



National Audit Office



## Getting the best from public sector office accommodation: Case Studies

A REPORT TO THE NATIONAL AUDIT OFFICE FROM CONCERTO CONSULTING | JUNE 2006

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# Getting the best from public sector office accommodation: Case Studies

**CASE STUDIES OF BEST PRACTICE IN THE MANAGEMENT OF  
OFFICE SPACE AND THE USE OF SHARED SERVICE CENTRES**

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## TERMS COMMONLY USED IN THIS REPORT

<b>Break-out areas</b>	Informal meeting areas positioned to encourage interaction and communication between people.
<b>Campus</b>	A group of buildings built near each other, and their surrounding grounds, where an organisation carries out its work.
<b>Churn rate</b>	Measures of the amount of people moves over time. One hundred per cent annual churn means that the equivalent of all staff move desk once during the year.
<b>Concierge service</b>	An extended reception service that provides additional functions including room and desk booking, business services and personal support services.
<b>Core and flexi space</b>	Under best practice estate management principles, organisations identify their core long-term holdings (and drive commercial discounts accordingly) and their requirements for short term flexible space to manage peaks and troughs in the business cycle.
<b>Cost per workstation</b>	The total cost of occupation divided by the number of workstations in the building. Total costs include rent, rates, landlord's service charge, facilities services (including catering, cleaning, maintenance, reception, security, telecoms, utilities).
<b>Flexible managed office</b>	Occupiers' requirements for space, including facilities management, are provided under a single short-term contract and unitary charge.
<b>Hot desks or shared workstations</b>	Desks that are shared, that allow an organisation to increase the number of people supported by a given building.
<b>Hotel.Gov</b>	A term coined by the National Audit Office meaning a bespoke Flexible Managed Office solution tuned to the government's needs, which provides the flexibility to expand and contract at short notice, to offer temporary space for individuals or project teams and to act as "swing space" enabling Departments to move when required.
<b>Net internal area</b>	The area of a building which is the gross area less common areas, lifts, fire escape routes and other landlord areas.
<b>Occupancy level, occupancy density</b>	An efficiency measure – normally expressed as persons or desks per square metre of net internal area.

<b>Shared Service Centre</b>	A Shared Service Centre is a facility that performs administrative and transactional functions for multiple divisions or subsidiaries of the same organisation, rather than having those transactions conducted in separate operating areas.
<b>Swing space</b>	A term used in the property sector to describe space that is used on short-term basis to facilitate a relocation project or programme. It is often used as a staging post within the overall migration, allowing the permanent space to be refitted or made ready.
<b>Touch-down areas</b>	Shared desks, but unlike hot desks (see above) these are not bookable. It is therefore available to everyone in an organisation including visitors.

## INTRODUCTION

This volume of the report contains 18 case studies from across the public and private sectors – 15 demonstrating good practice in the use of real estate, three demonstrating the property related benefits of moving to a Shared Service Centre. The good practices identified in the case studies cover a number of approaches but they all demonstrate the impact on helping the organisations involved in improving their business efficiency and the quality of services they deliver to end users.

While the examples we give are specific, they highlight principles and practices with scope for wider applicability across the public sector. To help the reader navigate through this volume, **Figure 1** sets out the good practices identified in the first fifteen case studies, indicating which ones feature specific examples either strongly or in part.

### Methodology

We examined and prepared 18 case studies. In each case, we requested a set of standardised data from each of the case study organisations and visited the key sites to:

- walk through and observe the space, technology and working practices;
- interview the key staff responsible for managing and implementing; and
- analyse additional papers and management information to evidence assertions about performance, and cost savings.

Each of the case studies was agreed in detail with the subject organisation prior to publication.

## 1 Navigation overview of the 15 case studies on real estate best practice

### Case Studies – examples

	Clear business agenda	Change management approach	Property people technology integrated	Best practice property planning & management	Support for workers away from office	Office services solutions	Evolutionary approach
Adult Learning Inspectorate	●	●	●	●	●	●	
BAA	●	●	●	●	●	●	●
BP	●	●	●	●	●	●	●
BT	●	●	●	●	●	●	●
Cambridgeshire County Council	●	●	●	●		●	
Department of Trade & Industry	●	●	●	●			●
Ernst & Young	●	●	●	●	●	●	●
GCHQ	●	●	●	●		●	●
Hertfordshire County Council	●	●	●	●	●	●	●
IBM	●	●	●	●	●	●	●
Norfolk County Council	●	●	●			●	●
PwC	●	●	●	●	●	●	●
Suffolk County Council	●	●	●	●		●	●
Sun Microsystems	●	●	●	●	●	●	●
Vodafone	●		●	●	●	●	

**Key:** ● Strongest features    ● Other good examples    ● Supporting elements/aspects

## CASE STUDY ONE

### Adult Learning Inspectorate

*Integrating the property strategy with IT and HR policies, encompassing new working practices, was a key factor in achieving the merger of two organisations with highly mobile workforces.*



## Key lessons

- a new HQ building, and the opportunity taken to reappraise the ways of working across a business, can support the successful merger of two organisations;
- technology solutions, in conjunction with a forward-thinking approach to space allocation, can create a step-change in performance and staff satisfaction;
- directors and senior management volunteering to work in an open plan space sends a powerful signal to all staff about the culture change and new ways of working; and
- it is worth “going back to basics” and assessing the core business processes of the organisation, and then establishing property, technology and HR solutions that support those processes.

## The challenge

- 1 The Training Standards Council (Oxford) and the Further Education Funding Council (Coventry) merged in 2001 to form the Adult Learning Inspectorate (the Inspectorate). The Inspectorate inspects a wide range of government-funded learning in England, including work-based learning for all people over 16 and training funded by Jobcentre Plus. Of the 282 employees, 137 are home-based inspectors with the remainder providing National Administration Centre support such as Business Planning and Development, and Facilities and Finance operations.
- 2 Moving into the new National Administration Centre at Spring Place in Coventry provided senior management with a unique opportunity to reassess working practices, and to align its property strategy more closely with operational practices. The management recognised from the outset that not all employees required a dedicated desk: the inspectors who spend most of their time away from the office required no desk, but need excellent support. The challenge therefore was to find accommodation and technology solutions to support a highly mobile and distributed workforce with different working styles, while creating a HQ hub environment to express the organisation's culture and provide support.

### Key Statistics

Move-in:	2002
Building:	two-storey office building on a green field site
Total building area:	1,862m <sup>2</sup>
User population:	282 (145 administration plus 137 home-based inspectors)
Workstations:	151
Building density:	12.3m <sup>2</sup> per workstation
Footprint area:	c7m <sup>2</sup> per workstation
Desk allocation:	51% of the staff at a 1:1 desk:staff ratio (administration) and 49% at 1:10 (inspectors)
Awards:	the BIFM 'Investor in Excellence Award for Best Practice in a fit-out project 2003'; the ICT 'Best Workplace in Information Technology' award for 2005

## The solution

- 3 The Inspectorate provides open plan workspace for those based permanently in the new building. Everyone, including the directors, works at open plan workstations in a bright, conventionally laid out interior. Large L-shaped desks with low height screens and storage units enable easy access to centrally zoned meeting and quiet working rooms. Soft furnishing in informal meeting and breakout spaces support conversations that are more informal. When inspectors visit the office, there are twelve hot desks available. The environment allows them to meet colleagues, collect training kits, use the training facilities, and drop off documents.
- 4 During its first year, the Inspectorate worked in a cellular office building with long labyrinthine corridors. The new interior layout required a significant change of culture. Supporting its operations with crucial enabling policies, the Inspectorate engineered a new business culture with a new approach to the office environment. For example:
  - Large meeting, conference and training rooms are booked through a centrally administered booking system.
  - Archives are located off-site with a 24-hour retrieval service. All waste paper is recycled.
  - Staff log on at any desktop PC, giving freedom to choose where best to work, and giving management advantages in terms of re-shaping teams.

- Inspectors have wireless enabled laptops and mobile phones.
  - The building contains central, well-planned and easily accessible resource areas with printers, fax, copying and scanning facilities.
- 5 Reinforcing the cultural change was a radical approach to supporting those who spent much of their time working from home. In short, the inspector working from home experiences a high level of support and back up, aiming to mirror the services delivered in the office. For example:
- the Inspectorate provides office equipment, including PC, laptop, printer, fax and mobile phone, and inspectors receive a home office furniture allowance of £700;
  - Inspectorate stationery is available and ordered on-line with delivery of all surface mail via Spring Place;
  - contracts exist with local couriers to collect and deliver large volumes of documents around the UK quickly; and
  - a car fleet is maintained for use by inspectors, but alternatively each inspector can opt for a monthly car allowance of £408.

## Achievements

- 6 The Inspectorate met its challenge of supporting a highly mobile and distributed workforce, while creating a hub environment with excellent support. Business benefits include:
- utilisation, or building occupancy, increased from 50% to 90%;
  - annual occupancy costs at £521m<sup>2</sup> and £6,413 per workstation;
  - average density per workstation (12.3m<sup>2</sup>) which now compares well with best practice; and
  - a MORI Staff Opinion Survey in 2004 reported a 90 per cent staff satisfaction rate on resources and facilities, with positive effects on productivity.

## CASE STUDY TWO

### BAA

*The progressive and carefully managed implementation of flexible working led to a halving in office accommodation, to higher staff satisfaction and increased productivity.*



## Key lessons

- that it is possible to achieve major business benefits, in this case halving property costs and improving staff satisfaction, by adopting a policy of gradual, continuing evolution rather than a “Big Bang” approach;
- that business priorities can change, and the project needs to evolve and respond accordingly; and
- to maximise the benefits and success of workplace change programmes, it is vital that Property, IT and HR policies are aligned, and to have the highest levels of management support and sponsorship.

## The challenge

- 1 BAA is an airport company that owns and operates seven airports in the UK. BAA also has management or retail contracts and stakes in airports in locations around the world.
- 2 In 1994, as part of a wider business change programme focusing on cost reductions, BAA examined how it might make better use of its office accommodation which at the time comprised three buildings at Heathrow Point Business Park. The need to reduce accommodation overheads drove BAA to consolidate into just two buildings: Point West and Point East. Following this success, however, BAA wished to go even further in reducing office costs and increasing flexibility. The challenge was to consolidate into Point West by replacing the ‘me and my desk’ culture with a new approach based on open plan, on desk sharing, and on “moving people’s minds rather than walls”.

### Key Statistics

Pilot project:	1999
Building:	early 1990s speculative office building
Total building area:	4,333m <sup>2</sup>
User population:	540
Workstations:	459
Building density:	9.4m <sup>2</sup> per workstation
Desk allocation:	10% staff at 1:1 at a desk: staff ratio and 90% staff at a ratio of 1:1.2

## The solution

3 In 1999, BAA ran a demonstration project to convert 929m<sup>2</sup> of Point West into an open plan space. The ‘Unity Pilot’ was highly successful, yielding significant benefits in space and cost savings as well as increased user satisfaction. However, the events of 9/11 relegated the accommodation strategy down the list of business priorities, delaying the planned roll out strategy. Instead of carrying out a rapid, high profile exercise to introduce the new ways of working, developments in workspace planning, furnishing, ICT and flexible working continued when opportunities arose and when the business case justified them. Thus, BAA adopted a gradual, evolutionary approach to changing its culture through more flexible use of office accommodation. The steps included:

- volunteers leading by example and giving up their single offices;
- as opportunities arose, converting team areas to open plan;
- Property and HR leading by example in breaking the ‘me and my desk’ culture by working from any desk in their area; and
- encouraging fully flexible working (in other words working from any location) through combined policy support from Property, IT and HR.

4 The new approach to flexible working required new policies and the support of senior management, and demanded innovation in the traditional technology support offered to staff (Figure 2).

5 Management of the office space became more intensive – recognising the nature of a more fluid work environment. For example, flexible working requires careful management of paper storage. At BAA, regular storage audits keep the volumes of stored paper to minimal levels through archiving and group filing, and limiting personal shelf space to one linear metre per flexible worker. A key aspect to the change management process was to find ways of ‘giving back’ to the users

## 2 New policies and innovations required to support the new approach

### Technology:

- cordless DECT phones to enable calls to be taken anywhere;
- providing ‘log on anywhere’ capability via the ‘WebTop’ facility;
- replacing PCs with ‘thin client’ devices and access to the central server;
- rationalising the numerous software packages in use to an agreed minimum;
- replacing conventional printers with multi-function devices; and
- home working policies, supported by broadband or wireless technologies.

### Approaches to the use of office space:

- a variety of work settings based around dedicated, touch down and drop in uses;
- floor layouts with a variety of furnishings using smaller and more diverse desks;
- meeting and quiet work rooms clustered on the perimeter with external views; and
- low screens dividing workstations, planters, artwork, digitally projected graphics, soft furnishing, bright breakout areas and backlit aquaria adding focal points and interest.

while reducing the overall space need; the users were highly involved in this process. The improvements “given back” in this way included

- services such as café-style break out areas, pick up and drop off dry cleaning, electronic shopping, and free massages;
- an office manager/concierge role to provide excellent customer service, but also carrying an element of enforcement; and
- training and support, including training manuals, booklets, and intranet information, as well as ‘floorwalkers’ who monitor and assist during the transition phases.

