# Benchmarking the Tech Industry

## A CRTKL Study Tracking Key Performance Indicators, Size and Space Assignment Trends in Technology Companies

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# OVERVIEW

In the war for talent, companies are constantly benchmarking against their peers, from employee benefits to office space. CallisonRTKL studied 18 technology and research companies to find out how space trends are shaping how this industry works. We gathered data from projects delivered in 2017, 2018, or currently in the design phases to track:

- Facility-Related Key Performance Indicators (KPIs)
- Typical Area Per Seat
- Typical Open-to-Enclosed Ratio
- Space Assignment Norms

In addition, we tracked each company's workplace strategy and a set of standard, comparable information points for each one.

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# KEY FINDINGS

### KPI Tracking

Many large organizations track space per person and overall cost, but organizations are inconsistent in how they track and apply these metrics. For example, companies with owned space or long-term leases typically look at metrics such as cost or square foot per seat when there is a substantial change in staffing (either growth or contraction) or a lease comes due. Almost across the board, utilization is tracked only as projects are about to begin planning and design.

### Area Per Person

Most organizations provide between 120 and 180 square feet per individual seat. This includes typical support space such as meeting rooms and pantries, but is exclusive of special spaces, such as campus-wide amenities and large conference centers.

### Open vs. Enclosed

Open space is still the predominant solution for large organizations, but small private offices are re-emerging in larger quantities than in the recent past.

### Unassigned Seating

Many multinational corporations use unassigned seating to increase utilization of space. This is often determined either on a site-by-site basis during real estate transactions or applied unilaterally across business units (such as sales teams or consultant groups). That said, the majority of respondent organizations represented in this study maintain the one person to one seat model for large portions of the population, employing shared seating for particular workstyles only.

### Geographic Location

Most participant organizations are multinational and have similar space provisions across their global portfolios. These organizations provide smaller space allocations in regions with extremely high real estate costs.

## KEY PERFORMANCE INDICATORS

Of the 18 companies included in this study, only ten explicitly tracked real estate key performance indicators as part of their workplace strategies, design, or architecture program.

### Cost

The most commonly tracked performance indicator was cost, either cost per seat, cost per square foot, or total project cost.

### Area Per Seat

Most of the companies in this study have a one-seat-to-one-person sharing ratio. Thus, our team calculated area on a per seat basis. Companies with extensive shared seating scenarios tracked both area per seat and area per person. Of the organizations included in this study, only extremely large multi-national corporations used widespread unassigned seating strategies. 80% of those companies shared seating only for specific job functions.

Companies with only one major location were less likely to track area per seat than multinational organizations.

### Utilization

Many companies study utilization, but it should be noted that utilization was measured primarily in the time period leading up to a renovation, rather than continuously. Utilization tracking methods range from simple studies that indicate whether employees are entering the building or not to complex studies tracking movement, duration, and activity.

***Measuring square foot per seat provides an accessible benchmark and comparison against our peers.***

Only one respondent company used sociometric badge studies, and found the results interesting, but not applicable enough to expand the study due to the high cost of implementation. As the cost of this type of data measurement comes down, it is likely more organizations will consider implementation.

### Collaborative Space

Many companies track the number of collaborative seats and/or the ratio of collaborative seats to individual seats. This ratio helps ensure the business can support its staff in collaboration and also provides supplemental seating on an as-needed basis.

### Environmental Impact

Only one company measured the environmental impact of its workplace as a key performance indicator.

### Talent Attraction and Retention

While most companies track employee attraction and retention as part of their human resources programs, only one of the subject companies reported tracking it as a real estate-related key performance indicator.



## ***CASE STUDY:* CONFIDENTIAL OIL & GAS**

This multinational corporation strove to reduce portfolio costs and improve the efficiency of their real estate assets while transforming their workplace approach to promote more mobility and collaboration across the organization.

Based on extensive diagnostic studies, including employee surveys, utilization studies, benchmarking, focus grouping, and piloting, an activity-based workplace program with 100% unassigned seating was developed and rolled out globally.

