strategic impact. Over 75% of the survey respondents believe facilities is strategic today.

However, our interviews and survey data also suggest that there is a serious gap between beliefs and actions in this area. Organizations that actually manage their facilities as a strategic resource are still in a distinct minority. Most Heads of FM still spend well over half their time on day-to-day operational activities. That is true across all geographies and industries, and for both large and small enterprises.

2. FM has had mixed success achieving strategic alignment with other elements of the business

In general, facilities organizations believe they are reasonably well aligned with finance, with business units and with the overall corporate strategy and vision. They are also, as we would expect, reasonably close to corporate real estate groups.

However, only about half consider themselves adequately aligned with their peers in IT, and just over 40% believe they are in alignment with HR and other central services. With the continued increase of mobile or "agile" working, better alignment with peers in IT and HR is becoming vital to delivering integrated support for an organization's workers "on the move." FM cannot deliver an "agile workplace" without supportive and aligned IT and HR policy and operations.

We are particularly concerned about the low levels of alignment that FM experiences with HR and IT. We believe there are several factors contributing to the difficulty that FM is having working with these other functional specialists:

- a lack of appropriate early career education and professional training (in all of these functional areas);
- weak professional and/or managerial development (where it exists at all);
- inadequate management systems and performance metrics; and
- poor executive leadership.

3. Large, global organizations face dramatically different challenges than smaller, more local businesses—and they manage their facilities very differently

While some of these differences relate simply to scale of operations, it is worth remembering that ultimately the servicing of facilities is a very local business; each building is located in a specific community within a specific geographic region. It may be possible to oversee the management of a facility from a distance, but it is impossible to clean or maintain a building remotely.

More importantly, when an organization operates in many different countries, it has to cope with the varying real estate, construction, and operational practices—including different legal, regulatory and cultural contexts. This observation may seem obvious and unsurprising, yet it is important to recognize that the difference between smaller one-country businesses and global operations is not simply related to scale; there are major increases in complexity as a business expands internationally.

4. Financial metrics and cost control continue to dominate FM

Misalignment among corporate infrastructure groups is often caused by the imposition of a narrow set of performance metrics. Almost 80% of facilities groups are measured first on performance against budget. But while nonfinancial metrics like service levels achieved, cleanliness, sustainability performance and employee satisfaction are also important, financial results clearly dominate management thinking.

It appears that in many organizations it almost does not matter if the FM group is helping the workforce be more productive, or helping attract and retain staff, or reducing environmental costs. If costs have not been driven to an absolute minimum, nothing else really appears to matter.

The challenges of reducing costs and budgets were by far the most important strategic challenge identified by (and most frequently mentioned by) both the survey respondents and the FM executives we interviewed.

Far from "Raising The Bar," this almost-exclusive focus on expenses has relegated facilities to "commodity" status, to be purchased at lowest cost.

This focus on financial outcomes reflects not only the history of viewing facilities from a cost (and therefore a cost-reduction) perspective, but also the difficult realities of the current global economic crisis. Senior business executives clearly continue to believe that facilities costs are too high, while they do not yet understand the impact that well-designed facilities and workplace programs can have on business metrics, like workforce productivity and attraction/retention.

5. Heads of facilities are still buried in day-to-day operational concerns

In spite of the widespread belief that facilities is already strategic, the fact is that the average head of facilities spends over 50% of his/her workday dealing with day-to-day operations issues. Less than one day a week is devoted to strategy and planning.

We certainly recognize that there is no simple way for the Head of FM to avoid dealing with day-to-day operations. Building operations are highly visible to everyone who is onsite, including the CEO and other senior executives. When something goes wrong, the issue has to be resolved before he or she can get back to being "strategic."

We can offer some broad guidelines for getting out of this operational trap, but we also know it is far easier to talk about it than to achieve it.

6. FM career paths are undergoing significant change, and the FM profession faces a potentially serious future talent shortage

FM is clearly becoming a more recognized profession, with a more strategic role to play in business and workforce strategy. However, a core component of FM's evolving maturity is the need for senior FM professionals to develop multi-disciplinary skills that go well beyond building engineering and maintenance, lease negotiations, space planning and building safety/security.

It is clear that the critical skills needed for future FM leaders focus primarily around collaboration, interpersonal relationships, delegation, strategy formulation and implementation, and managing service providers.

Yet in 2012, there are unfortunately very few FM-oriented academic programs at either the university or the executive education level that even recognize these changing skill requirements, let alone prepare their students for the much more complex world they face moving forward.

To compound the issue, as more and more organizations outsource core FM functions, the career paths for FM professionals within end-user organizations are becoming increasingly scarce, and more difficult to navigate.

Despite the challenges, we believe the future for FM is bright, as the profession becomes more critical to organizational strategy and effectiveness. However, this changing future is also creating a near-term shortage of the talent needed to move FM toward its legitimate role as a strategic resource.

Recommendations for Action

THINK strategically

It may sound simplistic to suggest that people just think "strategically." However, thinking strategically means focusing on competitive advantage. And when Heads of FM focus on helping their companies establish competitive advantage, they are paying attention to—and even helping shape—business strategy.

Thus, our first recommendation for action is that heads of facilities learn how to think strategically. That means developing a deep understanding of the business they are supporting, its customers, and its competitors. In addition, strategic thinking includes understanding how to develop financial models, how to build and analyze alternative future scenarios, how to see "over the horizon," and how to link causes and consequences in areas as diverse as HR, IT, Finance, Operations and even Marketing and Procurement.

However, the most important strategic mindset is understanding how and why customers make purchasing decisions. Do they select the organization's products and services because of cost, quality, or service? And how are those customer choices influenced by real estate and facilities strategies and day-to-day experiences? When heads of FM can answer these questions, and translate them into action priorities for their staff, then they are thinking—and acting—strategically.

ACT strategically

Strategic action begins with strategic thinking, but thinking is only the first step. When Heads of FM behave strategically, they are spending more time on the future than on the present—and they are focusing their staff's attention on business issues.