## Achievements

6 A post-occupancy survey of the pilot in 2002 compared accommodation and services before and after the move. The improvements, measured on a scale of 1-5, were as follows:

Accommodation and services	Improvement rating
Cleanliness	+0.4
Ambience	+0.5
Meeting rooms	+0.3
Furniture	+0.7
Interaction with department colleagues	+0.4
Informal meetings	+0.7
Presence of a flexible working culture	+0.3
Right image to visitors and customers	+0.7
Overall a good working environment	+0.3

7 The Point West project brought significant wider business benefits including:

- a doubling in the occupancy of Point West;
- property cost savings of £1.3million per annum by vacating Point East;
- reducing churn costs by 80%; and
- increasing staff satisfaction and perceived improvements to productivity.

# CASE STUDY THREE

## BP

*A well planned and well timed move out of London to a campus environment, grasping the opportunities recognised by a forward thinking management team and supported by the latest technology, can deliver impressive operating cost savings, enhanced business performance, and better support continuing personal career opportunities.*

### Key lessons

- major cost savings and performance improvements are possible when HR policies align with accommodation and technology solutions;
- campus solutions offer economies of scale, better or more comprehensive facilities and create business flexibility; and
- over time, property portfolios can become out of line with an organisation’s operating requirement. Modern technology solutions, coupled with new ways of working and flexible accommodation solutions can lead to a step change in performance.

#### Key Statistics

Building:	campus site with seven buildings occupied and planning permission for nine
Total building area:	41,209m <sup>2</sup>
User population:	4,445
Workstations:	3,699 desks plus 100 touch down
Building density:	11.4m <sup>2</sup> per workstation
Desk allocation:	average 1:1.24 per person

## The challenge

**1** BP occupied 12 buildings in London and the South East. Many were separated by significant distances, acting as a major deterrent to moving staff to different posts within the business. The dispersed nature of the business resulted in inefficient communications and business operations, and worked against the achievement of a common culture and sense of purpose. In short, the company's accommodation arrangement had become a business constraint.

## The solution

**2** In 2003, BP's Board decided to consolidate the property portfolio from 12 to five locations – with a strong focus on one site in particular, at Sunbury (**Figure 3**). The heart of the operational business would consolidate at its Sunbury site in outer west London, housing Exploration and Production Research; Refining and Marketing; Gas Renewables Supply and Trading. This would leave a small central London HQ; a City-facing trading organisation in Canary Wharf, and two customer-facing operations in Hemel Hempstead and Milton Keynes. BP had owned and occupied Sunbury for many years as a corporate research centre, but with only ancillary office content.

**3** The new strategy required the redevelopment of the Sunbury site, into a campus of seven purpose-built office buildings. These have their own services and dedicated parking to meet important commercial criteria. Consistent with commercial objectives and allowing the company future flexibility, a family of fit-out designs gives each building some individual identity, whilst low-key branding and signage keep the overall image relatively consistent.

**4** Support from a fully integrated wireless network enables staff to work almost anywhere within the campus. Business units can now expand or shrink with ease, and project teams can form and disband rapidly in response to business demand. The scale of the campus gives the user population great flexibility in choosing where to work, and in absorbing local peak demands for space. The wireless environment and most staff using cordless

phones, encourage mobile staff to “hot desk” rather than settling into the same workstation each time they arrive at the office. Most staff use laptop computers, enabling them to work from home and from any location on the campus. The site-based staff and the large numbers of daily visitors all manage to find space to work within this self-regulating system.

**5** HR policies played a key role in introducing the new work style. Nine-day fortnights, home working, and flexi-hours reflect the 24x7 nature of the business, and help smooth out the peaks and troughs in the daily demand for desk space. Between 50 to 60 per cent of staff work from home at least one day a week. A further 5 to 10 per cent spend more than 20% of their working in this way. The flexible working also eases the peak flows of traffic onto and off the site.

**6** The user population of 4,445 is supported by 3,600 desks and 100 touchdown stations. Business units decide locally how best to organise and allocate desks. Typically, the desk allocation ranges from 1:1 for administrative staff to 1:1.2. In some highly mobile areas the ratio rises to 1:1.5.

**7** For all but a handful of Group Vice Presidents and legal staff (whose offices are available for meetings when unoccupied), everyone works in an open plan layout. The high level of visibility across floors, with low-height privacy screens between desks, encourages communication. Desks are a uniform wave shape complete with computer screen and keyboard, ready for laptop use.

**8** Employees use top-up smart cards in the shop, the subsidised restaurant, take away sandwich bar and coffee shop. An ATM, Occupational Health office, dentist and a dry cleaning service are viable operations given the scale of the campus, and help to attract and retain staff. Free vending areas located on every floor encourage staff to mix and interact.

**9** The management of facilities for meeting, storage, document management and waste disposal all help to create a pleasant and efficient work environment.

## 3

## BP's Sunbury campus before and after redevelopment



1998



2004

**10** Large meeting rooms are booked through a centralised on-line system; smaller rooms give priority to local staff on each floor or within each building and are booked using separate software. Each floor features well-furnished, informal meeting areas and touchdown workstations. In addition:

- Each business group uses electronic, high-density filing systems. In areas where there is a regime of desk sharing individual storage is restricted to mobile trolleys with no personal storage allowed under desks.
- Small banks of floor-networked machines manage printing and copying, with an average of one machine per 30 persons. Racks placed nearby provide handy charging for cordless phones. There are central points on each floor for hardcopy mail delivery.
- Personal waste bins at each desk no longer exist, with only floor recycling bins provided. This cuts the cleaning costs significantly, and encourages recycling.

## Achievements

**11** Consolidation at Sunbury has delivered major occupancy benefits to BP. Space use on the campus is highly efficient, averaging 11.4m<sup>2</sup> per workstation, and

occupancy costs compare well with best practice at £5,174 per person, and £6,389 per workstation. These figures have resulted in:

- reductions in property operating costs of around 35 per cent (some £23 million per annum);
- savings in occupancy costs of up to £15k per person per year;
- a halving in the average cost per workstation;
- churn costs falling from £1,500 per move to approximately £300.

The flexibility of the campus has also demonstrated the benefits of scale in absorbing growth. For example, between 2003 and 2005, while the number of workstations grew from 2,800 to 3,600, the cost per workstation fell by just under a third.

**12** In addition to the hard cost benefits, BP reports:

- enhanced communication and collaboration;
- increased team performance;
- flexibility for project-based teams and work;
- increased career mobility; and
- increased staff retention.

## CASE STUDY FOUR

### BT

*A large business transformation project spanning several years, involving dramatic reductions in space and property costs, while at the same time introducing radically new working patterns, accommodation solutions and technology support.*

#### Key lessons

- a company-wide planning approach releases major savings;
- a headquarters building is a dynamic environment, and needs to house many thousands of visitors on a highly transient basis. The balance of permanent desk space and flexible desk space needs to be kept constantly under review; and
- major savings are only possible if technology solutions align and support the new human resources policies and tie in properly to well-managed estates solutions.

#### Key Statistics

Building:	multi-storey office, built in the early 1980s, and recently refurbished
Total building area:	c26,500m <sup>2</sup>
User population:	1,500 plus c2,500 daily visitors
Workstations:	1,800
Building density:	14.7m <sup>2</sup> per workstation
Desk allocation:	1,500 at 1:1,300 flexi desks and touchdown workspaces

## The challenge

**1** Privatisation in 1984 gave BT the opportunity and the stimulus to reposition its business in an increasingly competitive global market. BT's strategy was to reduce the cost base and improve its service delivery by changing its working practices, staffing levels, use of enabling technology and accommodation solutions.

The most recent major change management programme, 'Workabout', started in 2002. This included about 6,000 people opting to give up permanent office space, opting instead for mobile working and working from home.

The aims of Workabout were:

- to reduce property overhead costs further;
- to improve productivity; and
- to help retain and motivate valuable people.

**2** This case study, based on the BT Centre in Newgate Street London, illustrates the scale of the changes in the accommodation solution, made in tandem with significant HR and technology changes.

## The solution

**3** The BT Centre in the City of London is BT's headquarters. It supports thousands of visitors each week, and has an auditorium, conference rooms and training facilities. Product and technology demonstration events take place regularly. As such, the building essentially has two functions: to support the HQ management, and provide a major customer interface. Between 1997 and 1999 BT refurbished the BT Centre, to exploit the latest applications in information and communications technology, make better use of space, and enable flexible ways of working.

**4** Some 1,800 workstations are provided in the building. Of these, 1,500 provide modern dedicated workstations. The other 300, combining flexi desks and touchdown points, support some 2,500 staff and visitors on a casual basis, providing vital flexibility for people visiting the HQ building. The average daily occupancy levels are 60% at the dedicated desks and 85% for the flexi and touchdown workstations. BT will shortly adjust the allocations in favour of more flexi and touchdown desks. A wireless LAN throughout BT Centre and VoIP giving call-routing flexibility, enable people to work at any location in the building.

**5** Web booking systems enable people to reserve a flexi desk, or any of the 110 small- to medium-sized meeting rooms. However, 40% of the booked meeting rooms remain unused. BT plans to improve usage through an incentive scheme and by providing a few 'standby rooms' which do not need booking. Business units 'own' the larger meeting rooms.

**6** Workabout staff are supported by a Help Desk, accessed either via the web or by phone. They receive a full IT and furniture solution to equip a home office, and full access rights to all BT's buildings and facilities. The furniture and IT solution varies in value between £800 and £2,500 depending on the type of home working selected. In addition to the Help Desk there is also a concierge service within the building. This includes supervising all printing and photocopying.

**7** BT is now further increasing operational flexibility. Project 'Ramp' will introduce 'thin client' devices, flat screens and a main server terminal at each desk. Employees will access information very quickly using new personal identification software. Ramp replaces desk top computers, thereby introducing significant space savings, reduced maintenance and capital costs and reduced heat gain. The devices also increase comfort levels and further enhance flexible working practices.

## Achievements

**8** The success of BT's flexible working strategy is clear. In space terms alone, the initiative has resulted in savings of around 50%. The Workabout programme has enabled BT to reduce its London office portfolio from 76 to eight buildings in 10 years; enabling annual savings in London occupancy costs of some £70 million.

**9** Despite the fact that BT Centre has a large number of space-hungry uses including conference and product demonstration rooms, the new flexible working practices produce average densities that are higher than the national average. Each workstation has an area of 14.7m<sup>2</sup>. The total occupancy cost of each workstation is £12,500, which is slightly above best practice, but explained by the large amount of space dedicated to conference and demonstration rooms.

**10** In addition to savings these changes have impacted positively on staff. A questionnaire survey of 195 of BT's Workabout employees found that:

- 65 per cent reported a good work-life balance;
- just over three quarters reported that working hours had increased;
- 65 per cent reported reduced work stress;
- 69 per cent reported higher productivity; and
- Workabout has led to estimated annual commuting cost savings of approximately £1,000 per person.

**11** The refurbished BT Centre makes much better use of space, and raises the brand image. The flexible working practices, supported by enabling technology, provide further capacity to accommodate business growth.

## CASE STUDY FIVE

### Cambridgeshire County Council

*Illustrating how improved service to the public can be achieved through integrating a new property strategy with new working practices.*



## Key lessons

- a properly constructed accommodation strategy can enable a deep-seated and fundamental change in an organisation's performance;
- for such a change to succeed, the HR and ICT policies have to align, and the senior management has to work together from the outset to make the change happen;
- integrated working across different support services enables departments to benefit from the central provision of similar or common support services; and
- the importance of excellent FM services in supporting staff working in a more flexible, mobile way.

## The challenge

**1** The restructuring of the council from five Directorates to three in 2004 highlighted the need to deliver modern, flexible buildings from which the council and co-located partner organisations could provide effective customer-focused front line services.

**2** The key challenge was to change the modus operandi of the council from supporting centralised working out of Cambridge to one in which the council provided multi-disciplinary support services from a network of 32 countywide offices.

## The solution

**3** The council developed an office replacement programme that not only provided an opportunity to challenge how space was utilised, but how Facilities Management supported occupiers. Hereward Hall was the first project delivered under this programme. Since then a joint services building has been delivered in the new settlement of Cambourne and a £4.5m replacement office development commenced on site in Huntingdon in 2005.

### Key Statistics

Move-in:	2003
Building:	new two-storey office building on green field site
Total building area:	1,185m <sup>2</sup>
User population:	112 County and PCT users
Building density:	10.5m <sup>2</sup> per workstation
Desk allocation:	53% at 1:1 and 47% at 1:1.2

**4** Following the restructuring of the council during 2004-05 a further 14 local area offices are planned to deliver improved front line services throughout Cambridgeshire. Work is currently underway to identify suitable sites. The replacement of unsuitable office accommodation with new flexible accommodation is key to supporting staff based throughout the county. The portfolio of 32 countywide offices, which will increase to 50 providing both back office support and local front-line services, is supported by three core buildings:

- Hereward Hall in March is a new bespoke building, serving the north of the county. It is the base for Children and Young People Services, Highways, County Catering and the local PCT;
- Sackville House in Cambourne serves the west of the county providing multi-service support combining a library, GP, Primary Care Trust, local police and mobile workers from County Trading Standards; and
- Speke House in St Ives is the Council's first dedicated telephone Contact Centre, offering customers extended access to a range of council services. A second Contact Centre at Amundsen House went live in 2005.

**5** Completed in 2003, Hereward Hall supports a minimum of 112 people. The building's internal configuration optimises front-line service delivery by better supporting the different needs of its users. These include:

- staff with dedicated workstations;
- fieldworkers based at Hereward Hall and sharing workstations; and
- peripatetic staff based elsewhere and accessing touchdown workstations.

**6** With the exception of two managers retaining small offices for highly confidential work, everyone now works in an open plan environment. 70 per cent of building users are field workers, enabling the council to achieve a desk to people ratio of 8:10. Social Services, Highways and Catering teams use combinations of dedicated and shared workstations, working in open plan areas with low-height furniture screens to improve operational visibility. Tea and coffee making facilities and a lunch break room encourage inter-department communication.