Four types of individual seats are provided: standard workstations (approximately 48 SF each), quiet seats (similar size and configuration, but in areas where talking is not permitted), small enclosed phone booth-style rooms, and one-on-one rooms for private conversations.

A variety of social and collaborative spaces are also provided, enabling employees to choose the worksetting that best supports their work.

Sharing ratios vary based upon diagnostic results on the organizations occupying the space, but one seat to 1.15 persons is the minimum.

While some sites are designed new, others are retrofitted based on careful review of the space and the teams' needs. The new workplace approach reduces real estate costs by 10 - 15% and increases real estate utilization by up to 25%.

**KPIs Tracked**
Cost
Collaboration
Utilization
Area per person

**Area Per Seat**
~135-150 SF/seat
~110 SF/person

**Open:Enclosed Ratio**
100% open

**Seating Assignment**
100% unassigned seating

**Outcomes**
Reduced real estate costs by 10-15%
Increased utilization by up to 25%


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## AREA PER SEAT

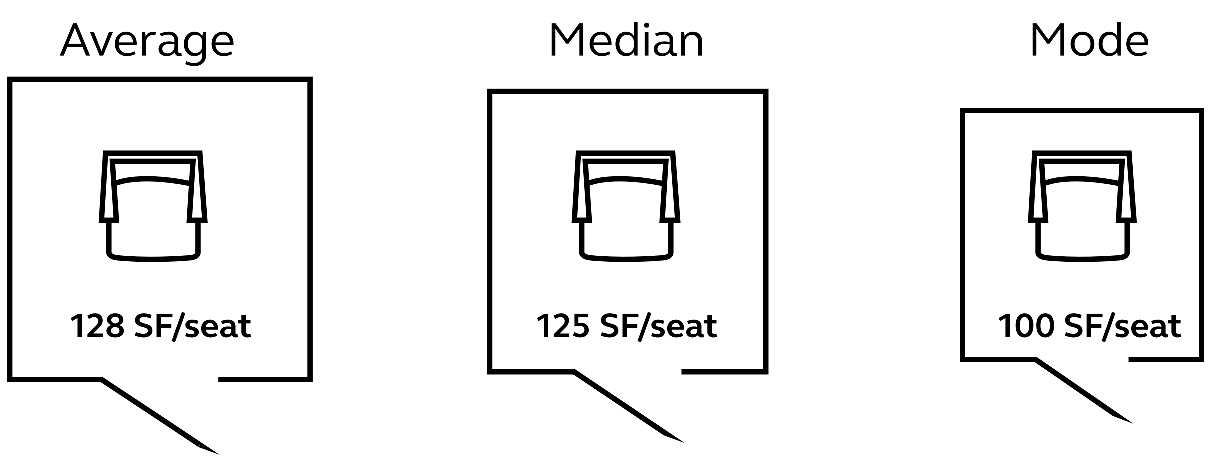
For the purposes of this study, square foot per seat includes:

- Individual seats (office or open-plan workstation)
- Typical meeting spaces (conference rooms, collaboration areas, teaming spaces, etc.)
- Pantries and break rooms
- Typical support spaces (print areas, storage closets, etc.)

Square foot per seat excludes large or unusual amenity spaces such as:

- Large conference centers
- Cafeterias
- Fitness centers and gyms
- Daycare
- Retail

While space measurement standards varied by project and jurisdiction, all measurements include circulation and wall thickness within the space, but exclude building common areas, penetrations and voids.




**Range: 100 SF/seat to 180 SF/seat*

## OPEN VS. ENCLOSED SEATING

One the most crucial decisions these companies faced was whether to provide open or enclosed seating or what blend of the two was appropriate for their organizations. The technology companies studied in this exercise all trend toward more open environments.

**Open Plan Seating is the Norm**
60% of the companies in this study have 100% of their individual seats designed as open plan workstations; all respondents had a minimum of 85% of individual seats designed as open plan individual workstations.

Open plan workstations were selected for several reasons:

- Reduce real estate costs
- Promote visibility
- Enable quick collaboration
- Provide flexibility as businesses grow and change.