A Head of FM develops and applies measures of FM's impact not only on the bottom line (which of course can be very strategic), but also on performance outcomes like talent attraction and retention, staff productivity, the "Triple Bottom Line" (people, profit, and planet),[3] community recognition, and even broader metrics like brand recognition, market share and net profit.

It may be difficult for some managers to visualize the linkages between FM and ultimate business performance because there are so many indirect influencing factors. Nevertheless, when FM takes actions with business strategy in mind, it can indeed have a measurable business impact.

Rebuild the FM organization and its role in the business

The Head of FM must also take several basic, short-term actions that serve to free up his or her time to focus on the core strategic issues.

First among these is to develop a strong layer of operational management within the existing corporate FM organization. Recruit subordinates with strong FM and management experience; be willing to bring in strong managers, even if their FM-specific experience is weak or non-existent. The in-house (end user) team in an outsourced FM model requires business and management competencies more than technical skills.

Look for individuals with strong financial and measurement backgrounds; build management control and planning systems that monitor service levels, costs and end-user satisfaction on a frequent and recurring basis.

Above all, insist that measurement systems focus on outcomes, not on FM processes as ends in themselves. An "excellent" process that delivers inadequate or wrong outcomes is of little value to the enterprise.

Second, focus the FM team on defining (and enforcing) policies and practices that define the role of FM in supporting the business. Make defining those policies an early priority, and socialize them actively with business clients and peers.

While we believe in outsourcing and making extensive use of service providers (see the next section), outsourcing is not a way to overcome or replace a weak FM management team. Indeed, it is important to strengthen the FM operational capability before turning the activities over to a service provider.

However, the competencies needed for managing an outsourced service are different from those needed to manage FM operations. Strategy, policy and performance management become more important than "operations management" or FM technical skills.

Finally, Heads of FM (and their direct reports) should strive to spend at least 50% of their time working with their peers in front-line business units, and in the other infrastructure functions. Focus first on FM's "customers," understanding their needs, their current work patterns, and their frustrations, before attempting to anticipate their future requirements.

Outsource operational activities

We believe strongly that the pathway to making FM more strategic is to outsource as much of the operational, routine work to third-party service providers as possible. Doing so will free up in-house resources that can then spend less time "fire-fighting" and more time planning and thinking longer term.

Outsourcing FM operational activities frees Heads of FM and their immediate staff to focus much more on long-term planning and strategic challenges (both FM-related and business-focused). Among the organizations we interviewed during our research, those that were clearly operating more strategically (and were recognized as a strategic resource by their senior business executives) had outsourced far more of their operational activities than the organizations in which FM was struggling to get resources and recognition.

We cannot stress this recommendation enough. The FM service provider industry has matured extensively in the last several years, and there are many world-class FM professionals now building their careers within those service providers. Because of the absolute necessity of defining performance commitments and pricing them into outsourcing contracts, the service providers have learned to measure and manage their services, and to deliver on their commitments—often at a level of competence in excess of what is normally found inside end-user occupier organizations.

Teach the business how to ask for FM support

Effective Heads of FM do not buffer their business counterparts from the details of FM; they actually do just the opposite. They take every opportunity to help their clients understand the strategic role of facilities, and they ensure that facilities and workplace design issues are part of every strategic conversation.

This is also where strategic benchmarking can be of immense value, helping the Head of FM to understand where other organizations are in their own FM development, and helping to communicate this understanding to his/her customers in the business.

Clearly, this is not the "how much does your FM cost?" discussion that we have seen far too often over the past couple of decades. Rather, it includes a more mature understanding of strategy, policy, CRM, organization structure, workplace standards and service expectations—across a range of "peer group" organizations. This form of benchmarking has also been termed a "fact-based strategic position assessment",4 which more accurately describes what it actually accomplishes in practice.

We also believe one of the most critical activities for a head of FM is to educate his/her senior business executives and functional colleagues about how to work with FM. That is, FM is most successful when business leaders know how to define their FM requirements, establish FM performance goals beyond simple financial measures, assess FM outcomes and plan ahead to ensure that their facilities do in fact help create strategic advantage.

There is no better way to educate the business about FM and its strategic impact than frequent conversations with senior business executives about FM's performance, grounded in language and frameworks that those business leaders understand and embrace.

In summation, FM's future is one that will play a more strategic role in business decisions and business outcomes than ever before. It will take a multi-faceted approach on behalf of FM professionals, the associations to which they belong, and the organizations where they work. It is time for a broader opportunity for our discipline to educate, inform and advise the future direction of the workplace and the workforce.

Data Reporting OUT; Predictive Modeling IN

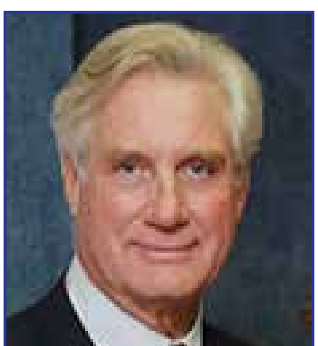
Neil Sullivan, Senior Account Manager and O|BI Service Manager for HCMS Group
Dr. Hank Gardner, Founder and Managing Partner of HCMS Group

Neil Sullivan
Senior Account Manager & O|BI Service Manager for HCMS Group

No aspect of a business can be understood and effectively managed in isolation; each is part of a bigger picture.

Organizations are complex systems that operate using connected sets of physical, financial and social structures. Policies, procedures, and programs in each aspect of a business can affect behaviors and outcomes in other areas and have specific impact on human capital job performance.

Until recently, companies seeking to manage human capital risk have focused on "silos" of data (for example, medical claims) and attempted to develop interventions solely from analyzing data independently within these silos. Given that interventions developed in this manner have not produced the desired cost savings, many innovative organizations have turned to a "Big Picture" approach in an attempt to understand the interrelatedness between the silos and the business policies that ultimately determine human capital performance. In the past five years, we have seen several large organizations and many mid-market firms make this commitment with outstanding results.