**7** A touchdown suite opens between 07.00 and 20.00 each day to support mobile staff based at other buildings. Personal smart cards provide tailored roaming rights within the building. A specially secured entrance manages out-of-hours access to the building. Further innovations for improving staff productivity, work-life balance and security are underway and include:

- personal smart cards enable simple, non-bureaucratic building access management (a pilot study is looking at extending the cards' application to vending and car parking);
- roving profiles support mobile working;
- integrated HR and ICT policies, with supporting infrastructure, enable staff to work from home at the discretion of section managers (NETILLA, a council connection for broadband services, is a centrally provided support service);
- specially furnished, private rooms improve the service to the public;

- a web based room booking system enabling better use of shared resources;
- a pilot study on electronic data management systems is underway, with the aim of cutting paper waste and further improving efficiency;
- client files normally archived for up to 70 years now are stored off site supported by a contracted out next day delivery service;
- new networked, multi-function machines reduce the need for local printers and copiers, saving equipment costs and reducing floor space demand; and
- use of video-conferencing to significantly reduce the six million miles travelled by the council each year.

## Achievements

**8** The council has improved its level of services to the public, by accommodating its employees and supporting partner organisations through an integrated and coherent estate strategy. The project, as exemplified by moving into Hereward Hall, has delivered new corporate standards for services and accommodation including:

- corporate support for front-line services through mobile, decentralisation working;
- a new customer-centric service ethos throughout;
- a more secure and resilient work environment; and
- greater staff satisfaction (and productivity) through improved accommodation and support from the centralised FM service.

## CASE STUDY SIX

### Department of Trade and Industry

*An example of a Government Department turning the problem of an unfunded rental cost rise into an opportunity to deliver much wider business performance improvement.*



## Key lessons

- it took a potentially severe rental increase to force management to “think outside the box” and develop a much improved way of running their business. All departments should think in this way, challenging the status quo and accepted practice; and
- desk-sharing and non-territorial behaviours can lead to major cost savings and improve business performance. To break the “me and my desk” culture, the change has to be led by example from the very top.

## The challenge

**1** In 2004 the Department of Trade and Industry (DTI) faced a substantial increase in rent and rates at its central London offices, for which no further funding was available. Facing the need to make significant cost savings, the DTI developed a real estate strategy that required substantial culture change. Changing the way the DTI operated by moving from Directorate or ‘silo’ based working to more project and team organised working was an essential business driver.

**2** In 2004 the DTI occupied eight buildings, providing around 5,000 workstations. The DTI’s strategy involved reducing the number of buildings from eight to just three: its HQ at 1 Victoria Street, part of 151 Buckingham Palace Road and Kingsgate House. The planned payback period for the whole project is five years. The associated business case is underpinned by a survey showing that occupancy levels rarely reached 60 per cent, defining the scale of the cost saving opportunity.

### Key Statistics

Move-in:	2005
Building:	refurbished 1960s multi-storey office block
Total building area:	c30,000m <sup>2</sup>
Usable floor area:	c20,000m <sup>2</sup>
Workstations:	2,000 desks plus 70 hot desks
Desk allocation:	8:10

**3** While supporting the efficiency-led strategy, the DTI’s Board also saw the opportunity to use the project to deliver a change management programme across the whole organisation. The Department’s work was becoming more fluid and project-centric, and the Board wanted to move towards team-based practices supported by a project culture. This meant developing a more customer-focused culture, and changing the traditional ‘organisational silos’ pattern of working.

**4** The Programme Board included a mix of Director Generals and Senior Civil Servants from across the department, and it took responsibility for delivering the business benefits such as the reduced costs and improved ways of working from the change programme. To achieve efficiencies in accommodation use and business working methods, team-based desk sharing within flexible open plan office space took centre stage. This required a fundamental change to working culture by:

- breaking the relationship between ‘me and my desk’; and
- creating relationships between ‘me and my team’ and ‘me and my outcome’.

## The solution

5 Phase One of the change programme was completed in 2005 and involved 1 Victoria Street.

6 Practical aspects of the project include:

- with very limited exceptions, personal assistants, secretaries and people with special needs are the only staff with the choice to use a dedicated desk. All other staff now share space in their team areas;
- business teams have eight desks per ten staff within their 'villages' and unit managers decide how best to work this arrangement in practice;
- low height screens between desks provide long views across floors and enable better communication within teams;
- quiet rooms support the 'team villages', together with touch down workstations and informal soft seating areas;
- a PC-based meeting room booking system with non-bookable flexi spaces for quiet working and touch down. Director Generals have their own meeting rooms that can also be used by others and booked via personal assistants;
- ICT service areas on each floor provide centralised high-speed printing, scanning, photocopying, fax facilities, and stationery and post points. Removing 450 local printers from the working areas saved cost and improved productivity;
- mobility and flexibility was made possible by an ICT network and telephony that allowed staff to work from any desk in the building; and
- pooled laptops made available to staff to support remote working.

7 The DTI plans to move from a uniform allocation of eight desks per 10 people towards an allocation based on actual desk usage, the evidence for which will come from ICT auditing of computer use.

## Achievements

8 The project's main achievements have been:

- a reduction of over 30 per cent in the space occupied in London, increasing the building's capacity from 1,680 to 2,400 people;
- taking the opportunity of an accommodation project to drive in a deeper-seated culture change, convincing senior managers to own and take responsibility for the change management programme from its inception leading to a step change in transforming a traditional 'silo' based Civil Service work culture into one of team-based flexible working; and
- laying the groundwork for the DTI to move towards more home working and improving work life balance of its staff.

9 Staff report that the openness of the floors is an improvement to communication in terms of a "reduction of barriers with colleagues that used to be there in the previous location".

## CASE STUDY SEVEN

### Ernst & Young LLP

*Property rationalisation and relocation can be used as the enabler of a business transformation, but requires a strong vision, senior management involvement and clear business and technical targets.*



## Key lessons

- open plan workstations for everyone, high-density floors and 'bookable' workstations and meeting rooms, supported with wireless working and matching HR policies, can transform a business's operation, even where client confidentiality is important; and
- strong vision from senior management underpinned by clear business and technical targets with early collaboration between the Accommodation, IT and HR teams is needed to deliver a programme of modernisation within a large organisation.

## The challenge

**1** Recognising the growing mismatch between its out-dated and dispersed real estate and its future business vision, Ernst & Young's management decided to modernise the firm's working methods and accommodation. With business processes increasingly based on team working the dispersed property portfolio with its cellular space impeded performance: a new workplace to enable the transformation of the business was required.

## The solution

**2** Ernst and Young consolidated its business into two buildings, one being a new building, More London Place, next to Tower Bridge. Completed in December 2003, the eleven-storey office building provides 35,700m<sup>2</sup> of space, with floor plates of 1,625m<sup>2</sup> to 1,811m<sup>2</sup>. Its acquisition allowed EY to reduce its portfolio of London buildings from nine to two, and the floor area from 100,000m<sup>2</sup> to 53,000m<sup>2</sup>, while accommodating the same number of employees. EY retained Beckett House, near Waterloo as a support building.

### Key Statistics

Move-in:	September to December 2003
Building:	eleven storeys (nine working floors) with two interconnected wings
Total building area:	37,800m <sup>2</sup>
User population:	4,200
Workstations:	3,164 including permanent and bookable 'hotel'
Building density:	11.3m per workstation
Average workstation:	5.7m <sup>2</sup>
Desk allocation:	65% staff at 1:1 and 35% staff at 1:3

**3** A hot desk system maximises the use of the space, recognising that many consultants and audit staff work in other locations, either with clients or from home. They can book desks up to 10 days in advance, for a maximum of 10 days continual use. The ratio of people to desks is 3:1. Other HQ-based staff have dedicated desks that, along with the hot desks, are laid out in economic footprints of just 5.7m<sup>2</sup> each.

**4** The new desk-sharing arrangements, combined with effective technology support and home working creates flexibility for the firm to accommodate many more fee-earning employees per unit of floor area than before. The large floor plates provide high visibility between employees, enabling good communication. Open plan workstations fitted with low furniture screens accommodate teams of four, six and eight people. New information technology now means:

- over 80 per cent of staff use laptops, with wireless working provided greater business and personal flexibility in the organisation of work;
- local business unit managers can decide whether work should take place with the client, in the office or from home; and
- 'VoIP' throughout the firm provided the potential to make large savings on the costs of telephony.

5 Reported by staff to work “brilliantly overall” the building provides high quality staff and client facilities. Clients get a better ‘branded’ experience than before with the top floor of each wing given over to conference and meeting facilities. The building makes a strong impact with views across the Thames and the City. Facilities and services that lower costs and help staff to work efficiently include:

- accessible meeting and quiet working rooms;
- bookable and non-bookable meeting and quiet working rooms with glazed partitions;
- centralised networked printers and copiers with a capacity of 45 copies per minute, none located more than 7m from a workstation;
- high soundproofing specifications, important for client confidentiality, which provide a 38dB reduction between meeting rooms and 45dB reduction on client floors; and
- shelving is some distance away from workstations to discourage ‘local nesting’ by occupiers. Hot desk users have one linear metre of storage each. Those with permanent desks have three linear metres each.

6 To improve efficient working throughout the building office machines are located such that multi-function scan, print and copy machines are provided at 1 per 50 staff, and higher capacity office service centres, located in the two building wings, provide capacities of 65 copies per minute. The firm expects to reduce its annual printing costs by at least 35 per cent by introducing a policy of double-sided printing. The current demand is 55 million black and white copies and 6 million colour copies per annum.

## Achievements

7 EY’s business transformation through its property rationalisation has been very successful amongst staff, bringing with it significant business benefits, including:

- a halving in floor area while accommodating the same number of staff;
- spaceless growth - hot desk arrangements allow the business to grow further without the need for additional space;
- an overall building density of 11.3m<sup>2</sup> per workstation; and
- an electronic desk booking system that helps to even out peaks and troughs in the demand for space.

## CASE STUDY EIGHT

### GCHQ

*The use of good practice project management to achieve whole-business change, including a new approach to workplace planning, while satisfying strict security demands.*



## Key lessons

- even organisations with the strictest security requirements can work in open plan offices, can adopt desk-sharing policies that save space and can support mobile working away from the office;
- staff involvement from the outset is paramount, helping shape and “own” the solution; and
- desk-sharing is not only more efficient in terms of occupancy densities, it supports “spaceless growth”.

## The challenge

1 Since 1952 GCHQ was based at Cheltenham, occupying fifty separate buildings on two sites: Benhall and Oakley. By the mid-1990s, the buildings required substantial investment to meet future business needs. Operational pressures required greater flexibility in the use of space and the re-engineering of business processes for changing requirements in a post Cold War world. Changes to government policy also presented new challenges to procurement, resource accounting and the environment.

## The solution

2 In 2000, Ministers approved the construction of a new Private Finance Initiative (PFI) building at Benhall. At over £1.5 billion for the 30 year life of the contract including provision of FM services, the deal was one of the largest of its kind. The New Accommodation Programme (NAP) was set up to manage the project, which included:

- construction of a new headquarters building;
- moving over 4,000 staff and maintaining business continuity;
- the largest IT relocation in Europe;
- changes to behaviour and processes; and
- introducing new ways of working and new business benefits.

### Key Statistics

Move-in:	2003
Building:	Benhall is a new multi-storey; doughnut-shaped, high security building
Total building area:	59,000m <sup>2</sup>
User population:	4,900
Workstations:	4,089 desks plus 60 touch down
Building density:	14.4m <sup>2</sup> per workstation; 12.0m <sup>2</sup> per person
Desk allocation:	average 1:1.15
Awards:	<ul style="list-style-type: none"> <li>■ Public Private Finance Project of the Year, 2000;</li> <li>■ British Construction Industry Judge's Special Award, 2004;</li> <li>■ British Council for Offices, Building of the Year 2004; and</li> <li>■ Association for Commuter Transport, Highly Commended for Green Travel Policy 2004.</li> </ul>

3 Investigations into the optimum shape and layout of the new building resulted in a ‘doughnut’ design, with a landscaped garden at its centre serving as a retreat for staff. The distinctive shape of the building had advantages in terms of cost effectiveness, site efficiency, a stronger sense of community and higher security. Its thermal performance will save 40 per cent in energy costs when compared with a more conventional structure. Everyone now works at an open plan desk, and with fewer desks than the total user population, each business unit now makes its own arrangements to desk share.

4 Desks are booked electronically in increments of half-days. To find out where spare desks are available for anyone without an allocation, business units swap booking information. Simple desk design supports desk sharing and helps maintain operational flexibility.

5 The telephony system and IT system allow staff to log on wherever they wish so that small fluctuations in team size and location require little effort. Printers and copiers are clustered at a ratio of 1:30 staff. Because most material is classified, hardcopy is disposed of following shredding and cannot be recycled. For this purpose, classified waste bins are at special points on each floor. Non-classified waste is recycled. Meeting rooms are booked via the outsourced Customer Service Centre with small rooms available for personal interviews and making confidential calls.

6 Outsourced FM services as part of the PFI contract ensure that room booking, visitor reception, security, mail and courier, cleaning, telephone and catering meet new Service Level Agreements. GCHQ supports home working, but security constraints limit the type of work undertaken at home. Amenity space around the building includes vending machines providing normal and after hours refreshment. At the internal street level, lunches and snacks from the staff restaurant and Deli complement other staff facilities such as two small shops, dry cleaning and a well-being centre.

