

## New Executive Officescapes

Moving from Private Offices to Open Environments



The move toward collaboration and teaming in the workplace has had a major impact on the way offices are designed today. As organizations are being restructured to support teamwork and enhance more collaboration and interaction among employees, executives are also realizing the advantages of working in an open office environment.

CEOs and other high-level executives are observing how open environments foster processes and behaviors that encourage free-flowing communication and spontaneous exchanges—the chance encounter in the elevator, the after-lunch banter among team members—and they’re deciding they want to be a part of it.<sup>1</sup>

### Closer to the Action

Investigating ways in which they can be closer not only to the “action” but also to each other and to their customers, executives are realizing that gatekeepers, walls, and doors are impediments to these goals—and perhaps to other processes as well.

Although private offices may be a way to rank status, they can also be “organizational straightjackets,” limiting the way in which the organization functions, particularly in the information age.<sup>2</sup> Long isolated from their staff and other organizational members, executives may find that they’ve lost touch with the pulse of the company without knowing it, that decisions might have been made differently had they had regular access to a wider range of information from more diverse sources.<sup>3</sup>

Getting more in touch with each other and with their employees was one of the goals Jon Volkert, president of John Deere Credit, Des Moines, had in mind when its top executives went to open offices in June 2000. “We wanted to create a more open environment, with a greater sense of collaboration,” says Mr. Volkert, who championed the switch. “Upper management wanted to be more accessible and less intimidating to the staff to encourage more communication. We also wanted to be able to communicate easier with each other.”

Jim Israel, senior vice president of Worldwide Equipment Financing at John Deere Credit, says the move was part of a larger overall strategy. “By moving to open offices, senior leadership helped set a very distinct tone supporting the idea that we were all going to be working in a new way, and that was an important message to give our organization,” he says.



Both Israel and Volkert say it's worked out very well, even for those who were reluctant to leave their private offices behind. "There's a whole different environment in the company," says Mr. Volkert, "a much more collaborative feeling throughout."

"When we were all in enclosed offices there were days that I literally didn't see anybody," says Israel. "Now I see everybody every day. I'm very happy we did it; it's been a very positive change for us."<sup>4</sup>

### Faster Decision Making

Speed of decision making has become a major factor in today's business world. And when executives are spread out behind closed doors, sometimes over several facilities, getting together can be a problem.

That was one of the reasons Alcoa eliminated traditional four-walled private offices when it moved into its new Pittsburgh headquarters in 1998. Former CEO (and former U.S. Treasury Secretary) Paul O'Neill, who moved into an open nine-by-nine-foot workstation, said at the time, "It's a way for me to see and be seen in a way I never could before. We wanted an environment that fosters seamless communications across functional and professional specialties. You could never have achieved that in an old-fashioned space. It was typical to go into your cave, and if you wanted to see somebody else, you had to make an appointment. Now we have more useful engagements by accident than we used to have on purpose."<sup>5</sup>

Ken Baker, CEO of Altarum, a not-for-profit research institution based in Ann Arbor, Michigan, says "decision making is definitely faster" since his executive staff went to open offices. "You don't have to waste time scheduling meetings, you can make decisions spot-on and go," says Mr. Baker.

Moving executives to open offices supported the vision he had for the company, which deals with high-level research and innovation involving major societal and political issues. "Our vision was to become an 'innovation accelerator,' a high-performance community with a sense of energy and excitement, where teams could be flexible and agile," Mr. Baker says.

"We also wanted to establish a culture of family and ownership within the company," he adds. "We're very open with everyone about

everything, from top to bottom, and an open environment was very conducive to that."

Once an organization believes that an open office environment supports its plans, goals, and strategies—"it can't be just for cosmetics"—it can be a very powerful tool, says Mr. Baker. "We're delighted with the outcome," he says. "Before, you'd come to the office, shut the door, and go work. Now, you can just feel the energy around you; it's dynamic, it's purposeful, and it's collaborative. And that's what this is all about."<sup>6</sup>

### Financial Advantages

In addition to the collaborative advantages, there are financial benefits to having open offices versus private offices. "People who saw our D.C. office after it was completed couldn't believe what we did for the money," says Mr. Baker about that location's major renovation, which is entirely open offices. "We were able to consolidate our D.C. operations into a higher quality building and provide a higher quality interior for lower costs (than traditional space)."

Companies are seeing that reducing square footage alone can result in significant savings.<sup>7</sup> Beyond real estate, restructuring private offices can be expensive and time-consuming, but open-plan environments can be reconfigured far more quickly and easily to accommodate ongoing changes.