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A "Big Picture" approach to human capital risk management focuses on strategic connections among critical data elements that comprise an organization's human capital management efforts, with specific focus on those connections that influence job performance. A Big Picture approach provides decision makers with actionable information that they can use to integrate human capital management activities and optimize their overarching human capital management strategy. A Big Picture integrated data warehouse can include almost limitless sources of data, and requires longitudinal, comprehensive, integrated, person-centric information arranged in a format that allows timely dynamic feedback.

This paper presents the key data components of a Big Picture integrated data model as well as the unique analytic opportunities it presents. This approach is applicable to all human capital management efforts, as the underpinnings of the data model preserve the uniqueness of each organization's core business. Only through this Big Picture integration approach can a broad array of seemingly disparate human capital data elements interconnect in a meaningful, actionable manner, resulting in true human capital management changes and improved business performance.

Beginning a Big Picture Process: Getting Data Connected

A Big Picture process begins with collecting data from as many pieces of the puzzle as possible—creating the "centerpiece": an integrated information database. In effect, collection of these data sources produces not only an integrated information resource, but also a reporting and monitoring data-driven platform to bring people and departments together. This results in evidence-based decisions and true sustainable business solutions.

Regardless of where, or with whom, the process starts, connections to other data sources result naturally in connections with other parts of the organization. Whether this occurs quickly or incrementally over time, a Big Picture perspective leads inevitably to a more cohesive strategy for human capital management. Leaders observe how changes in one department affect outcomes in another, suggesting a need for collaboration and coordination.

What happens when departments get connected? Redundancy is reduced. Investments are more effective. Incentives become more aligned. Problems are correctly identified, sooner. Cross-department solutions become evident, sooner. People stop operating in segregated functions.

Seeing the Big Picture allows organizations to move beyond tracking or describing individual business characteristics, to explaining how each aspect of a business affects other aspects when implementing successful human capital solutions.

Components of the Big Picture

Components of an organization can be organized in any number of ways, and include almost limitless sources of data. Thus, a given organization or industry may have unique metrics in their specific "Big Picture." However, data elements must be organized around some central themes; first and foremost, a person-centric approach to data warehouse construction and a population risk identification methodology that extends well beyond traditional medical claim filing risk.

Thus, to understand connections among separate pieces, companies should integrate information at the person level. Group averages cannot provide sufficient detail and may even be misleading, depending on variation from the mean. Also, to understand a metric in the context of time, information should be longitudinal. Trends help to identify issues before they become critical and can prevent the misdiagnosis of a "problem" that is part of a natural cycle. Changes over time, especially simultaneous changes in several areas, provide richer information than snapshots.

The important common, person-centric data element that effectively links all data together is demographic, oftentimes referred to as Human Resource data. This data set becomes the data warehouse denominator to which all additional data is mapped. Thus, for each person in the denominator, insight into their behaviors can be investigated in the context of the business policies that guide them, the work environment they work in, and their health as human capital.

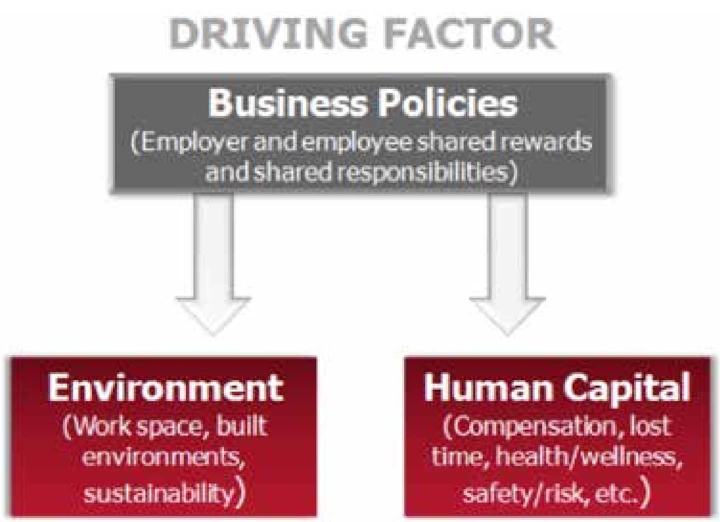
Why is person-centric, longitudinal integrated information so central to better decision-making?

The simple answer: understanding how variation in one aspect of a business relates to variation in another. Knowing that employees miss five days of work on average may be useful. Understanding why some groups in a particular building average eight missed days, while others average three missed days is far more actionable.

A more complex answer: advanced statistical methods using individual, longitudinal data can extract information about how one factor affects another, while removing other influences. To determine if differences in turnover are associated with specific managers or specific types of employees or policies, analytic models must include all factors simultaneously. Similarly, because healthcare utilization is related to age, gender, health plan design, economic status, and job transition, the effects of health interventions cannot be well understood without knowing details about participants.

While standard data components that cover the majority of human capital management efforts in most companies will be discussed here, preserving the uniqueness of an organization's characteristics through additional data is implied. Relationships among these components operate as "one-to-many" as well as "many-to-many" in ways that can only be observed through a Big Picture point of view. These seemingly separate components will demonstrate significant, actionable interconnectedness—ultimately into business solutions. The unique value of a Big Picture perspective comes from connections among different human capital areas. Connections produce better understanding of problems and more comprehensive solutions than even the most detailed examination of one area in isolation.

Big Picture solutions are made possible through integrated data-driven discoveries that illuminate cause-and-effect relationships that are not otherwise understood. Constructing an integrated data analytic warehouse is the first step. Data warehouse content can be thought of in three primary categories: business policies, environment and human capital. For illustration and discussion, we represent the Big Picture of human capital management in the graphic below:



Business Policy Data

Business policies exist in an employee contract, which serves to outline the responsibilities each party has to one another, as well as the rewards that are shared when that relationship creates a winning result. A critical aspect of Big Picture solutions is the consideration of policy as well as environmental or health outcomes data. Policy refers to the rules and design that govern how a business operates, while program outcomes data usually reflects what happens in practice. A company may have a policy allowing workers to have five paid sick days annually. Program data may indicate that individuals take an average of four paid sick days each year. Both pieces of information help explain human capital components and connections among them. Both are required to understand the environment, and incentives, within which employees work.