7 An internal project team was formed early in the Programme to actively engage all stakeholders in the physical and behavioural changes proposed by the NAP. With communications at the top of the agenda the NAP team set aside time to undertake wide consultation. Successful mechanisms that helped to communicate the programme vision included:

- a business change network with major business unit change coordinators consulted with staff on requirements;
- an intranet site with a guide to the new building and an on-going forum for FAQs;
- links with external community to keep residents informed;
- special events with visits to the building and an office mock-up on site; and
- a family day when 12,000 people attended an open day at the new building.

As a result, staff accepted NAP as their programme and problems dealt with at source meant they had little time to escalate into serious issues.

## Achievements

8 The NAP Programme at Benhall has produced many notable achievements including:

- the building has been able to accommodate a significant increase in staff through a number of measures, including the introduction of approximately 15% desksharing;
- everyone now works in a secure open plan work environment;
- desk sharing policies (at a ratio of 1:1.15) have enabled “spaceless growth” – although this may now be reaching a limit;
- secure systems allow staff to work almost at any desk, reducing the cost of churn and creating greater flexibility in configuring working teams whilst allowing diversity; and
- thermal performance of the building should save 40 per cent in energy costs when compared with a more conventional structure.

## CASE STUDY NINE

### Hertfordshire County Council

*Having had one project fail, an organisation can learn from the experience and then carry out a full change management programme by aligning its business, property, ICT and HR goals.*



Hertfordshire County Council achieved their business transformation in a traditional county-hall-style building

## Key lessons

- how to recover from a disruptive false start, and then move forward with a well-planned business change programme designed to reduce costs, improve staff retention, and improve customer service;
- fully committed leadership, in this case political leadership coming from the leader and deputy leader of the council, while at board level the CEO owns the project and leads the steering group;
- appointment of a dedicated project director reporting directly to the CEO and steering group; and
- full alignment and support between business, ICT, property and HR senior management from the outset, with active management providing the 'glue' holding all three together.

## The challenge

**1** Hertfordshire County Council's 1997 Workwise project aimed to implement flexible working, put the customer first and improve access to services. The objective was to achieve 30 per cent space savings across the then 55 office sites through the sale of a number of properties. Doing nothing on a life cycle costing appraisal over 25 years shows a cost increase of 200 per cent. However, the project stalled because of:

- a lack of ownership and support at Board level and poor take up by the services;
- insufficient resources;
- a perception that it was about space rationalisation, not organisational change; and
- not enough integrated ICT and facilities management support.

**2** The council therefore had to continue operating from its disparate estate even though it full recognised the need to embark on a major business change programme, driven by the need to recruit and retain the best staff, to break 'silo' working patterns, to improve front-line services and to minimise the future cost of its accommodation. Many of the buildings were small office units, and costly to maintain. Moreover, people were dispersed thinly over a wide geographic area, reducing the productivity of the service units and replicating common services.

### Key Statistics

Move-in:	2006
Building:	Apsley Buildings 1 and 2, refurbished leasehold premises on a business park
Total Building area:	10,220m <sup>2</sup>
User population:	1,000
Workstations:	770
Building density:	13.3m <sup>2</sup> per person, or 10.2m <sup>2</sup> per person
Desk allocation:	team based desk sharing at c1:1.3, with the option of increasing to 1:1.17

**3** In February 2005 after three years of assessment and case studies, the council decided to embark on a radial change programme called 'The Way We Work' involving a more concentrated accommodation solution in three main locations; less 'silo' working, and more virtual working.

## The solution

**4** The council is applying the concept of a virtual office rather than a centralised or decentralised policy to its working arrangements. The project aims to provide the correct environment and equipment to allow work to be done as close as possible to the point of service delivery, either in a formal office setting or a satellite location owned by either the council or a partner organisation.

**5** The Way We Work will reduce the council's 51 offices to just three. By 2008 the council's 4,500 staff will operate from:

- County Hall (refurbished by 2008);
- a new West Area office at Apsley, near Hemel Hempstead (opening in 2006); and
- a new East Area office in the A1/M1 corridor (opening in 2007).

**6** Consolidating into three locations and introducing new ways of working will reduce the council's space by at least a fifth and enable more efficient and better-integrated front-line services. Business teams will get better quality workspace, combining team based desk sharing, home working and modern touchdown workspace.

## Implementation

**7** Two leased buildings at the Apsley business park will bring together around 1,000 people. Building 1 at Apsley will bring the staff of nine dispersed offices together. By the summer of 2006 some 10,220m<sup>2</sup> of newly refurbished office space will provide a variety of workspaces designed to better support flexible team based working. The average space allocation will be 10.2m<sup>2</sup> per person compared with 12.5m<sup>2</sup> each in the existing office sites. Physically, the buildings will have the following features:

- modern more welcoming front-of-house reception and concierge service;
- internet café style touchdown work settings to support peripatetic staff;
- team based working in an open plan arrangement;
- team based desk sharing at an average of at least 1:1.3;
- quiet working and meeting rooms booked via the web;
- kitchen and café facilities to encourage interaction between staff and teams;
- print and storage zones between team spaces to keep working areas tidy; and
- ICT and systems to support new flexible ways of working with rationalised software to support more integrated working.

**8** A countywide staff survey asked staff what their key issues were, with 38 per cent citing poor office accommodation and services. User representatives contributed their views to the project delivery team, achieving early employee buy-in to The Way We Work programme. To maintain buy-in and to maximise successful delivery the project management team comprises eight key personnel representing: fit-out, property, resources, HR, ICT, legal, communications and business continuity responsibilities and each reports directly to a Project Director.

## Achievements

**9** The Way We Work project is moving forward as planned, with full engagement of the management and staff.

**10** The major achievement has been to recover from the first stalled project, learn the lessons, and move forwards again in the light of that experience. The council is on the point of realising the first phase of the project, and is confident that it will now succeed in achieving

- productivity gains;
- standardisation of accommodation and ICT;
- an open plan environment with better communications;
- a 20 per cent reduction in space demand;
- better work-life balance opportunities through flexible working;
- higher staff recruitment and retention;
- improved working environment, reducing sickness and increasing motivation; and
- better customer satisfaction.

## CASE STUDY TEN

### IBM

*Showing a business achieving improved operating efficiency by extending its flexible working arrangements supported by integrated space management, technology and HR strategies.*

#### Key lessons

- once an organisation has introduced a flexible working scheme, it is relatively simple to refine and hone the process, bringing improved operational benefits and further cost savings; and
- the key to success is fully integrated accommodation, technology and HR policies and implementation processes.

#### Key Statistics

Move-in:	May 2005
Building:	refurbished three-storey building arranged around a central atrium
Total building area:	15,525m <sup>2</sup>
User population:	1,473
Workstations:	765
Open plan density:	5.1m <sup>2</sup> per workstation
Desk allocation:	62% at 1:1 and 38% at 1:3.4

## The challenge

1 In 2004, IBM assessed its real estate needs at Bedfont Lakes, near Heathrow, and decided to consolidate its four premises to optimise operating efficiency and benefit from the associated cost savings. IBM sought to extend its practice of flexible working through its branded e-place concept, which was a proven concept already known to improve the work of networked teams. The challenge was:

- to reduce office space;
- to realise potential real estate cost savings;
- to improve its brand presence and client experience.

## The solution

2 Pre-move utilisation studies of building occupancy rates drove IBM's business case having shown low utilisation of the space:

- single offices occupancy at 41 per cent;
- shared offices occupancy at 50 per cent; and
- open plan occupancy of 40 per cent.

3 The project took only a few months to implement, as the basic infrastructure was already in place and the concepts of hot desking and desk sharing were already part of the culture. IBM took advantage of this space planning experience to hone and improve working styles and the technology support. The project started in November 2004 and concluded in June 2005 with little business disruption. The space planning strategy included:

- reducing the number of single offices rooms from 110 to just six;
- removing all 47 inflexible shared offices;
- reducing the number of open plan workstations down from 961 to 759;
- reducing the average workstation area down from 6.1m<sup>2</sup> to 5.1m<sup>2</sup>; and
- allocating over 60 per cent of the open plan desks to flexible working at a ratio of 1:3.4.

This allowed IBM to support the same number of its employees as before but now consolidated into two buildings, from four, and with improved adjacencies for its business operations.

4 Building 2 contains IBM's marketing suite, demonstration space, and auditorium. It is designed and fitted out to showcase the IBM business brand. A ground floor atrium provides efficient and attractive space for visitor reception, dining, breakout, meeting, product demonstrations, and working. Poster sites promote IBM products and services all around the building. Glazed partitions, high levels of daylight and low height furniture screens enable high visibility across floors and busy staff can readily see each other. In order to keep the business working flexibly teams occupy open plan areas that have no physical barriers to act as boundaries and so allow long-term occupational flexibility.

5 IBM supported its people in making the change to the new working environment through:

- the creation of an e-mail based meeting and conference room booking system;
- the appointment of a number of e-place coordinators to ensure the maximum efficiency of the space and supporting resources;
- telephony support for enquiries, from e-place co-ordinators;
- support from a walk-up reception based on the first floor dealing with enquiries;
- personal storage, on a rationed basis, following the emptying of all cabinets before the move; and
- a new 'post-at-home' scheme to provide support for peripatetic staff.

6 The e-place coordinators are responsible for ensuring that people do not customise or "create nests" at flexible desks, that all power and data points are functional, that all stationary stock points are fully replenished, and that all no-show meeting and conference rooms are returned within prescribed time limits to the booking system for rebooking. Their close contact with the workspace also delivers benefits in terms of understanding the demand for space in relation to both time and business unit.

7 To help support busy staff and to benefit business productivity IBM introduced:

- wider use of e-place technology to enable easy switching between workplaces via ethernet or wireless;
- widespread use of laptops and cordless phones;
- VoIP for high use telephony due to be delivered within a two year time frame;
- networked multi-function devices for print, fax, scan and e-mail on each floor; and
- accessible meeting and quiet working space centrally booked via the service desk.

8 To help manage occupancy peaks, most sales staff now work on site only on Fridays. This creates a small operational constraint, which was not an issue once the pattern became established. Decisions about when staff should work at home are at the discretion of the individual and business unit managers. Flexible working methods will enable IBM to absorb additional future demand for space. For example, a recently acquired business will also fit within the existing office space.

## Achievements

9 The main achievements of the project include:

- space savings of 26 per cent, while supporting the same number of employees;
- real estate cost savings of c20 per cent;
- spaceless growth by absorbing future business growth within existing space; and
- sharing of resources and saving on space, maintenance and energy costs.

## CASE STUDY ELEVEN

### Norfolk County Council

*Illustrating how a public body can introduce flexible working and changes to its management culture through piloting new standards of accommodation and services, leading to improvements in service delivery and value for money.*



## Key lessons

- an organisation can use a simple, modest pilot study featuring a new accommodation strategy to introduce flexible working, to change its management culture, and to improve service delivery and value for money;
- the introduction of flexible working practices is as much a ‘people changing’ exercise as a ‘property changing’ exercise; and
- good support services are as important as the physical work environment.

## The challenge

**1** In 2003 Norfolk County Council recognised that its cellular accommodation was a barrier to communication and effective team working; further, that it was missing opportunities to achieve economies of scale by sharing space with other public service providers. It decided to adopt a more decentralised property arrangement, to improve both the quality of its services and the value for money delivered to the community.

## The solution

**2** The council is now changing the use of its accommodation to:

- support better integrated and flexible open plan working; and
- operate from five multi-agency area offices across the county – the first will open in Great Yarmouth in 2007 with the County Council acting as landlord and sharing space with the PCT and other third party public services.

**3** A pilot project in 2004 enabled the council to test the approach, and to gain useful feedback for new projects. The council ran the pilot project in County Hall, a 1960s multi-storey office building, housing 1,800 council staff, with long space-wasting corridors and cellular offices. One floor was remodelled into an open plan layout, with modular workstations.

### Key Statistics

Move-in:	2004-05
Building:	1960s multi-storey office with central service core
Total building area:	fourth floor only 1,135m <sup>2</sup>
Fourth floor user population:	163
Workstations:	145
Density:	6.15m <sup>2</sup> per person
Desk allocation:	82% staff at 1:1 and 18% at 1:2.5

**4** The pilot project experimented with a number of approaches to workplace planning. The pilot explored:

- new layouts, increasing workstation capacity by 20% from 121 desks to 146;
- 12 new hot desks to support mobile workers from the Health, Social, Education and Surveying sections at a ratio of 1 per 2.5 persons;
- screens, providing visibility and communication between all staff;
- nearby walk-up and bookable meeting rooms;
- high-density group storage space located within the central service core; and
- new networked cabling, supporting laptops; VoIP telephony, reducing the cost of volume calling (between 5 and 10%) and supporting remote working.

**5** The hot desk environment enabled the pilot’s floor area to support a population of 163 people, an increase of 35%. New networked cabling for laptops supported all workstations. The council encouraged people to use laptops via docking stations as part of the flexible working approach. A typical floor occupancy rate of 72 per cent was good, but also provided further opportunities for spaceless growth.

**6** Stimulated by the pilot project, and by the new ways of working in a decentralised property arrangement, the council is introducing further wider changes. For example:

- The council is gradually and successfully challenging and reducing the habit of parking at work. For one day each month staff, from the Chief Executive down, must park off-site or leave their cars at home. A Park-and-Ride scheme is available as an alternative. The penalty for non-compliance is a three-month parking ban, incentivising staff to take the initiative seriously.
- The council charges business unit managers for the cost of their occupied space. The freehold status of County Hall had previously encouraged a 'free issue' approach to real estate costs amongst the user population. In the future many staff will work from the decentralised units delivering front line services, attracting commercial charges.
- The council used the opportunity of the pilot to reduce the variability across the estate by introducing clear, transparent standards, see **Figure 4**.