Additionally, by providing smaller open-plan workstations, organizations are able to limit the total amount of real estate dedicated to individual space, and thus provide a greater area and blend of shared spaces, ranging from expanded break and social areas to enhanced collaboration and meeting spaces.

**Shared Enclosed Space is Prevalent**
The companies providing extensive open-plan workstations supplement this space with a cadre of other space types that support heads-down focus work and small private meetings. This includes some type of small, enclosed or semi-private space for individual heads-down work, as well as for small meetings of one to three people. These spaces are nearly universally non-reservable, available on a first-come, first-served basis, and governed by a clear set of protocols to ensure all employees have the opportunity to use them as needed.

> ***While individual workstations are open, we provide numerous areas of respite and places for heads-down work.***

## CASE STUDY: *CONFIDENTIAL TECHNOLOGY COMPANY*

A global technology company was in pursuit of merging two oversized offices into one while cutting down on unused space. The renovation needed to align the new workplace with the company's brand and planning concepts but also give the space its own identity. The company wanted an activity-based design to allow for varied meeting spaces and for carefully thought-out acoustics.

The workplace strategy included 100% unassigned seating, although neighborhoods were dedicated to the individual business units, and a few special spaces were also assigned to the business units. The existing corporate standard called for open work areas with enclosed small, medium, and large support spaces to accommodate different types of work.

All individual workspaces were open plan, bench-style, with sit-to-stand height adjustable desks. Client-facing collaborative spaces were consolidated near the main entry, and employee support spaces were interspersed throughout the site.

The design team created a central pantry/meeting space between "neighborhoods" in the office to help with acoustics and implemented a sound masking system. Meeting rooms were added to the perimeter of the "neighborhoods," and a series of spaces were created to accommodate various types of meetings. This included transitional space to help employees adjust from full height cubicles to the open layout.

**KPIs Tracked**
Square foot per person
Square foot per seat
Sharing ratio

**Area Per Seat**
92 SF/person
150 SF/seat

**Open:Enclosed Ratio**
100% open

**Seating Assignment**
100% unassigned seating

**Outcomes**
25% decrease in space required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## SPACE ASSIGNMENT NORMS

The benchmarked organizations used three primary methods for assigning space:

- 100% unassigned seating, with all employees having equal access to all types of space
- Partially assigned seating, in which most individual and shared spaces are unassigned; some business units or functions are assigned space due to requirements for special space or tools
- 100% assigned space, with most employees having the same space and executives having an upgraded space. In many of these situations, teams with special purposes, such as HR or legal, may also have a different type of space assignment. In some instances, a small subset of space may be unassigned for drop-in use

**Flexibility is Key**

Across the board, companies found that reducing the number of different space standards enabled greater long-term flexibility, whether adjusting to changing business units, absorbing new functions, or simply eliminating most space moves due to promotions.