As examples, the timing and magnitude of annual bonuses (policies) may have an effect on turnover patterns, while departing employees wait for bonuses to be awarded. Changes in health plan design, such as implementation of a high deductible, may alter short-term disability rates as employees choose to undergo elective surgery before the high cost-share goes into effect. A policy of rotating managers throughout a business may produce patterns of absence that follow an ineffective manager through the organization.

Using an integrated data warehouse to demonstrate the impact of shared rewards and shared responsibilities on environmental as well as person-level outcomes results in solutions that create optimal policy configurations for defined work environments. There are several ways that companies can share rewards and responsibilities with their employees, all of which have a motivational (or de-motivational) impact on behavior. Examples of these shared reward business policies that motivate employees to produce win-win results include:

- Pay for performance
- Profit Sharing
- Equity ownership
- Cash back for unused sick leave
- Employee-owned health savings accounts (HSAs), which are fully funded by the company and allow unused healthcare dollars to accumulate in a worker-owned account
- Offering employees a share of unused travel allowance or other avoided expenses

Our research shows that shared rewards positively impact worker performance, attendance, retention, as well as appropriate benefit utilization.

Even a well-designed policy can fail in practice when not applied consistently across an organization. Organizations often miss inconsistencies because information about variation (asking: why are some departments so different than others?) is not available. Both policy and practice matter in a Big Picture approach.

Environmental data

Inputs:

- Coordinating services
- Aligning services to fit business needs

Outputs:

- Employee retention
- Employee engagement
- Best places to work
- Reducing waste and improving sustainability

The inclusion of environmental metrics into an integrated human capital data analytics strategy is imperative if true organizational solutions are to be discovered. Environmental data includes aspects of an employee's physical workspace—both cultural and operational environments. Data related to physical workspace includes ergonomic assessments, safety assessments, and healthy building attributes that define optimal worksite goals. Cultural environmental data includes employee satisfaction, engagement, as well as a feeling of connectedness to and support from their organization. Lastly, the operational environment offers measurable data on the systems, processes and integration of work and shared resources. These three types of environmental data provide a framework for integrating important environmental data into a person-centric data warehouse and analytic strategy.

Based on data discoveries made possible through the addition of environmental data, solutions are implemented, monitored, and evaluated that test the impact of environmental factors on human capital motivation and organizational productivity. Collection of this data will typically be done through facilities management and/or corporate real estate partners whose main objective is to develop and maintain ideal worker environments that foster human capital performance. Once collected, the data can be organized at the person level, which creates data relationships that can be tested for strength of correlation with other human capital outcomes. It is in these empirical intersections of worker environment and business outcomes that make for powerful solutions.

Human Capital Data

Human capital data can be organized in three categories based on a human capital paradigm that asserts that there are three types of human capital assets individuals possess: skills, motivation and health. An example of the value of growing human capital skills can be explained in how an organization invests in growth (or protection) of human capital assets; this explains the most about predicting worker engagement and attendance.

Motivation can be measured in how an organization recognizes and rewards performance and is often most predictive of the retention of top talent. In simple terms, how an organization operationalizes "a day's pay for a day's work" and how well rewards correspond to performance is quantified.

The third human capital asset is health, which manifests itself in benefit utilization data but represents the protection of health as an asset by employees. If there are rewards as well as responsibilities tied to the success of protecting one's health, people are more likely to invest in prevention, become an active consumer in the health marketplace, and grow wealth attached to health care spending. While information about absences, health insurance and medical costs, turnover, and injury help decision-makers understand where localized "health" problems may exist, often the most effective solutions require strategies that involve business policies that reward consumers for engaging in their health care or environmental changes that facilitate health improvement behaviors. It is quite common for companies to quantify costs, either separately or in some combination of health costs, absence, turnover and injury. These comprise an important set of outcomes for benefits and health professionals, allowing for a more comprehensive view of health-related costs and outcomes.

The following represent examples of human capital data types:

1. **Compensation:** How (and for what) people are paid and rewarded. The philosophy and implementation of all aspects of rewards that companies deliver to employees.
2. **Workforce Transition:** Turnover, hiring, termination, promotion and transfer within an organization. The system of entry, exit and migration through an organization.
3. **Performance and Output:** Metrics of work produced by employees. Any indication of value produced by the organization, qualitative or quantitative.
4. **Safety and Risk Management:** Adverse events and accidents. All injuries, accidents, damage and risk to people or property.
5. **Management and Training:** Metrics of skill growth through training and assessment of skill through reporting/ management structures.
6. **Medical and Insured Health:** All healthcare services and health programs provided through medical providers and contracted programs.
7. **Prevention and Wellness:** Proactive efforts to protect health through preventive and behavioral interventions.
8. Attendance: Metrics of work attendance and absence. All policies and measures regarding time off and time at work.

Injuries affect performance; methods of performance affect injury rates. Health problems influence turnover; intent to terminate affects the use of healthcare services. The structure of pay influences attendance; absence affects earnings. All components relate to all other components.

Through an integrated lens, decision-makers learn that no single human capital problem exists in isolation of other issues. And, effective solutions may not reside solely in the area where a problem is detected. Everything is connected.

International Design & Construction; A Shifting Paradigm

James Chu, MBA, Director of Research, American Institute of Architects (AIA)

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MBA, Director of Research, American Institute of Architects (AIA)

More Firms Interested in Seeking International Work in Recent Years

The decision to globalize for any business is a constant balance of risk and reward. Expanding operations from their native land of inception requires a deep level of understanding of cultural norms, legal issues, contracting, government affairs and labor laws. Emerging economies, especially those of Argentina, Brazil, Bulgaria, Chile, China, Estonia, Hungary and India, have created a demand for goods and services that support significant trade, as well as local work. For architectural designers, project managers, and construction firms, jobs in commercial, hospitality, industrial, institutional and interior architecture abound in these markets. The need to create space, and manage complex projects for clients is also requiring a single source solution that eliminates any complexities of managing multi-country sites.