#### **4** Common standards introduced as a result of the pilot

- 7.0m<sup>2</sup> per workstation net and 14.0m<sup>2</sup> gross;
- hot desking at 7 desks per 10 staff;
- car parking at 1 space per 6 staff for city centre and 1 space per 2 staff elsewhere;
- budgeting office rents at £100-140m<sup>2</sup> and rates at £43-60m<sup>2</sup>;
- service charges at £40m<sup>2</sup> per annum; and
- off site retention and management of all archival records.

## Achievements

**7** This pilot project was the catalyst for a number of important changes for Norfolk County Council. They relate to the use of property and the wider issue of organisational culture. These include:

- increasing the number of workstations by 20%;
- cost per person reduced by 16%, from £1,269 to £1,064;
- increasing the supported user population by 35%;
- adopting flexible and mobile business working approaches;
- changing people's attitudes to accommodation and services in terms of quality, cost and accountability;
- introducing new standards for accommodation and service provision;
- setting new budgetary guidance on occupancy costs; and
- reducing the costs of telephone calls through using VoIP by up to 10%.

## CASE STUDY TWELVE

### PricewaterhouseCoopers

*A bold decision to invest in a new method and service level in managing space and facilities captured the imagination of staff and clients, revolutionised working arrangements and reduced overheads.*

#### Key lessons

- putting people's work-life balance at the heart of the business transformation agenda leads to directly measurable benefits in staff satisfaction and retention;
- modern hotel-style management techniques are essential when people adopt mobile working practices in an open-plan desk-sharing environment; and
- focusing on the staff and client experience in this way is neither a luxury nor costly: it is good value for money – in this particular case the business achieved cost savings of 41 per cent per person too.

#### Key Statistics

Move-in:	2004
Building:	refurbished, multi-storey, atrium-style; leased office building
Total building area:	9,316m <sup>2</sup>
User population:	1,750
Workstations:	670
Building density:	13.9m <sup>2</sup> per workstation
Desk allocation:	c20% at 1:1 and c80% at 1:1.3

## The challenge

- 1 Following years of growth, including many mergers and acquisitions, PwC had inherited a large, dispersed and costly property portfolio.
- 2 The firm's plans in 2003 to change its operating model for the Midlands region to facilitate cross-working between Lines of Service led to new real estate and facilities requirements.
- 3 Further, PwC wanted to improve people's work life balance.
- 4 The vision was to consolidate its estate in the Midlands, to create flexibility with arranging the location and timing of work, and to support improved team and project work in a friendlier work environment

## The solution

- 5 Wanting "a workplace that will be truly inspirational for our people", PwC envisaged a solution that would bring Birmingham staff together under one roof, from two buildings previously, to create
  - a greater sense of unity;
  - closer integration across the Lines of Service;
  - a better service offering to clients;
  - agile work and communication;
  - enhanced team spirit; and
  - reduced operating costs.

- 6 The solution at Cornwall Court sought to provide staff with more choice and variety in work settings. For example:

- wireless working anywhere in the building;
- bookable desks in either table or 120° format;
- touch down spaces on each floor with views down into the atrium;
- capsule-size quiet rooms in which confidential calls are taken;
- cellular spaces that enable group working;
- project and meeting rooms;
- informal, quiet working in the Business Club and Lounge; and
- touch down space for clients in the Client Business Centre.

- 7 Cornwall Court provides 670 workstations in spaces averaging 7.4m<sup>2</sup>. A hotel-style booking system allows staff to work from any desk in the building, which supports a user population of 1,750. Most fee earning staff share desks at 1 desk per 1.3 people, admin staff have dedicated desks and partners have small offices. An electronic space management system, 'AOS Hotelling', enables staff to book a workspace before they arrive at the office via either the internet or telephone. Touch screens located at floor entrances allow staff to check into and out of the system. Floor layouts on the screens identify where allocated workstations are located.

- 8 This system of space management has revolutionised the firm's space charging regime. Instead of being cross-charged for a fixed amount of space on a quarterly basis, each Line of Service now pays only according to the actual use of space and services. Regular inspection of desk usage by FM staff ensures that the system is working effectively. The use of partner offices when vacant has led to the practice of 'reverse hotelling' enabling other staff to utilise empty offices for meetings or quiet working.

**9** A new concierge-style 'Meet and Greet' welcome at the front door has replaced the old style reception and gives visitors a memorable entry into the building. Service Desk staff at entrance level answer all hotelling enquiries and provide on-the-spot assistance. A Response Centre that deals with accommodation problems is contactable via the PwC portal or telephone. An outsourced operation Service Solutions is available from 08.00 to 19.00, Monday to Friday. It provides archiving, post, print, stationery, business card, courier booking and central filing.

**10** Service and Satellite Hubs on each floor accommodate multi functional devices for printing, faxing, scanning and copying. Facilities staff regularly check the stationery stocks. Multi-function devices (MFDs) have reduced the number of desk-top printers by 98% from 1,000 to 17 and improved the work environment by reducing hot spots, noise, untidy cables and general disruption.

## Achievements

**11** After only five months, and with minimal business disruption, the final moves back into the refurbished Cornwall Court building took place in March 2004. The consolidation allowed the release of 7,500m<sup>2</sup> of surplus space, reducing annual overhead costs from £6.55m to £3.85m. Property and associated savings are forecast to reach c£30m over the next ten years. Costs per person have fallen by 41 per cent from £5,780 to £3,400. The capital investment costs of £7.5m will be paid back within three years.

**12** The building has made a measurable positive impact on the staff

- 95 per cent of staff say they are happy with the 'new' building and services – with 87 per cent agreeing that it is a great place to work; and
- only 12 per cent of staff asked to leave last year, the lowest figure on record.

## CASE STUDY THIRTEEN

### Suffolk County Council

*Agility in responding to an unexpected property opportunity can greatly enhance and boost a pre-existing business transformation programme and become a catalyst for further change.*

#### Key lessons

- an organisation's estates planning function has to align with, understand, have credibility within and be a part of the overall management machinery, in order to be able to capture the benefits of unexpected opportunities;
- very speedy decision-making is vital when unexpected opportunities present themselves;
- an estates-driven project can add momentum and create additional benefit to a pre-existing business transformation project; and
- space allocated on a "cross-cutting" basis can support new ways of working and enhance front line service delivery.

#### Key Statistics

Move-in:	April 2004
Building:	new multi-storey office building
Total building area:	13,286m <sup>2</sup> , excluding the council chamber
User population:	1,150
Workstations:	975
Building density:	13.6m <sup>2</sup> per workstation
Desk allocation:	890 at 1:1 and 270 mobile workers at 8:10, and 12 touch down

## The challenge

**1** Suffolk County Council's 'GO-Suffolk' change management programme was already underway in 2002 when an unexpected opportunity to acquire a new 15,650m<sup>2</sup> freehold HQ in Ipswich arose at very short notice. A high quality building in mid-construction, valued at over £30m, was put up for sale because its owner, had been placed into administration. The council identified very rapidly that the building, Endeavour House, offered an opportunity to enhance its already-running 'GO-Suffolk' programme, and quickly decided to make an offer for the property. The council's bid was successful, mainly due to the speed with which it managed to close the deal between November 2002 and February 2003.

**2** The council saw in the new building opportunities to consolidate its operations, previously spread over six ageing properties, thus creating:

- a working environment that would help break down its departmental 'silo' culture;
- better public access and service delivery;
- a higher specification for a given cost;
- a modern workplace that would help recruit and retain staff;
- a significant new presence within the Ipswich community; and
- an increase in informal interaction and knowledge sharing between staff.

## The solution

**3** The council grasped the challenge and quickly absorbed the new building and relocation project into its change programme. Endeavour House supports 1,160 people with 890 desk based staff and 270 mobile workers (50 per cent of time spent at desk) who either hot desk within team areas or utilise touch down space. Using the new building to house strategic decision making council staff exclusively, a further 600 support staff, including the HR, IT and Finance functions, are accommodated in a converted building next door. Further, these people now work in a new managed service arrangement, in which BT is the strategic partner.

**4** The council allocates space to business teams on a "cross-cutting" basis bringing together people working on common issues across different departments. For example, one floor's theme is children, young people and families, and brings into close proximity staff from the two different departments of social services and education. Community safety is the theme on another floor where staff from Trading Standards, Racial Harassment and Youth Offending all work together.

**5** There are no cellular offices, but plenty of cellular space for meeting and quiet work. Office floor storage is strictly limited to immediate reference only, with centralised print/copy points. The restaurant, cafeteria and other atria spaces provide opportunities for people from different departments and functions to mix and interact, creating a lively and dynamic atmosphere within the building. Coffee points in break out and casual space encourage staff interaction – kettles are no longer allowed in the office space. The atrium ties together two multi-storey office blocks using bridge walkways and cantilevered stairs, creating many circulation links across the building. Open plan areas and breakout spaces near the walkways provide further opportunities for staff to meet and work together.

**6** The council introduced modern ways of working, including hot desk working, and supported the new approach with a proactive, centralised FM team. Key features of the new environment included:

- 'Oasis' hot desks, allocated to teams, with certain ones bookable on the council intranet, plus eighty electronically bookable meeting rooms on the open plan office floors and dedicated meeting room suite;
- VoIP telephony to enable flexible use whilst keeping call costs down;
- increased direct log-on to any PC for use of common software;
- group filing rationed to 1.5 linear metres per work station, plus off-site records management and archiving run by the FM team; and
- multi-function printers located in special resource areas, with centralised purchasing of office consumables and equipment.

7 With average occupancy rates at around 54 per cent for any one day, the council estimates that it could increase its user population at Endeavour House from the current 1,160 people to approximately 1,400 and allow the disposal of further accommodation liabilities.

## Achievements

8 These include:

- value for money purchase of HQ at about half the normal cost;
- culture change to new ways of working with desk sharing at 8:10 ratios;
- centralisation of property and FM functions to achieve economies of scale and corporate standards for purchasing and services; and
- 94 per cent of staff say Endeavour House, with its new services, is a great improvement on their former accommodation.

## CASE STUDY FOURTEEN

### Sun Microsystems

*A global organisation, operating in a highly competitive market, and using state-of-the-art technology and aligned HR and real estate strategies, has introduced flexible working to improve staff retention and productivity and significantly reduce overhead costs.*



## Key lessons

- flexible working policies can both improve performance and reduce costs, but this requires Board level representation and support, as well as alignment of the HR, real estate and ICT functions;
- it is important to manage the inter-relationship between real estate, staff satisfaction, and productivity at the highest level. In this case the Executive vice-president for People and Places directs the real estate and HR functions across the business.

## The challenge

**1** Sun operates within a highly competitive business environment, providing a wide range of software solutions for network computing systems. Sun has a worldwide headcount of some 37,000 employees, all supported within an estate of c1,208,000m<sup>2</sup>. With such a large commitment to real estate, space efficiency is a continual management issue; but the business recognised that the critical factor to its success lay in the satisfaction and productivity of its staff.

**2** The company describes itself informally as an intellectual property company, completely dependent upon the creativity and productivity of its main asset and competitive advantage – its people. Since the late-1990s Sun has approached profitability, productivity and worker satisfaction as inter-related, and it has sought to provide its people with the support they need to meet individual work style preferences and work-life balance. As a result, Sun introduced radical approaches to its management of real estate to support this broader vision for attracting and retaining the best talent, and to enable them to achieve their maximum productivity through totally flexible working practices. A worldwide survey with a 61% response rate showed that 71% of staff reported that they would prefer to work flexibly provided that it included some homebased working.

## The solution

**3** Sun's solution to supporting its staff involved aligning Real Estate with ICT and HR under iWork, its internally branded Flexible Working Programme, which gave employees the freedom to choose when and where to work. The programme has evolved over a number of years, as Sun has progressively learnt from experience and adapted its approach, as shown in **Figure 5**.

### Key Statistics (Guillemont Park)

Move-in:	2000
Buildings:	three new low rise interconnected buildings in a business park environment
Total building area:	25,220m <sup>2</sup>
User population:	1,717
Workstations:	1,656, plus touchdown area
Buildings density:	16.0m <sup>2</sup> per workstation
Average workstation area:	flexible 3.5m <sup>2</sup>
Desk allocation:	21% at 1:1, 5% share team desks; 74% share hot desks at 1:1.6

**4** The programme offered three choices to staff:

- **Assigned** - A dedicated office desk with telephone and computing device, with limited rights of access to facilities at other Sun locations. This model suits staff whose work has a regular pattern, such as financial and support staff.
- **Flexible** hot desking in any office across the UK, combined with working at home one to two days per week.
- **Homebased** working for between three and five days per week.