***Providing the same type of space to all employees enhances flexibility to adjust to changing business needs.***

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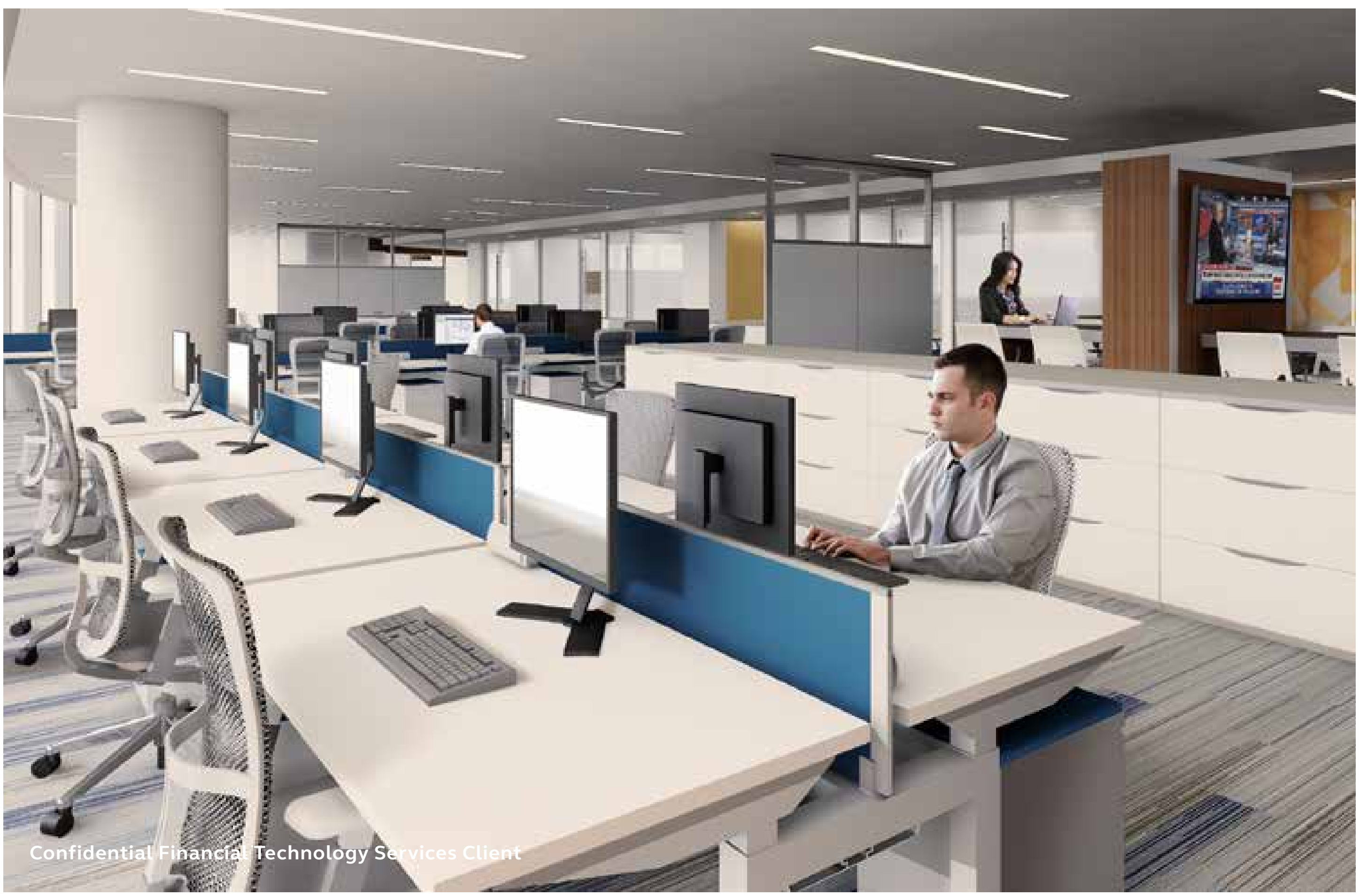

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# CONCLUSION

The results of this study indicate that corporate real estate continues to focus on low-hanging fruit: cost and area per person. These are simple to measure and easy to benchmark across organizations, making them an appealing point for C-suite focus.

While organizations are certainly examining their portfolios from a larger perspective, there is not a clearly applied, industry-wide set of norms or metrics to address the overall impact of real estate.

Why is this? We found three approaches to real estate design and portfolio management:

- **Deeply researched, standardized portfolio rollout.** Many larger organizations spend tremendous time and resources studying the workplace and measuring key performance indicators with the intent of standardizing processes and maximizing investment in corporate real estate.
- **Visionary-led design.** A CEO or other visionary leader set the course for the design based on their own research or "gut feelings."
- **Reuse of existing design.** Many organizations seek to limit the amount of construction and capital expenditures by reusing as much of the existing space as possible.

How these approaches evolve will have a large impact in the overall corporate real estate world. In the technology industry in particular, we are seeing a more thoughtful approach to brand and a more carefully honed sense of company culture. More technology and research companies are adding amenity and support space in their offices, which will necessarily increases the area-to-person ratio, but functionality remains the top concern for stakeholders.

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