Firms that demonstrate acumen in logistics, construction, technical expertise, access to financing and the management of multi-faceted projects differentiate themselves in a sea of emerging players. Investment in research and development activities, along with new financing and operating models, will position the new generation of firms for success. Robust research methodologies within the local markets give insight into end user need states, while ushering in evidence-based design 2.0. Global construction growth was particularly important for one firm in the United States during the economic recession of 2008.

> *An architect working at this firm pondered losing her job amidst America's property bust, as many of her professional colleagues already had. In October of the same year, she lost financing on two projects Just as things were beginning to look desperate, the firm landed a contract to build a high-end hotel in the Chinese city Hangzhou. As design work in America disappeared, this firm's growing portfolio of global projects in China, South Korea, and the Middle East has protected its 550 employees from the worst of the domestic slump.*

Overall, approximately 13% of U.S. architecture firms reported overseas work between 2009 and 2011. However, they are typically larger firms that have the resources with past established relationships. In the 2012 American Institute of Architects (AIA) Firm Survey, more than half of firms with 50 or more employees reported involvement with projects built outside the United States and/or for international clients during the past three years. One in five firms with 10 to 49 employees worked on international projects in the last three years as well as 10% of small firms.

Of firms that have not had any international projects in the last three years, approximately 25% are now involved in overseas work. As with all market moves, demand must exist for participants to enter. International collaboration can be of particular benefit to less developed and developing countries. Trans-global economic developments offer an opportunity to develop products using the most up-to-date expertise and knowledge in a cost-effective manner. For this reason, global opportunities are driving more interest in international work, as only 18% of firms were actively pursuing or considering pursuit of international projects in 2008.

Majority of international billings in the past 3 years

The majority of international billings in the past three years was derived from projects located in the Middle East, Latin America (including the Caribbean and Mexico), and Asia (including China, East Asia and Pacific, and South Asia). Western Europe, Eastern Europe, and Central Asia combined produced just fewer than 10% of international billings, while an additional 10% were from Canada. The two remaining regions that contributed to international billings in the past three years were Africa with nearly 8% and South America with 5%.

For the largest firms, more than half of international billings in the last three years were from the Middle East and China alone. At firms with 10 to 49 employees, East Asia and Pacific, Canada, Latin America and Western Europe comprised an important part for their international projects. For small firms, Africa was a significant region, with more than 10% of international billings in the past three years.

Most Firms Rely on In-Country Partners for International Work

More than 50% of firms working on international projects indicated that they typically partner with in-country experts for overseas projects who understand and can navigate the indigenous business culture. Complexities include clarity of local laws, interpretation of contracts governed by regional jurisdiction, cultural understanding and sensitivity in terms of personnel management. Unions and works councils also must be considered for such projects. Conversely, 40% of respondents reported that they do not team up with in-country partners for work overseas. In general, large firms are more likely to use in-country partners, due to the need for speed and agility that established local practitioners and contractors offer.

U.S. architecture firms tend to do the core functions internally but rely on in-country partners for contract and negotiation assistance for international projects. An average of 70% of firms provide schematic design, predesign/consulting and design development work for international projects. Construction documents and construction administration round off the list of the top five services that are most provided by firms for foreign projects. The majority of firms report that they do not provide interior design and master planning services for international projects, as those may be better handled by local staff due to cultural and regulatory requirements specific to the given country.

Cost of Doing Business Is Higher for Firms Competing on International Projects

International projects offer firms both advantages and disadvantages. Firms reported in the 2012 survey that the average cost of doing business is higher for international projects compared to domestic projects, which was also true in previous surveys. Furthermore, building client relationships tends to require more effort for international projects, as learning new business and cultural differences come into play. Marketing costs tend to be lower for international projects, probably owing to less competition. Profitability, however, tends to be slightly lower for international projects.

Factors to Take into Account When Preparing to Enter a Foreign Business Market

According to the 2012 AIA firm survey, understanding the local culture is the number one factor firms take into account when preparing to enter a foreign business market. Many firms also consider relationship dynamics, such as having established clients, trusted advisors and colleagues in the market, as well as the ability to work with local consultants, architects and engineers.

Secondary business environment analyses are important as well. On average, one-third of firms conduct research on local business practices, visit the country and have an understanding of the local language. Regulatory factors to take into account include understanding the local monetary system, tax regulations and revenue repatriation. There were only a few firms that reported using governmental advisors, such as the U.S. Commerce Department and local economic development offices. However, approximately one-third of firms with 100 or more employees that have international work do use the U.S. Commerce Department.

While significant risk exists in the globalization of architecture design projects, firms that demonstrate skill in logistics, construction, technical expertise, access to financing and the management of multi-faceted projects differentiate themselves in a sea of emerging players.

Investment in research and development activities, along with new financing and operating models, will position the new generation of firms for success. Robust research methodologies within the local markets give insight into end user need states, while ushering in evidence-based design 2.0.

The Changing Office… Literally

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Offices today are undergoing a revolutionary shift in design, one that emphasizes adapting to fit the way people work instead of the other way around. Companies see today's offices as customized tools for working and living better. A well-designed office can create a sense of community, improve workflow and give the organization the extra edge over the competition for top talent. Those advantages have become so important that businesses increasingly select designs that favor productivity over cost savings and comfort over square footage.

While the designs of offices are as varied as their occupants, some common characteristics are woven throughout. Today's offices are brighter, with artificial light taking a backseat to daylight that fills the space. Workspaces are more versatile to suit not only the work performed, but also the individual work style. Because companies are looking for ways to engage their employees, common spaces get the lion's share of money and attention, with more real estate devoted to these areas than ever before. Meanwhile, sustainability—a design feature once considered special—has become standard, even for clients with little interest in green building. The result is an office that performs better in every way, creating not just an efficient use of space, but also an effective one.

Client Goal: To increase productivity, reinforce the brand in the physical space and unite multiple divisions

Client Goal: Create a vibrant, energetic and integrated environment for its inhabitants. LEED® Gold Certified

A Shrinking Core

Office design used to fit a particular pattern, with individual offices placed around the building's perimeter, where all the natural light and best views are, while administrative areas and general workstations occupied the dark, windowless core. Today, that concept is generally reversed so that individual offices are housed in the center, with workstations and common areas, such as kitchens and employee lounges, occupying the prime real estate along the window line.