**5** A range of technology supports flexible working and communication across the world. For example:

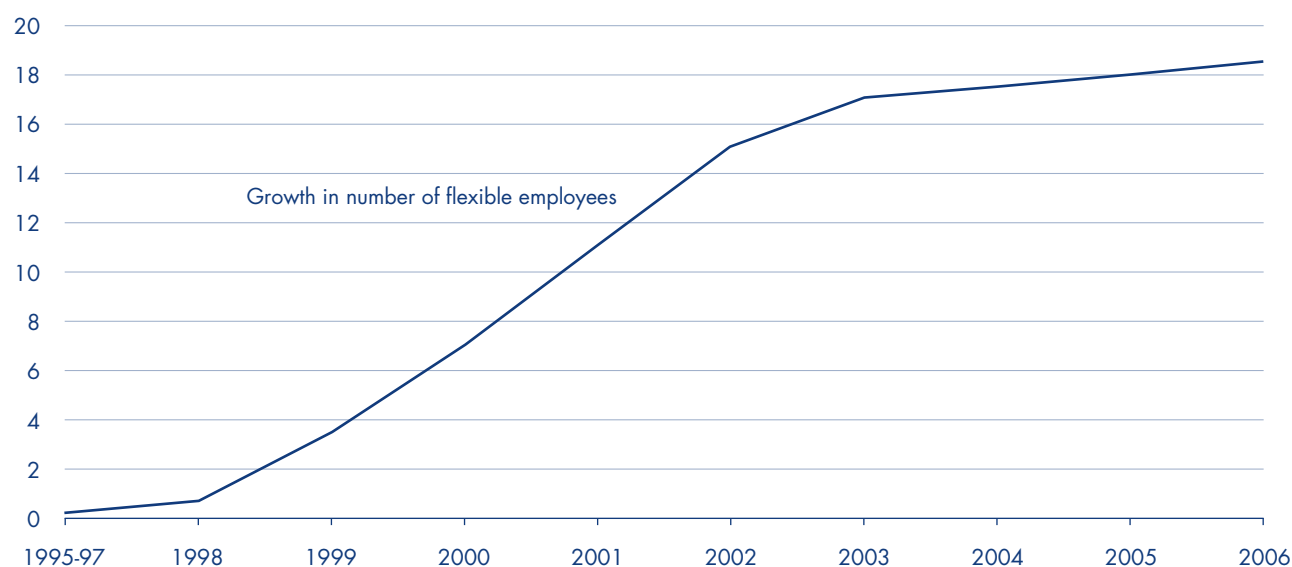
- the Java Card which combines security pass, personal charge card access to the IT system. The card means that staff working on spreadsheets at one work station can move to another and resume work in a matter of seconds.
- SunRay, a 'thin client' desktop computing terminal enabling anyone to use any machine with their Java Card. SunRays are located at each workstation and are hardwired to the main server. SunRays also reduce maintenance costs and cut heat output.
- Accessline follow-me telephony enables staff, through a pin code access, to route their calls to any workstation, mobile phone or home phone number.
- iWork Programme gives employees hardware and connectivity based on their chosen category and provides distance collaboration tools;

- iWork Tool Kit provided with all business software applications;
  - SunReserve to reserve and manage workspace and meeting rooms and locate other staff; and
  - Virtual Private Network for remote and secure connectivity to the main server.
- 6 Guillemont Park houses Sun's UK HQ operations and large customer training facility in 25,220m<sup>2</sup> of purpose-built, flexible office space supporting an office population of 1,717 from 1,656 workstations. Twenty one percent of the office population have a dedicated desk, 5 per cent share within specific group areas and just under three quarters choose to work flexibly by sharing hot desks at a ratio of approximately 1:1.6.

7 'Neighbourhoods' within the buildings provide a means of locating teams, and give a sense of identity for the assigned and flexible workers. The open plan neighbourhoods house those staff requiring dedicated desks (e.g. finance managers, secretarial support), and are surrounded by a variety of different and attractive spaces where work takes place, including touch down, soft seating or standing areas. The average flexible workstation area is a mere 3.5m<sup>2</sup>, but the extensive support areas such as the training suites, dining facilities and conference rooms bring the average area within the building up to 16.0m<sup>2</sup> per workstation.

## 5 iWork development highlights

Flexible employees '000



1995-97	1998	1999	2000	2001	2002	2003	2004	2005	2006
First FFO in UK and USA	Expansion of FFOs		First flexible campus project	Launch of Work From Home program	Launch of Distance Collaboration program	First iWork cafe	Manager assessment tool developed	WFH in 32 countries	Global teams
	Launch of Drop-in Centers		Refinement of delivery and customer engagement processes				Launch of external consulting service		

8 People can book offices, called cockpits, and phone booths for quiet working and confidential calls. Since moving in during 2000, the need for more conference and meeting rooms has grown reflecting the evolving club-like nature of the day-to-day work. Gym, concierge services, a shop, a restaurant and several coffee shops are also provided. A shuttle bus service takes people to and from nearby Camberley. To keep costs low this service is shared with Sun's near neighbour Nokia.

## Achievements

9 Worldwide the iWork programme has been operating for two years, during which Sun reports:

- real estate savings in 2005 in the order of \$70m against an annual total real estate spend of \$500m;
- since 2000, some \$319m reported in annual savings and cost avoidance;
- an employee attrition rate half that of its competitors with 1,000 identifiable key retentions;
- home workers consistently reporting high job satisfaction and productivity;
- total occupancy costs of £12.3m per annum, or £7,412 per workstation; and
- 'Spaceless' growth is provided through the capacity to absorb future business expansion by increasing the entry ratio at the outset of the programme as demand dictates.

## CASE STUDY FIFTEEN

### Vodafone

*Showing how moving to a new campus environment helped a rapidly growing and changing organisation leave behind its legacy business cultures and enabled it to modernise working practices and integrate the business culture.*



## Key lessons

- campus-style accommodation resolves the problems inherent in dispersed real estate and can achieve significant benefits, not only in terms of economies of scale, in greater efficiencies and in offering facilities previously not possible, but also as a means for transforming and growing a new business culture; and
- the project demonstrates the importance of full sponsorship by senior decision makers.

## The challenge

**1** Expansion of the mobile telephone market during the 1980s and 1990s led Vodafone to experience very rapid growth and business change. Organic growth and corporate acquisitions led to annual growth rates of 50% over a number of years. Based in Newbury, Berkshire, Vodafone's numerous corporate acquisitions demanded more and more space. By 2001 some 69 buildings were occupied in and around Newbury.

**2** Occupying so many buildings meant that instead of operating as a coherent headquarters with common management processes and culture the business inevitably worked within cultural silos, the legacies of so many acquisitions. The management therefore identified the need for a location on which to build a headquarters facility that would unite the business both geographically and culturally, and the company bought a green-field site on the edge of Newbury.

## The solution

**3** Adopting a campus layout for its new corporate HQ and operational centre, Vodafone built seven new buildings focussed around an artificial lake in a business park setting (Figure 6). The campus master plan ensured that each building was capable of independent ownership, thereby enabling flexibility should Vodafone's requirements for space change.

**4** The offices are all open plan, and those that were previously provided to all managers were allocated to just a handful of Directors. Low profile furniture screens and storage cabinets in the open plan allowed staff to enjoy the vista across the office and the views and daylight. Good quality but uniform furniture disguises status and makes office moves easier and economic. Eye-catching 'grass' planters positioned on the top of the low level filing

### Key Statistics

Move-in:	2002
Site area:	15ha
Buildings:	seven purpose—built buildings, arranged around a central lake
Total building area:	44,131m <sup>2</sup>
Largest building:	c8, 400m <sup>2</sup>
User population:	2,975
Workstations	3,400
Building density:	12.9m <sup>2</sup> per workstation
Desk allocation	93% at 1:1 and 7% sharing at 1:2 and 1:5

cabinets prevent clutter from accumulating and with no furniture higher than 1.2 metres provides a pleasant and environmentally stimulating working atmosphere.

**5** Moving to a campus environment and leaving behind its legacy 'silo' business culture enabled Vodafone to modernise its working practices. For example, fixed phones disappeared altogether and the use of mobile phones meant no discontinuity of service between office, customer location or home. The experience was liberating for staff, as work could take place from any location with full corporate back-up and branding.

**6** A large percentage of employees use wireless-enabled laptops using 3G cards. Again, this enables them to break away from their traditional ways of working. People work productively in different locations and at times that best suit them.

**7** 'Hotel Vodafone' was the driving concept behind the new development and high quality services economically delivered to all employees promote and support a philosophy of complete business enablement. Giving employees significantly better quality space and facilities within a campus layout brought with it many significant economies of scale and offered advantages over the previously dispersed, inefficient accommodation. For example, the new campus requires only three reception areas to service all seven buildings, compared with the numerous receptions required for the 69 buildings, with consequential savings in staff costs and expensively finished floor space.

## 6 The Vodafone campus layout



**8** The buildings provide 44 serviced meeting rooms supported by reception staff, and concentrated close to the three reception areas and with ready access to tea, coffee and catering facilities. The ground floor of one building accommodates a popular central, 'outsourced' restaurant facing onto the lake and run without subsidy. An outsourced gymnasium attracts employees and offers membership to all at £15 per month. There is no cost to Vodafone with the operators responsible for the operation, supply, and maintenance of equipment through to the marketing of the facility and the collection of subscriptions.

**9** Vodafone paid great attention to detail in planning the new work environment, and recognised the need for attention to quality and intensive FM practices. For example, printers next to desks have been abolished, and all printing is centralised on each floor, using server technology. Pin-coded 'follow me' printing allow user to delay the start of confidential printing until required and collected at the most convenient point. A substantial reduction in paper usage is a further outcome. Similarly, personal wastepaper bins have been replaced by recycling

bins on each floor at central points. The process of emptying bins typically represents about 20%-30% of cleaning costs, and this simple step brought significant cost savings as well as promoting a sound recycling policy.

## Achievements

**10** Vodafone's consolidation onto the campus and its approach to workplace planning has created many business benefits, including:

- a 30 per cent reduction in office space, raising occupancy densities from 16.9m<sup>2</sup> to 12.9m<sup>2</sup>;
- achieving an occupancy cost per workstation of £5,355;
- a 40 per cent reduction in paper/printing costs;
- a 20 per cent saving in cleaners' time through a ban on personal waste bins; and
- staff satisfaction has increased by some 50 per cent without any increase in accommodation costs.

## CASE STUDY SIXTEEN

### TV Licensing Shared Service Centre

*Capita took responsibility in 2002 for the collection of TV Licensing revenue. To increase the number of licences issued, reduce the rate of evasion and realise efficiencies Capita invested in new premises for its customer contact centre and in new systems and technology. The property solution, integrated with the staff and technology solution, contributing to the successful performance improvement.*

#### Key lessons

- physical separation of staff in two locations has no adverse effect on performance if the technology is effectively configured to provide a virtual single call centre;
- take account of location of labour pools for new sites and staff routes to work for relocation from existing sites (as well as costs and functionality considerations);
- high quality furnishings in the office and the provision of excellent staff rest areas builds staff commitment and pride in the organisation they work for;
- empowerment of managers to incur modest expenditure in order to address day-to-day issues avoids minor problems becoming major or on-going issues;
- resource the change programme and specific projects with a dedicated team (and assure as far as possible the continuity of the team);
- fully involve the staff unions at the outset and agree the principles and detail of the proposed change at the appropriate senior level in the union;
- involve staff who have been through a previous change programme to act as advocates of the new arrangements and to provide reassurance about the impacts of the new arrangements; and
- focus on the selling of ideas and proposed changes and invest in frequent good quality communications and staff briefing events.

#### Key Statistics

Customer base	26m households; 24m licences in force
Revenue collected	£2.94bn
Visits to premises	4.5m (enforcement, sales and delivery)
Inbound telephone calls	9m pa
Mailings	4–5m per month
Direct debits in place	11m
Office accommodation	41,000sq ft in Bristol; 28,000sq ft in Darwen
Total staff	1600

## The challenge

**1** In 2001-02, in order to deliver further increases in the number of licences issued, reduce the rate of evasion and realise efficiencies, the BBC sought competitive bids for the provision of TV Licence revenue collection and related services. In 2002, Capita was awarded a £500m, 10-year contract by the BBC to collect TV Licensing revenue. The TV Licensing operations now performed by Capita incorporate multi-channel contact centres, back office administration, revenue collection and a nationwide network of enquiry officers and court liaison staff.

**2** The contract arrangements call for the license sales to both maintain numbers in line with demographic growth, but also increase numbers by pursuing licence fee evaders. This required Capita to address a number of key challenges (**Figure 7**).

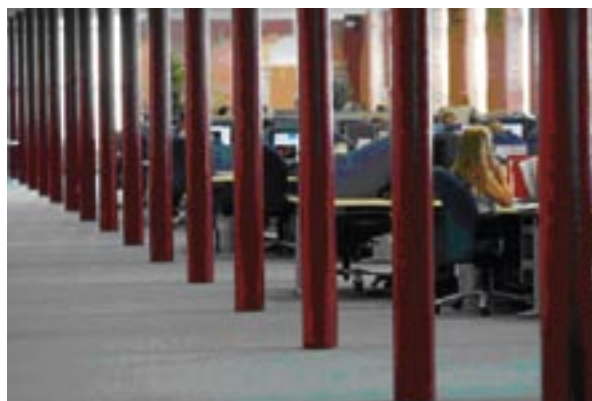
## The solution

**3** The centralised Customer Contact centre was located in Bristol in new purpose designed offices. These offices included administration and other corporate functions. The field offices in England, Wales and N Ireland were centralised in a single centre at India Mill, Darwen (near Blackburn) (**Figure 8**). The Darwen centre was set up from zero in a completely refurbished brown field site. This centre includes a contact centre of approximately the same size as the contact centre at Bristol. The two call centres at Darwen and Bristol are fully integrated. They effectively function as a single customer contact centre. Cross-site training helps assure consistency and quality. The Darwen centre won the employer of the Year award in the 2004 Regional Business Awards (North West).

### 7 Challenges faced by Capita

Staff Transfer	Transfer the employment arrangements for 1400 staff under TUPE (pre 2002 workforce equivalent to 1850 staff).
Regional office structure	In order to realise efficiencies and to support the introduction of improved working methods and new technology Capita needed to relocate staff from 6 regional offices into modern efficient office accommodation and a new customer contact centre.
Technology	In order to achieve objectives Capita had to implement new systems and technology at the contact centres (whilst maintaining customer service levels).
Relationships	Delivery of the contract objectives required Capita to build excellent relationships with its customers, partners and suppliers.