"Change happens quickly. Teams change, projects change, and you've got to be able to move people around without tearing down walls," says architect and design manager Bill Mitchell of HOK/Canada. "There are a lot of executives these days who travel or work off site, and their offices are just sitting there unused. They may say their staff can use their office, but who's going to go in and start moving things around to have a meeting?"

Mr. Mitchell also finds that executives just don't need as much space as they used to. "Today we're all tied to that little box in the corner—the computer. So how much difference really is needed to support our functional tasks? We build flexibility into the supporting environment with a variety of rooms for various functions, storage solutions, and so on. But we're really trying to standardize overall work areas, including executive space."<sup>8</sup>



### Residential Feel

As workplace settings have become more about process and less about policy and procedures, the environment overall has become more casual and relaxed. Lines have blurred not only between the types of offices executives and their staff occupy but also between their work and home lives. As a result, the atmosphere at the office is becoming more residential, more holistic. Indeed, even Feng Shui, a well established Eastern philosophy about the proper placement of rooms and furniture, has found its way into the corporate world, fostering the idea that employees sharing equal status will result in a cooperative spirit and have a positive effect on business.<sup>9</sup>

Designers and architects use the term “organic” when referring to this softer new approach, which often employs circular concepts such as hubs, lattices, or wheels, and compares new work settings to villages, communities, town squares, neighborhoods, backyards, and sanctuaries.

Furniture is also becoming more fluid, flowing, and flexible. It’s designed so that it can be moved and rearranged easily to fill a wide array of needs, from small gatherings in enclosed private rooms to quickly called team meetings in informal meeting areas.

### Living the Advocacy

Herman Miller, Inc., was in the forefront of these changes, not only by introducing furniture that supported this new way of doing business, but by reshaping its own organization—for the very same reasons many of their customers were doing it.

“I believed very strongly that speed of decision making was going to give us a competitive advantage,” says Herman Miller’s CEO/President Mike Volkema. “And for us to accomplish what we needed to accomplish, our executives had to be closer to each other.”<sup>10</sup>

Mr. Volkema also wanted top leadership to be nearer to the company’s design and development area, “and also to our customers and their reality,” he says. “What we were learning from them and from our research is that we all need to create environments that are more human centered. We wanted to live the advocacy of the corporation, to say, ‘Hey, there’s a great new way to work out here.’”

So in 2000, with Mike Volkema leading the charge, Herman Miller moved its own top executives, who were in private offices scattered throughout West Michigan facilities, to a common space in the corporation’s Design Yard.

Since then, the Design Yard has become “a living laboratory where customers can come and see for themselves how it’s working,” says Customer Experience Director Bob Hieftje. “They want us to share our experience with them. They want to talk to our executives firsthand about what it’s like, how it’s set up, what’s working, and what’s not working for them. It’s a great opportunity for them to take our knowledge of work environments and apply it to what’s appropriate for them.”<sup>11</sup>

Mr. Hieftje is happy to let other executives know the outcome of their move. “I think to a person we would say we are more effective, more involved, we can deal with the things more quickly, we’re closer to the action in terms of new products, we are more face-to-face with each other, there is more customer interaction, and we are being truer to our culture and our values,” he says.

He also observes that today’s executives are more involved in the furniture decision making than ever before “because they’re looking at their investments more closely,” he says. “They’re also looking for ways to attract good people, and that includes the executive levels. They’re more open minded, too.”

### Obstacles to Change

But even the most progressive CEOs see obstacles in making such a drastic change, especially when they’re fighting a mindset that says when you work hard and get to a certain level in the company, you *deserve* a private office.

“A lot of our people who had never been in an open office thought it would be completely untenable,” says Jim Israel of his John Deere Credit’s private office enclave. “I was unsure of it myself. What you give up are the occasional times of privacy, where it would be really nice to have an enclosed office. But people have to weigh that against the facilitated communication. And in reality, the tradeoff has been worth it. We no longer have an executive dining room, special parking spaces, or any of the traditional status symbols. We essentially said, ‘We’re a company of equals. We’re going to work

together. We're going to work in the same kind of environment, and we're not going to have perks related to status anymore. We're going to have perks related to performance.' And that's a real critical differentiation."

"In my experience, a lot of iconic symbols of security and business performance aren't as significant as people sometimes believe they are," adds Mr. Baker. "When I was at GM, I had a huge office with a library, washroom, the works. Today I'm in an area that's about 100 square feet, and I believe I'm far more productive."