Why the shift? Because maximizing access to daylight drives so much of today's office design. With large, open areas along the windows, the unobstructed daylight penetrates deeper into the core, allowing more people to enjoy the benefits of natural light as well as outdoor views. New buildings go even further with tenant suites that have shallower perimeter to core dimensions to reduce the darkest portions of any office. The emphasis on daylight affects not just floor plans, but also building façades, which are designed with more glass to capitalize on views and flood interior spaces with natural light. Glass is just as prevalent indoors for the same reasons. Internal individual offices feature glass walls, and workstations along the perimeter have panels that are either shorter than those used in the past or are made partially from glass, or no panels at all.

Client Goal: Transition from a "silo" work structure to a space that encourages communication, innovation and employee interaction

Artificial light, which is tolerated instead of actively sought, is also changing. Energy-saving LEDs are replacing traditional fluorescent fixtures with more control and a warmer, gentler illumination, and sensors are controlling individual areas rather than entire banks of lights, allowing the light to be as widespread or as localized as people want.

Comfort and Community

Brighter spaces are the tip of a much bigger trend, one in which offices offer more amenities even as the total square footage declines. Instead, modern offices are redistributing space to benefit common areas at the expense of private space. Individual offices, for instance, aren't disappearing, but they are shrinking in size, sometimes even in number. Filing and support space continues to contract even at document-heavy law firms.

The expanding common areas, however, are becoming more like home, featuring spaces very similar to those found in any residence: kitchen, pantry, living room and family room. Just like houses, the office's "living room" is the quieter, more formal version of the comfortable, lively "family room," where a variety of soft seating, large-flat-screen and flexible open meeting areas dominate. The family room may be adjacent to a dining area or café, where coworkers can mingle and chat. Some companies even host happy hours or special events there, like continuing education, on Friday evenings. These homelike spaces complement the more conventional conference rooms, spacious training rooms and cozy teaming areas spread throughout the office. And it's no coincidence that this mix of spaces comes at a time when the boundaries between work and home grow increasingly blurred.

If the variety and number of common areas seem more generous than in the past, it's because they are. The prevailing wisdom is that colleagues who play together also work well together, collaborating and bonding, so that they build stronger working relationships and are more connected to their work and the company. This new design also reflects a flattening office hierarchy and a younger generation that prefers a relaxed, friendly workplace to a conventional, stuffy one. In order to recruit and retain the top talent, organizations would be remiss to not alter their work environment to provide an office that adheres to the evolving workplace dynamic and supports a multi-generational demographic. It has been well documented that the younger generations prefer access to upper management and complete transparency. These characteristics are embodied in the addition of more open offices, open meeting areas with comfortable soft seating, collaborative and interactive zones, and open café-like eating/working areas adjacent to circulation zones. This is as much a leadership trend, as it is an architectural design; we consistently see younger leaders and organizations flatten the hierarchy and exhibit more inclusive behavior.

Client Goal: To Create "neighborhoods" within the space, while breaking down barriers between management and staff and to reinforce the brand. LEED® Silver Certified

Multipurpose Spaces

As common spaces claim a larger portion of the office, workspaces are becoming more varied so that they can be fine-tuned to suit the nature of the work as well as an individual's work style. These types of spaces also are common and do not assume any ownership of space, not only increasing performance and communication, but efficiency as well. While that strategy often reduces the amount of physical space an office requires, saving overhead costs, it increases the utilization of the space they have.

What were once two choices for workspaces—cubicles or individual offices—have broadened to include a variety of options. Work that involves more communication and interaction might rely on benching—long rows of narrow desks that face one another newsroom style over a low partition. People who function best in an informal communal setting might gravitate to a room where everyone works around one large table. Phone booths—small glass-ringed offices with room for one person—are places for concentrated work or for introverts, who need to recharge in seclusion. Teaming areas, complete with comfortable sofas and low tables, replicate the Starbucks model of working, and hoteling (or touchdown)—workspaces supplied as needed rather than permanently assigned to one person—accommodate visiting mobile employees, who are becoming more integrated throughout the office rather than isolated from the rest of the staff. Some offices even provide desks that can be raised or lowered for people who want to take a break from sitting and stand instead.

Client Goal: To increase flexibility for employees and clients and to promote connectivity among the employees.
2010 IIDA Bronze Award Winner

Wherever a person chooses to work, whether it's the same place or a different spot on any given day, individual phone extensions and voice mailboxes are retained. In modern offices, technology and the means to accommodate it have become so pervasive that a workstation is anywhere computer and phone networks can be accessed wirelessly. Consequently, many companies spend more time thinking about how to equip a new office with technology before the space is even built.

The Green Standard

Whether for reasons of economics, environmental consciousness or both, the must-have lists of clients routinely include recycled products, locally sourced and sustainable materials, energy-efficient HVAC systems and better indoor air quality. All are categories or subcategories in LEED (Leadership in Energy and Environmental Design) building, the rating system of the U.S. Green Building Council.

Many of the items on that must-have list go hand in hand. One consideration is a Direct Outside Air System (DOAS) that provides greater efficiency and fresh air instead of recycled indoor air, is a case in point. These systems produce healthier indoor air quality, while reducing energy costs. Energy preoccupies many of today's companies that are actively seeking ways to use less of it, while providing it more cleanly, whether through cleaner energy sources or delivery systems. In fact, modern offices have more sensors than their older counterparts, with occupancy sensors for lighting, air quality and thermostats that automatically default to energy-saving settings when no one is in the room.

Client Goal: First installation of Bloom Fuel Cell Technology for a commercial building on the East Coast
LEED® Gold Certification Pending

Conclusion

Like many of our colleagues mention in this report, the interest in sustainability is all the more remarkable because it began as a workplace trend, but it was no fleeting fad. At some point, sustainability evolved into a design feature, one that has become part of the basic services that clients now discuss with their architects. The same may be true of all the other changes in workplace design described here, because the only difference between a trend and a standard feature is how well it lasts over time.