### 8 A view of the Darwen SSC



4 The acquisition of these new premises was the key to the consolidation of activity, and the realisation of efficiencies through economies of scale, the use of new technology and the change in culture that these enabled (Figure 9). To deliver further improvements, a number of developments are planned including further use of technology to refine work load and staffing forecasting, and continued emphasis on automating payments (moving customers to direct debit) and the introduction of 'E Billing'.

## Achievements

*"Providing first class customer services is a key priority for TV Licensing and, working in partnership with Capita since July 2002, we have seen sustained improvements in all the key customer service measures of the operations they provide. The successful collaboration with all of TV Licensing's service partners, has contributed to continued growth in licence fee income over this period and a reduction of the estimated evasion rate to an all-time low of 5% by March 2005."*

Pipa Doubtfire

Head of Revenue Management, BBC

5 By working in close partnership, Capita, the BBC, AMV Group (responsible for all direct mailings, PR and advertising and media), RMS (Instalment Schemes), and others have successfully delivered increased licence sales and have reduced evasion. The main achievements of the new integrated SSC approach are:

- contributing to improved business performance, including increasing Licensed sites, reduced rates of evasion, and exceeding service targets;
- delivery of a virtual single customer contact centre from two separate sites located hundreds of miles apart which allows either site to act immediately for the other in case of a disaster. Previously the three sites did not use identical systems and have the sophisticated currently available interconnectivity or intra-operability; and
- improved working environment and enhanced staff motivation (better facilities, feel valued) and increased pride in work and workplace, better work ethos, and change of culture to 'can do', have facilitated and supported the delivery of improved licence sales, greater direct debit usage and the achievement of higher service levels.

## 9 The scale of the transformation within the Capita SSC

Transformation	Before	After	Benefits delivered
Performance monitoring	<ul style="list-style-type: none"> <li>■ Automated, real time data displayed on overhead screens showing current and average performance, queue time</li> <li>■ Limited performance data provided</li> </ul>	<ul style="list-style-type: none"> <li>■ Fully automated, real time data displayed on overhead screens showing all staff and managers current and average performance</li> <li>■ Agent performance statistics and the new call recording and monitoring system help target remedial action or training</li> </ul>	<ul style="list-style-type: none"> <li>■ Managers able to take immediate remedial action if performance exceeds or misses target</li> <li>■ Service level achieved 85% of time (compared with previous performance of 71%)</li> </ul>
Work scheduling	<ul style="list-style-type: none"> <li>■ Prepared using basic computer models and spreadsheets, with data collected on past performance</li> </ul>	<ul style="list-style-type: none"> <li>■ Prepared using a sophisticated resource forecasting tool which makes use of data from a wide variety of sources</li> </ul>	<ul style="list-style-type: none"> <li>■ Cost minimised (whilst maintaining service levels) by minimising both under and over provision of resource and over and under delivery of service</li> </ul>
Voice recognition self service	<ul style="list-style-type: none"> <li>■ None used</li> </ul>	<ul style="list-style-type: none"> <li>■ Interactive voice recognition software allows customers to complete many transactions without speaking to customer contact staff</li> </ul>	<ul style="list-style-type: none"> <li>■ Reduced demands on customer contact staff. At peak times the system handles the equivalent of 52 staff members' work</li> <li>■ Increased flexibility for customers (who may access the automated system 24 hrs a day, 365 days a year)</li> </ul>
Core competencies	<ul style="list-style-type: none"> <li>■ Locally set and informally defined</li> </ul>	<ul style="list-style-type: none"> <li>■ Single uniform competencies for each major role defined and applied</li> </ul>	<ul style="list-style-type: none"> <li>■ Staff movement between teams facilitated</li> <li>■ Skills can be assessed, increasing pride in having achieved recognised competencies</li> </ul>
Standards and training courses	<ul style="list-style-type: none"> <li>■ Local standards and training, primarily 'on the job'</li> </ul>	<ul style="list-style-type: none"> <li>■ Single set of standards rebuilt around Customer Contact Centre platform</li> </ul>	<ul style="list-style-type: none"> <li>■ Uniform standards in place and known across the whole operation with technology allowing the provision of ongoing supervisor training</li> <li>■ Formal evaluation of skills and 'accreditation' before placed in live environment</li> </ul>
Culture and value set	<ul style="list-style-type: none"> <li>■ Culture of parent organisation not tailored to a customer contact centre business</li> <li>■ Each office and location had own culture which had emerged over time</li> </ul>	<ul style="list-style-type: none"> <li>■ Values and culture of organisation set specifically for a Customer Contact Centre</li> </ul>	<ul style="list-style-type: none"> <li>■ Strong focus on improved customer service, with a single culture and set of values that allows employees to identify with and belong to the organisation</li> <li>■ Training course for managers and senior advisors - 'Advance People Programme' - designed to change management style and culture</li> </ul>
Resources	<ul style="list-style-type: none"> <li>■ Some staff over or under qualified for the duties allocated to them and paid a rate appropriate for their grade rather than the role undertaken</li> </ul>	<ul style="list-style-type: none"> <li>■ Staff appointed to positions on basis of having the minimum skills (and therefore cost) necessary to perform tasks</li> </ul>	<ul style="list-style-type: none"> <li>■ Alignment of skills and grade with role avoids resourcing positions with over skilled staff</li> <li>■ Avoidance of resentment/reduction in morale due to different rates paid for performing same role</li> </ul>

## CASE STUDY SEVENTEEN

### Transport for London Shared Service Centre

*The centralisation of HR transactional and advisory activity in a single efficient, purpose built location using an innovative service led approach to design a truly customer focused Shared Service Centre. The centre serves 19,000 staff, 60,000 pensioners and the 60,000 people who apply each year for a job. It achieved efficiency gains of more than 30 per cent.*



## Key lessons

- define the 'look and feel' of the centre and invest as appropriate in high quality materials;
- define the characteristics of the existing service and the 'to-be' service at the outset;
- invest time in communication and relationships with all key stakeholders (line-managers, staff, staff unions etc);
- adopt a service-led design which focuses on the outputs rather than the processes; and
- set challenging but realisable targets and be prepared to realise progressively further efficiencies after the shared service centre has become operational.

*"A service led approach is critical to ensuring a focus on delivering real business value. It should underpin everything from the design of the service to the management of the business change. This emphasis will go a long way to avoiding the pitfalls experienced by many other similar initiatives."*

**Jane Saunders**  
Partner, Orion Partners

## The challenge

**1** Transport for London (TfL) manages the provision of the London transport infrastructure and was formed in 2000 by bringing together all the major transport components (16 entities including Underground; Buses; Public Carriage Office; London Rail; and the Congestion Charge). The newly formed TfL undertook a strategy study to look at how best to establish a world class transport service. One of the findings of this study focused on the realisation of the post merger benefits and a key recommendation was to centralise certain service functions (including HR). TfL planned to use the centralisation and move to modern purpose designed, cost efficient office accommodation as a catalyst for achieving cultural and organisational change and the realisation of merger benefits.

### Key Statistics

No. of HR functions merged	4 main and several smaller ones from 19 businesses
No of staff served	19,000
No. of pensioners served	60,000
No. of Job applications processed	60,000
No. of businesses served	19

**2** The formation of the HR shared service function has helped lead the integration process and has been at the heart of the delivery of the culture change and integration processes. The HR transformation programme commenced in 2003 and took approximately 18 months to complete. TfL wanted to achieve a single modern HR Services' shared service centre and to consolidate all transactional and advisory HR activity into one service, based in one central location. It specified that the shared service centre was to:

- use standardised systems, processes and training;
- deliver improvements to efficiency and customer service at the same time as reducing costs;
- provide service throughout the standard working hours 8.00 am - 8.00 pm Monday to Friday;
- accommodate within the same space a mix of contact centre (on-line) staff, mobile and static staff, advisors and specialists and the management team; and
- act as a showcase centre such that various TfL and external visitors to the centre and the workplace can view the new HR Services structure without compromising security or confidentiality.

**3** In terms of culture, TfL wanted its HR Services' centre to be customer focused and accessible with a single point of contact Team and service orientated rather than fragmented and inconsistent services, and performance driven through target measurement. It must also be considered a great place to work and fun with a strong identity, and adopt best practice in shared service centre technology and processes. A further key priority was to make sure that the HR Services centre should offer greater value by providing a more cost effective and improved service, and that the design should recognise that various staff functions require different tools and workstations. For example, in the Contact Centre: no phones were required as staff use cordless headsets, PCs would be stored under desks, flat screens would be provided and no in/out tray or stationery storage provided because of 'paperless' systems and processes.

**4** TfL knew that the ratio of HR staff to employees was 1:64 before the shared service centre was set up. This was higher than that achieved by many other leading organisations (1:92 is the public sector benchmark as defined by EP-First Saratoga, a leading industry benchmarking body).

## The solution

**5** TfL worked with consultants who were specialist in the development of modern, full service HR functions to help identify an approach that would meet the specific objectives of the HR function. It decided to adopt a service led approach, based on the requirements of the merged business expressed in terms of how the combined function should 'look and feel' to the users (both line-managers and staff) and to the staff who worked in it (**Case example 1**). This contrasted to the traditional approach to merging HR functions, which focuses on the process and the technology used. TfL were aware of the need to make sure that at all times there was continuity of service delivery and that additional efficiencies should be generated from a continuous improvement programme.

### CASE EXAMPLE 1

From the outset of the project, TfL invested heavily in discussions with managers, staff, and unions to obtain a full but balanced picture of the existing arrangements, their shortcomings and the difficulties associated with the processes and systems used. This building of an awareness of the weaknesses in the service being provided and the articulation of what an improved, appropriate service would 'look and feel' like, was vital to gaining and sustaining the commitment of management, staff and the staff's unions to the delivery of the massive change required to deliver the programme. Examples of communications activity include:

- discussions with line managers and staff before planning work commenced to identify;
- early involvement of the unions in the discussions to obtain their input, and demonstrate the improved working environment available from a well-furnished purpose designed office;
- full training programmes covering all aspects of the changes required to be adopted by the staff such as customer service training, use of new technology, and business awareness (sharing knowledge of individual business unit requirements); and
- frequent and regular communication events held throughout the programme, including major events to mark the transition and launch of the changed arrangements.

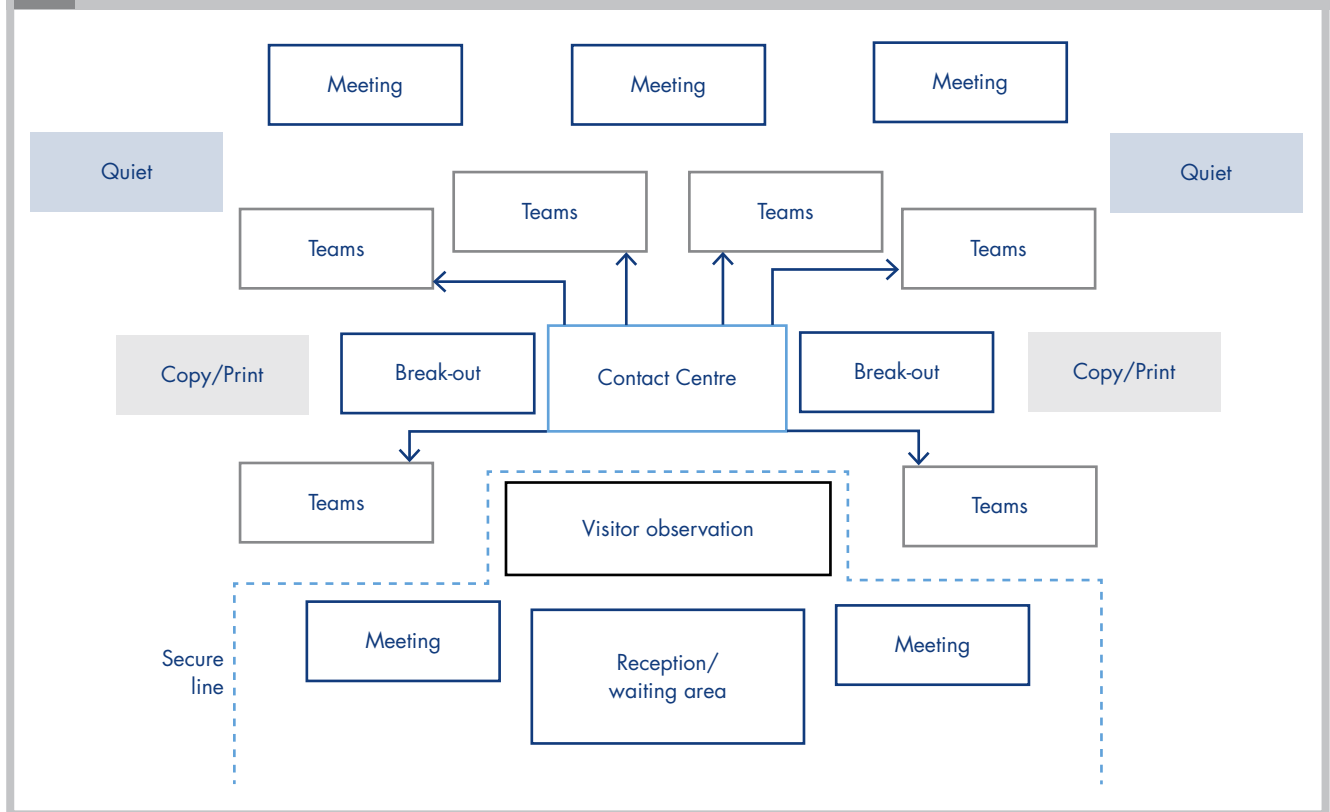
**6** To reflect the new culture, enhance communication and encourage team building, TfL decided that the new HR Services centre should be:

- located in a building with a sufficiently large floor-plate to minimise the number of floors required to accommodate all staff;
- light, airy and fully open-plan (no offices) with minimal interruption to lines of sight, keeping desk screens low to maximise daylight and limiting partitions to create a light, bright and airy workplace;
- provide the appropriate level of facilities to support the business such as training rooms and "after hours" vending;
- designed with workstations and a layout that is flexible and can support the whole range of job functions;
- completely finished when the staff move in on a "big bang" style launch; and
- an environment that promotes a sense of belonging to HR, TfL and London and uses TfL artwork and other images to provide subtle HR Services branding.