The days when people expected such perks may be over. "The reality is that if you're in a hierarchical organization you may be in an aging group," says Mr. Mitchell. "Our youth are used to collaborative thinking in the classroom and the old idea about getting a job, staying there for 30 years, and working up to the big office—that whole thing is going away. And it's not 9 to 5 anymore either. Now it's take away as many walls, real and temporal, as you can, give yourself the flexibility to do what you want to do, get there, have fun, and collaborate. Pretty soon people will be saying, 'Well, how else would you work?'"

As organizations restructure themselves to reflect a new way of doing business—more collaboration and teaming—the old title/status-based workspace is giving way to function-based workspaces. The changeover also supports a flatter, more egalitarian structure, eliminating the traditional status markers long associated with the "executive row."<sup>12</sup>

Title/Status-Based Workspace	Function-Based Workspace
Architectural solution	Furniture solution
Walls	Glass
Hierarchy	Teamwork
Privacy	Accessibility
Upgraded space and finishes	Egalitarian
Isolated location	Crossroads location
Executive row	Multivenues shared with staff & customers
"Silo" work focus	Collaborative work process
Quiet	Vibrant/energetic
Single location	Mobility
Desktop technology	Portable technology

Regardless of new thinking, barriers to making such a change still exist, not the least of which that people just don't want to get caught up in the political infighting required to make it happen. It's much easier to just leave things as they are rather than figure out how to change them.<sup>13</sup>

This inertia is also fueled by the fact that leaders don't want to make mistakes. So even though executives may want to change their work environments, they may feel there are too many obstacles facing them: It's too complicated, too costly, too radical, too risky.

To lessen the fear factor and increase the chances of creating a successful new work environment, several industry experts offer the following advice to executives considering making the move.

### Remember Your Purpose

It is important to recognize that the issues and drivers associated with developing new leadership workplaces are identical to those driving workplace design for all other staff. Focus should be driven by what you want to do, how you want to do it, and what you want work life to be like for everyone.<sup>14</sup>

Says Mr. Mitchell of HOK/Canada, "You've got to start at the beginning and understand what your goals are, what you're trying to achieve. And every once in awhile in the process, step back and say, 'Now why are we doing this again?'"

Mr. Baker of Altarum says the move to open offices completely supported the five parameters driving his decision: vision, performance, plan, people, and culture.

### Get Involved in the Project

As key stakeholders, executives must partake in the process. Experts recommend personally researching the issue, visiting furniture manufacturers, talking with other executives, and seeing what other organizations have done, even exploring places such as museums and non-corporate settings for ideas.<sup>15</sup>

"We spent a lot of time with the people who were going to be involved, taking busloads of enthusiasts and skeptics to the Herman Miller site," says Mr. Baker. "In D.C., we had them involved in the

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design of their office environment, and how they wanted them laid out. Doing it *with* them as opposed to doing it *to* them is a cornerstone of success. I can't emphasize that enough."

"We did a lot of research," adds Mr. Volkert of John Deere Credit. "We went to companies like Alcoa and Herman Miller and had a lot of discussion about it before deciding to do it."

### Choose the Culture You Want

Before planning a new space, executives should ask themselves how the changes will reflect the culture they have—or want to have. It's not just a matter of changing the physical environment and hoping cultural change will follow. As authors Lisa Gundry and Laurie LaMantia write in their book *Breakthrough Teams for Breakneck Times*, "While a leader cannot mandate a culture, there is everything a leader can do to reinforce and support what the culture is about. Culture disintegrates quickly when lip service is paid to values and norms, while the leader makes it clear that something else is more desirable. You can't collaborate if you don't set up a culture to collaborate."<sup>16</sup>

Both the workplace-design and the space-management process should be consistent with the organization's goals and strategies. The question should really be, what do you want to be as an organization, not what you want to look like, say authors Becker and Steele. "Facilities planning cannot be treated as an end in itself. It must always be grounded in consideration of business goals and organizational culture, both in the present and with respect to long-term directions."<sup>17</sup>

It's important for executives to examine their own work styles before moving into new territory. They need to know how they use their office space, how they interact with others, and how they use technology. Becker and Steele support the idea of making workplaces that reflect your personal work style and let image speak for itself.<sup>18</sup>

### Be a Champion

"If Jon (Volkert) hadn't decreed it, if it had been left up to a vote, it never would have happened," says Mr. Israel of John Deere Credit's move to open offices.

"You have to have a champion for the cause," agrees Mr. Volkema, who speaks from experience. "You need someone who believes in it so much that he or she is willing to force the issue." Mr. Baker concurs, adding, "Eventually, the nonbelievers will follow."