Integration as THE Solution

Debra Dailey, Vice President, Human Capital Solutions and Outcomes, Sodexo

Debra Dailey
VP, Human Capital Solutions and Outcomes, Sodexo

Corporate Real Estate Executives and Facilities Managers (herein CRE&FM) have seen their share of what loosely has been labeled "integrated" solutions. In hindsight, this first generation of integration was the result of organizations' procurement organizations driving the market into a serial out-tasking model. At its best, this model could be considered an aggregation of services, but arguably not truly integrated. Worse, this aggregator model has certainly driven the costs of single services down, but raised total cost of ownership. As organizations grapple with boardroom issues such as talent cliffs, financial uncertainty, image value and the ability to make quick and decisive moves in their own markets, it is the responsibility of CRE&FM executives to identify and deliver solutions that convey real organizational value, aligned with these issues. Enter integration 2.0.

First and foremost, integrated solutions work best when complex problems have been clearly defined. Today, the "complex problems" we refer to involve the ability to meet unique human centric needs. The needs of today's working generation are more complex and dynamic than ever, and creating efficient, effective and flexible work environments that take into account total well-being have become critical.

The tendency within CRE&FM organizations has been to solve for business needs such as greater efficiency and cost compression, resulting in mere solution "bundling" and some coordination across separate components of the service chain. Progressive organizations are beginning to understand and solve for human needs when designing workplace services and solutions by redefining integration to mean having the skills and resources to expand its capabilities on four specific fronts:

1. Viewing individuals and organizations holistically and dynamically

CRE&FM will begin to seek more tools and processes to support the determination of the most appropriate services and delivery levels to connect and engage with end users. This "user centric" approach will provide a greater understanding about the needs, wants and limitations of the end users. It will also allow for greater attention to be given to how end user value is created or lost. Enabling solutions to be designed based on specific user profilers results in a more effective and integrated customer experience.

In order to gain a better understanding of the organizational value drivers, CRE&FM will also begin to increase levels of knowledge and understanding around key levers that drive employee engagement and well-being. As the CRE&FM value proposition shifts to one that intuitively understands the need to meet human centric needs, a natural progression will occur to align the built environment and associated services as a means to drive employee engagement, and well-being will become critical.

2. Translating these needs to create new and more effective operational/business models

New models have already begun to form as shared by Richard Kadzis, VP of Strategic Communications, at CoreNet Global when discussing the "Super Nucleus" model adopted by several companies. Essentially, this model illustrates how work functions/work environments can be enhanced by effectively partnering with HR and IT. Operating teams will also begin to change and there will be a need to bring in different talent in order to ensure greater access to diverse and alternative viewpoints. Professionals with strong human capital, HR, organizational change and wellness backgrounds will be sought after more frequently within the CRE&FM industry, bringing in a human centric mindset and different perspectives to demonstrate and measure value.[1]

Vendor partnership models will also begin to change. Progressive organizations will look for strategic partners to take on full deployment of service architecture, assets and infrastructure so CRE&FM leadership can move toward greater ownership over the employee experience. Partner vendors who have the ability to view individuals and organizations holistically will stand out, as they will take into account the importance of selecting the best "place" to enable work and total well-being. They will begin integrating new decision points such as community indices that measure quality of life/work such as the Gallup-Healthways Well-Being Index.[2] New service and joint governance philosophies and methods will be developed in order to ensure cultural alignment and commitment to a user experience that brings to life the organization's value proposition and meets unique lifestyle and workstyle needs. Human centered design capabilities and even strategic marketing capabilities will be more heavily relied upon in an effort to bring greater visibility and alignment to the unified service solution.

3. Designing strategic Life/Work Ecosystems (interventions) that synergize insight and solutions from multiple functional areas within the organization

With human centered design principals as the foundation of the new life/work ecosystem, assets, infrastructure and service strategies will now be in alignment. This unified focus on human capital effectiveness will also become the foundation, bringing together a mission and vision that aligns HR, CRE and IT around the employee experience – thus, allowing for greater collaboration and optimized resource allocation.

CRE&FM organizations will strive to bring greater visibility to the overall experience that has been created through progressive branding, bringing visibility to what has traditionally been viewed as an "invisible" value proposition.

Finally, new technologies will evolve from tactical, "behind the scenes" tools, to those that are consumer facing. These Web-based platforms will allow end users to interact and engage with the workplace experience, and more importantly, build a true community without the walls and borders. These technologies will create even greater alignment with the organization's culture, and the associated services and experiences that can be found within.

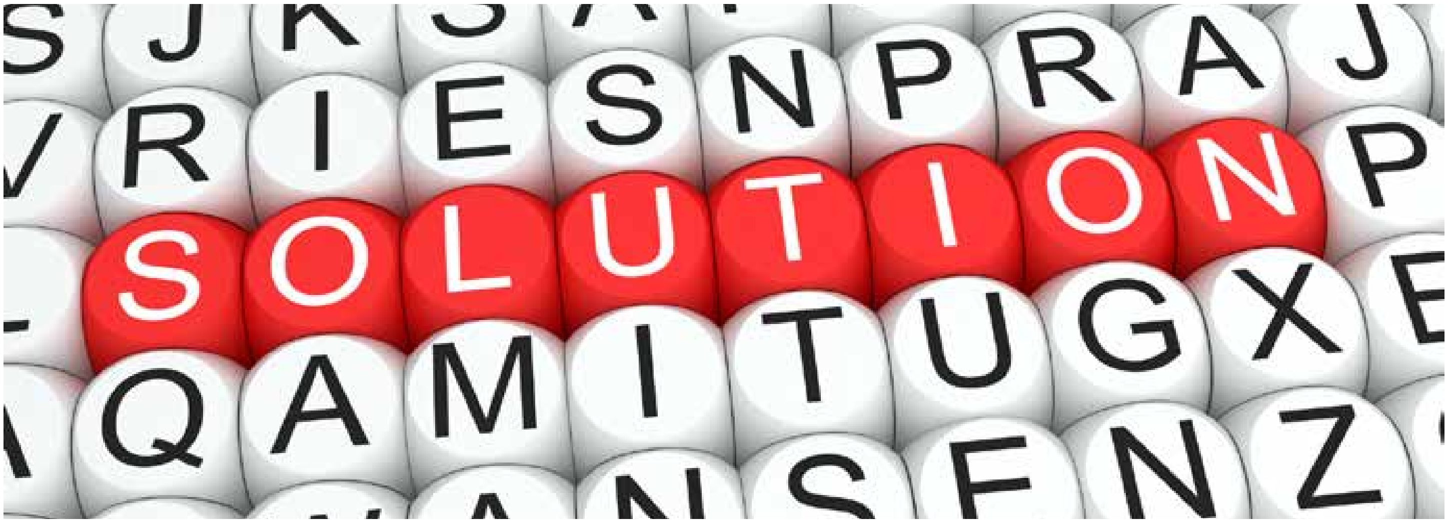
4. Evaluating the impact of these ecosystems on improved service effectiveness, people effectiveness and well-being