7 The office layout chosen was designed to locate the Contact Centre at heart of the workspace, allow for team clusters, support work flow, provide 'target' screens and general information boards, provided breakout spaces to keep staff on site and provide ready access to core services such as printers and copiers (Figure 10). New technologies and working practices were introduced combined

with work-settings such as quiet rooms and hot-desks to support the range of work carried out. To achieve a more organic and interesting layout, non-handed 120° workstations were selected as these offered ample work surface, provided the most efficient, appropriate use of the curved, narrow core to perimeter space and generated the feeling of a new working environment.

## 10 Contact Centre located at the heart of the workspace



## Achievements

*“This programme has provided both a visible integration of TfL for all employees and given TfL a leading edge infrastructure: operational HR people are better able to work together, we are able to better support management capability, improve our understanding of our workforce, and focus better on strategic activity – all at a cost saving.”*

**Hugh Hood**  
HR Director TfL

8 The programme has substantially delivered all the service and financial benefits envisaged at the outset and included in the programme plan (**Figure 11**), including:

- an integrated HR service (from recruitment, through employment and leaving, to pension – and including traditionally excluded responsibilities such as the management of discipline and grievance procedures);
- a single place of contact for every single employee and pensioner of TfL;

### 11 HR Services Programme

#### Overall Benefits

Net Annualised Benefit realised	£8m
Baseline HR Services cost	£30m
Reduction in staff numbers	142 (from 450+)
Reduction in staff employment costs	35%
Improvement in HR Efficiency Ratio	1:64 to 1:97
Programme Cost	£7.5m
Pay-back period	< 1 year
Programme Timescale	18 months

#### HR Services Programme Property Related Benefits

Property Cost	Pre-SSC	Current
Rent, Rates, Services and Facilities Management	£65 <sup>1</sup>	£45

#### NOTE

<sup>1</sup> Based on a typical, example leasehold property in located in London (Victoria).

- enhanced visibility and understanding about performance (based on facts and data collected on a consistent basis and consistently over the period of employment);
- material cost savings (in the region of £20 per sq ft on rent, rates, services and facilities management costs);
- performance against clear and specific service level targets, for example, for call answering resolution of 80 percent of queries at the first point of call, with five per cent abandon rates (the percentage of calls abandoned before being transferred to an agent); and
- significantly increased Shared Service Centre user satisfaction.

9 TfL considers that in many aspects, service delivery exceeds the service level required by the business (for example accessibility), whilst in key areas improvement is still required. Further work is planned to improve the match of service delivery against service need. To date significant benefits have come from the investment in ‘corporate’ type infrastructure such as customer relationship management tools giving clear measurement of business activity and supporting service through recognition of individuals, their histories, business, and terms of employment. The full benefits offered by these tools in terms of, for example, tracking case loads, optimisation of workflow, work scheduling will be realised only by an on-going programme of refinement and adjustment. TfL HR Services intends to further develop its shared service centre and realise further efficiencies by, for example:

- Further consolidation of third party spend through supplier rationalisation, targeting a level of cost reduction in this area of 10% year-on year.
- Greater leverage of self service technology and the services that it provides by re-engineering its processes and rationalising the service where the different arrangements and ways of working do not provide benefit to its ‘customers’.

## CASE STUDY EIGHTEEN

### Xansa Shared Service Centre

*Xansa's Shared Service Operations (SSO) centres provide a highly automated finance transaction processing and administration service on a multi-client basis. The SSO currently processes over 1,500,000 invoices per annum on behalf of 4 major corporations and employs approximately 800 staff in the UK and India.*



## Key lessons

- Multi-client service provision increases rather than reduces the opportunity for efficiency gains and service improvement
- In the vast majority of cases the reasons given by staff or line managers or unions as to why an operation cannot be moved to a Shared Service Centre are not valid and the key message is in addressing the issues in an open and structured way
- Considered, speedy action can significantly accelerate the delivery of savings and other benefits (with hindsight the savings delivered in the last three years might have been delivered between 25 to 50 per cent faster)
- Use 'vanilla' (or 'off the shelf') proven systems and accept the limitations of standard software – it is unlikely that in-house developed 'user-friendly' software will be sufficiently robust or include the levels of control found in established package software
- Re-skill and re-train staff - people are hugely adaptable and this should not be under-estimated
- Apply your 'best' people at the front end of the process, for example, in the registry, to reduce re-work and increase 'straight-through-processing'
- Keep staff informed - a vacuum will fill with pessimism
- Be open when challenged as to where processing is performed
- Variation of process or environment is rarely, if ever, a source of commercial benefit
- Being passionate about process improvement and service efficiency is the differentiator of the successful Shared Service Centre

## The challenge

**1** The current Xansa Shared Service Centre (SSC) has its origins in the BT Finance and Administration SSC. During the period from 1992 to 1998, BT centralised its finance and administration services such that the number of staff employed reduced from 4,200 (located in 64 locations) to 500 staff located, primarily, in four locations. Since 2002 the SSC's activity has been expanded to provide the current multi-client Shared Service Operations (SSO) centre. O2 (then BT Cellnet) was added as a client in 2003, followed by MyTravel and the NHS in 2004. The growth in transaction volumes processed per annum illustrates the scale of expansion (**Figure 12**).

**2** The increase in clients served and volumes processed has occurred at the same time as making further, overall reductions in headcount. The Shared Service Operation now comprises 400 staff in the UK at sites in Manchester (processing 'Purchase-to-Pay' transactions), Bedford (where General ledger and Cashiers processing is performed) and, Birmingham (which handles all the payroll and expenses processing). In addition, Xansa employs some 400 finance and administration staff in India, in Chennai and Noida. The India based staff provide back office and inbound call centre services.

**3** Initially, when the SSC employed 4200 staff in 64 locations, each location undertook a wide range of processing activity using locally tailored processes and practices, delivered in many cases by using completely different systems. Each site had its own management team and infrastructure. The challenge was to make the processes and systems more consistent, to consolidate the work into fewer location thus achieving economies of scale, and to apply consistent performance measurement and management to the combined operations.

### 12 Growth in transaction volumes

Volumes per annum (excluding the NHS)	1998	2004
Invoices processed	939k	1,587k
Bank Accounts Managed	100	214
GL Corporations	3	32
Purchase Orders	91k	113k
Accounts Receivable Invoices	6k	31k

## The solution

4 The approach to rationalisation and centralisation involved:

- choosing the 'right way' to process a particular type of transaction (the choice being made on the basis of using the simplest process that could be applied widely);
- deciding where to centralise the work (the decision by and large being made by reference to which locations had the strongest management team, provided they were not housed in a high cost location such as central London); and
- adopting a progressive approach to implementation, with the processing centre acting as a 'clearing house'.

The delivery of the transformation occurred after 12-18 months spent taking stock of the current operation, 6 months detailed planning and a 24 month implementation programme. Initially, resistance to change was widespread, but in the event was 'flimsy'.

5 The centralisation released significant space at each location. At the same time as the SSC was being set up, other major changes were occurring across BT and space released was either occupied by other functions or the building sold. In many cases the setting up of the SSC and removal of the finance and administration work was the starting point that allowed the business to fully exit a property (as the initial move was followed by other functions deciding to consolidate activity elsewhere).

6 The space requirement prior to the centralisation was estimated to have been in excess of 400,000 sq ft as compared with a total space occupied now at all three sites of less than 75,000 sq ft. Current space costs are now on average:

- £50 per sq ft in the UK (comprising, approximately: rent £17 per sq ft; rates £5 per sq ft; fixtures and fittings £7 per sq ft; operating costs £21 per sq ft); and
- £10 per sq ft in India (with similar cost splits).

Property strategy considerations were also an important factor in the decision of MyTravel to make use of the Xansa SSC. Moving the processing work to Xansa's Shared Service Operations released 26,000 sq ft of space in a low cost building that could then be used for work previously performed in a high cost headquarters building.

7 Xansa found that when implementing SSCs, four specific challenges needed to be addressed:

- **Original build phase 1992-1998.** In this phase, the major obstacles related to achieving staff reductions whilst maintaining quality of service and introducing improved technologies, processes and procedures. Voluntary redundancy packages and timely and open communications, detailed knowledge transfer and training plans, and establishing dedicated teams of process experts were used to achieve this. The result was that the new SSCs deliver the work of the equivalent of 4200+ staff using 650 staff and achieve upper quartile performance as benchmarked by Hackett.
- **Deployment of technology.** The previous technology was based on the Oracle enterprise reporting system. A dedicated process re-engineering team focused on optimising processes around Oracle ERP functionality concentrating on self-service and workflow capability. A user Portal was created to deliver rapid roll out of functionality, e learning and self-help. All services were 'e' enabled thereby providing self-service to clients and suppliers. The outcome was that single instance (per client) of Oracle ERP established with full use made of workflow and related processing tools. Xansa won the IQPC SSC award for 'most automated SSC' in 2004.
- **Delivery of non-technology based productivity gains.** A major initiative in this area was the launch of a helpdesk dealing with all supplier and employee based queries to leave the transaction processing teams free from irregular phone interruptions. Xansa made many small to medium impact changes e.g. a Help desk gave efficiency improvement from removal of interruptions to work processes generating efficiencies estimated at the equivalent of 20 staff.
- **Multi-client servicing.** Here the challenges include staff transfers to Xansa, client driven redundancies, commercialisation of service delivery and development of the use of offshore capability. The new SSC approach enabled Xansa to support two additional major clients and achieve high satisfaction survey scores. Concerns over confidentiality issues arising from staff performing processing for more than one client have been addressed by: separation of systems; implementing strict codes of practice; and the regular performance of detailed audits.

**8** The centralisation and standardisation of processing activity not only produced space and staff cost savings. It significantly reduced management overheads given the higher ‘staff-to-supervisor-to-management’ ratios possible in a highly structured processing environment. For example, the current average management profile is one manager to 21 staff (including team leaders), comparing with a typical historic profile of one manager being responsible for 1.6 supervisors, who in turn were responsible for 8.5 staff. Other savings include reduced software licence and maintenance costs. Importantly, the scale of the central operation made it practicable to invest in new technology such as Work Flow software, document management systems and self-service functionality, all of which have improved productivity (**Figure 13**).

**9** Monitoring of business performance is via monthly ‘rolling’ surveys and reporting of achievement on KPIs, Service Level Agreements and agreed cost saving targets, plus formal and informal reviews of client satisfaction. Xansa sets a cost reduction target (of the order of 10 per cent) for its SSO each year, to drive behaviour away from cost recovery to increased value. The cost reduction targets are delivered by a combination of ‘Joint Process Improvement Teams’ which are targeted to identify and implement improvement initiatives (**Case example 2**), and IT development and enhancement.

## CASE EXAMPLE 2

### Cost reduction improvement initiatives

- Process re-engineering (for example, achieving improved financial control by re-engineering the process for local overseas office submissions of invoices and receipts).
- Root cause analysis (for example, to identify the reasons why invoices fail to match first time – an improvement of just one per cent in the ratio frees up the equivalent of 10 days of effort per month).
- Key indicator measurements (for example, through reviews of end-to-end processes to identify ‘hot spots’ and control weaknesses).
- ‘Leaky pipe’ process breakdown presentations (for example, to identify extent and cause of rejections and reduce the cost of supplier query handling).

## Achievements

**10** The programme has substantially delivered all the service and financial benefits envisaged at the outset, including:

- For BT: Increased management focus on its core business, cost reduction (with progress on track to deliver savings totalling £93m over a 7 year period) and security of delivery (Xansa has a 99%+ track record of meeting the agreed service levels)
- For MyTravel: identification of improvements in the processing of overseas invoices; end to end review of the processes for paying other tour operators, support for the change of year end and introduction of new chart of accounts; resolution of supplier reconciliation issues.

The multi-client service is planned to be expanded with the acquisition of new clients such as the NHS and others currently under discussion.

*“With our SSO we provide our clients with a first class, cost effective finance and administration service that is scalable through India to meet their growing needs. I am proud of the people who have helped to bring this about.”*

**Mike Wood**  
Xansa F&A Shared Services Director

*“The centralised SSO and the use of new technology means we can more readily provide a quality service to a wider group of clients with each benefiting from our in-depth process knowledge.”*

**Jackie Summers**  
Payroll Manager Birmingham

*“For BT the bottom line is the streamlining of our financial systems, making substantial savings, improving the quality of information and allowing us to concentrate on our customers.”*

**Ian Livingstone**, BT Group Finance Director

### 13 Xansa: The effect on productivity of Purchase-to-Pay Work Flow Tools

The reduction in staff costs and increase in productivity is illustrated by the introduction of an Invoice Approval System.