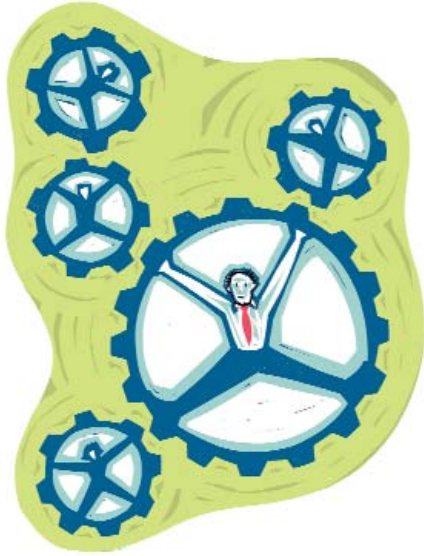
Top management's willingness to engage and try new ways of working can serve as a strong impetus for employees to follow suit.<sup>19</sup> "There's no question that the project can't succeed unless management believes in it and is part of it," adds Mr. Mitchell. "They have to walk the talk. If they're asking their people to work differently, then they have to work differently. If you're sitting there in a big 350-square-foot office with a boardroom table in it and saying your staff needs something else, then you're driving a rift between management and employees. People have to believe that management is supporting their best interests and productivity and are not just out to save money. The skeptical view is that management's getting cheap so they're building fewer offices."

### Communicate, Communicate

As Mr. Volkert advises, "You have to do a lot of communicating about the whole process. Make sure the organization understands what you're doing and why you're doing it. Let people know what it is you're trying to achieve, so they begin to get comfortable with it before it starts happening. Don't surprise them with it late in the process."

"A change like this is a big deal to people, and you can sometimes underestimate the emotional/psychological side of the equation," adds Mr. Volkema. "People need to understand what this is all about."

Cindy Donn, a senior designer with Herman Miller, who studied seven companies where executives went from private offices to open spaces, also stresses that it is important to include training and development to support new behaviors both for executives and for their administrative staff. "Place alone will not change behaviors. It will only support new behaviors," she writes. "Issues that may need to be addressed include communication, new etiquettes, loss of or changing status markers, decision making, and conflict management." She cautions that there may be some resistance to these new behaviors and work processes; some individuals may need to be "stretched" or "pulled" to make the change, especially those of the generation who expected to be rewarded with a private office. Time to manage this resistance must also be considered as part of the process.<sup>20</sup>



For obvious reasons, virtually all sources recommend starting with a pilot program to test new concepts and to drive new work processes and behaviors. As Mr. Hieftje says, “This isn’t something you can read about in a brochure and ‘get.’ You have to try it. And the best way to start is by testing it with a pilot.”

“While the informality and permeability of open offices promotes more social cohesion as well as an increased number of opportunities for cross-boundary collaboration, people still need to have places for private conversation on the phone and with colleagues,” says Ronald A. Heifetz, cofounder of the Center for Public Leadership at Harvard’s John F. Kennedy School of Government and principal in Cambridge Leadership Associates Design.<sup>21</sup> “Ideally, a balance between the two will ensure that both needs can be met.” Smart design solutions include multiple work settings as part of the overall scheme, including areas such as small private offices, enclosed telephone rooms, libraries, or other rooms designated for privacy.

### Have No Fear

“The only way people can learn is by doing things they’ve never done before,” says Jeffrey Pfeffer, Stanford Business School professor.<sup>22</sup> “Everyone wants to build a learning organization, but nobody actually wants to learn. Learning requires tolerating people who make mistakes. Learning requires tolerating inefficiency. Learning requires tolerating failure. Learning requires letting people try things they’ve never done before.”

It is clear that this is a movement to be taken seriously in the business world today. As Mr. Volkema says, “Leaders have to realize that this whole thing is a tradeoff. Yes, you’re giving up your 15-by-25-foot space with its connected conference room, but look what you’re gaining. It’s a new day. Leaders are energized by being part of the action, by being productive. They want to be part of the information stream of commerce that’s out there. But to do it, they need to set aside all the trappings they thought they’d get when they reached a certain point. I just don’t think sitting in a private office, protected by your gatekeeper, is related to the way work is actually done today.”

For executives, it is a whole new world out there. But to survive, they’ve got to be players in it. As Thomas Hout and John Carter write in their book *Getting It Done: New Roles for Senior Executives*, “The CEO as hero really is dead. Given the complexities of modern

business competition, no single individual can do all that it takes to achieve success for a company. Success depends on the willingness and ability of the entire senior executive group to address not just their individual responsibilities, but their collective responsibility for the company as a whole.”<sup>23</sup>

### Notes

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