According to Angela Cain, President, CoreNet, "The metrics to track our performance need to become less anecdotal and more evidence-based, so that internal partnerships with areas like HR and IT, along with academia, help inform the new business model, and to ultimately manage to the quality of work environments and work experiences, while addressing people, technology and place."

The market has begun to embrace this thinking, and is driving new approaches to redefine the way CRE&FM measures and demonstrates the impact of workplace service strategies on maximizing human capital potential. Successful companies are recognizing that the maximum potential of people achievement is reliant not only on salary and benefits, but also on the built environment and human connectedness,[3,4] CRE&FM clearly play a strong role in both the formation and execution of these strategies.

More importantly, organizations will collaborate with their strategic partners in the creation of new and innovative scorecards. These scorecards create a line of sight between performance and organizational success. The scorecard domains will look very different from today. These domains will be focused on top line growth, and organizational value drivers, rather than cost and asset measurements. The industry will begin to look toward more of this type of "disruptive" thinking, as it strives to demonstrate value beyond today's metric reductions, such as cost per sq. foot. Utilizing the expertise and capabilities of traditional and long-standing human capital data integrators will begin to be further explored, as will partnerships with academia.

At the intersection of each of these expanded capabilities is the moment where integration becomes THE solution – human needs are met resulting in heightened organizational performance, top-line revenue generation, bottom-line profitability and increased image value for the organization.



Trending Now

Phil Rogers, VP, Solution Center & Energy, Sodexo

Phil Rogers
Division Vice President,
Solution Center

This year's Workplace Trends Report confirms that technology is dramatically transforming virtually every aspect of the workplace. From employee recruitment and workforce collaboration to facility management, technology plays an integral role in the way organizations are changing to increase efficiency and quality while mitigating business risks.

As employers embrace technology in practically every area of operations, they are concurrently shifting toward human-centric workplace practices that emphasize corporate social responsibility and the physical and psychological well-being of employees. Connections – both interpersonal and technological – are more important than ever before as the proliferation of iPhones, iPads and laptop computing increases instant access to colleagues and shared knowledge at any time and from almost any location.

Facility management is now viewed as a strategic management discipline as opposed to a tactic to simply be implemented or executed. Physical and virtual spaces are now seen as important resources that enable work, as companies integrate workplace solutions into their strategic plans across the enterprise. Organizational leaders have come to recognize that managing facilities is really about shaping the experiences of the workforce so employees can be fully engaged and productive--generating a competitive advantage for their respective organizations.

The concept of "working smarter" now applies not only to employees, but also to facilities, as managers search for ways to make buildings more efficient and cost-effective in the face of rapidly escalating energy and other operational costs. The next generation of facility management is expected to support organizational sustainability, while improving performance of the organization's core mission.

To be successful today, organizations need to be agile enough to quickly respond to changing conditions and strategies. And not surprisingly, executives expect to be able to measure the success of those strategies and evaluate the return on their financial investments.

Beyond the trends

People, technology and physical facilities have the greatest potential to directly impact the workplace of the future. Whether managing human, technical or physical assets, development of a formal asset management framework can optimize the performance and productivity of all three groups and provide significant benefits, such as:

- Greater engagement of the workforce, including multi-disciplinary collaboration
- Alignment of processes and resources within the organization
- Greater availability of critical data and information
- Creation of an audit trail for decision-making
- Consistent, prioritized risk management
- Improved budget and capital expenditure planning

The International Organization for Standardization (ISO) expects to publish its first set of international standards for asset management in 2014. These standards will help organizations determine which elements should be in place to create an effective asset management system and will also provide guidance on implementation.

Furthermore, the technologies that have previously evolved to support the facilities, construction and energy disciplines have largely been left disjointed and segmented – isolating these functions from the benefits they would otherwise accrue if they could be synergistically integrated with each other.

Legacy products have typically been offered by separate providers, with little or no communication among them. In most cases, if end users have any access to raw data, they must piece it together themselves to obtain useful productivity or business projections.

The trends point to a need for advanced analytics that can be shared across multidisciplinary functions – leveraging information for maximum enterprise benefit. Providers who can adapt and cross formerly distinct territorial lines will benefit, as they provide valuable enterprise data to organizational management.

For example: Roth, a Sodexo company, offers real-time remote building monitoring – yielding analytics that can be used to identify and prioritize capital construction projects as well as energy conservation measures. The analytics can also be utilized to uncover utility bill discrepancies, reduce equipment failure and analyze equipment maintenance repair versus replacement options based on actual performance.

Each of these functional areas has the potential to significantly impact workplace productivity and profit. Previously, analytical data that could bridge multidisciplinary lines was difficult to attain. However, organizational leaders can now be equipped with the tools to generate predictive scenarios that can eliminate equipment and facility downtime and reduce operating costs, while ensuring an optimal, comfortable workplace environment for employees.

In summation, the 2013 workplace trends will become an integral part of the workplaces of the future, as organizations strive to design environments that enhance individual performance, foster collaboration and contribute to the well-being of employees. For the people, technology and physical facilities of today's organizations, it's one more step toward enterprise performance and productivity.

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