Lay Off Your Buildings, Not Your People!

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When I began my career, everyone "went" to work.

It was long before the advent of the Internet and personal computers; you had to go to work to gain access to computing power. Most computer centers had people on call 24/7. When there was a problem, they had to drive to the office and fix the problem on-site. There was no such thing as logging on remotely. Employees had to be at their desks to do work. Our inboxes were paper based. We had written phone memos, not voicemail, so in order to receive a call, we had to be in the office. There weren't PCs that could be disconnected and taken home. At that time, it wasn't firewalls that protected the network; it was office walls, and if you weren't inside the office, you weren't able to work. Offices and office hours actually made sense. Now it's an unbelievably outdated concept.

The Internet has enabled us to do things we never dreamed possible. We've seen the advances technology brings to our everyday lives: we can pay bills online and shop 24/7, we don't need to wait for the newspaper to be delivered to the driveway when news comes online in real time, and we can check in for a flight online instead of waiting in line. The growth of the Internet and the availability of high-speed connectivity to most places in the world have created profound changes for work as well. Over two billion people use broadband Internet, up from perhaps fifty million a decade ago. That means that employees no longer have to be in the office to communicate.

But the idea of working from anywhere really became a reality with the adoption of cloud computing, meaning that information is stored in online servers, as opposed to hardware on your premises. And it was further facilitated by advances in security. Solutions like virtual private networks allow employees to access the company from wherever they are just as securely as if they were on the corporate network. The proliferation of laptops and tablets and the rapid adoption of the mobile Internet (we now can carry a device in our pocket that has more computing power than all of NASA had the year it sent man to the moon) has given us freedom from working within an office that was unimaginable only a few years ago.

So why are we still going to work?

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Buildings or People

It amazes and disappoints me that we treat humans more poorly than we do our buildings. We treat them as more fungible. Our building leases are for set periods of time, and we can't get out of them, so we lay off our people and keep the buildings. There's always a mismatch in that businesses are continuously looking for talented people, but in tough times they have too many people in aggregate, and in boom times they lose a lot of business opportunity because they don't have the bodies on hand to capture it. There's a better way to address this challenge: being less reliant on physical buildings, which will enable a more elastic workforce.

At the same time, available office space seems to never be in short supply. Studies by the U.S. General Services Administration show that, at any given time, over half the workspace in the United States and Europe is not being used. During typical working hours—between 8:00 am and 5:00 pm—space is being used at only 35 to 50 percent of full capacity. What a waste!

Real estate is expensive—in fact, it's the second-largest expense for most organizations. The U.S. General Services Administration (GSA) finds the cost of accommodating the average federal worker to be $10,000 to $15,000 annually. Eliminating one hundred work-spaces could save an organization more than $1 million a year.

Many organizations have found ways to reduce their space and save costs. Unisys cut its real estate costs by 87 percent through telecommuting. About 25 percent of IBM's worldwide workers telecommute from home offices, saving the company $700 million in real estate costs. By leveraging teleworking and ''office hoteling,'' the U.S. Patent and Trademark Office got rid of three floors of office workspace, and by enabling lawyers to reserve space in advance (allowing roughly five workers to share one office) the agency saves approximately $1.5 million annually in office rental costs.

I'm inspired by how some businesses are not only seeing significant costs savings, but also a competitive advantage. The Telework Research Network estimates that having employees work from home half of the time could save employers over $10,000 per employee per year as a result of increased productivity, reduced facility costs, lowered absenteeism, and reduced turnover. Sun Microsystems, now part of Oracle, recognized how much office space was being wasted and embraced a telework initiative that resulted in more than half of the company's employees working remotely and a net savings of $80 million a year in facility costs. Sun cofounder Scott McNealy said that the company achieved 10 to 15 percent more activity per employee per week (for those teleworking) versus those who had to come into the office—and that the teleworking employees were happier.

Sun was so pleased with the results it achieved that it spun the initiative into a separate company, Better Workplace, which is bringing these benefits to other companies throughout the world. Defense contractor Northrop Grumman worked with Better Workplace to develop Northrop's mobile work strategy and devised a plan to achieve annual savings of $110 million based on 20 percent employee participation. TIAACREF, a Fortune 100 financial services organization, used Better Workplace's software tools to manage and scale a flexible work initiative that resulted in the reduction of seventy-five thousand square feet of office space in midtown Manhattan and cost savings of $15 million a year. Though managers were initially concerned about performance issues with employees working remotely, nearly every manager who participated in a survey responded that employees performed as well—or better—when working from home.

In another example, ATB Financial, a full-service financial institution headquartered in Edmonton, Alberta, Canada, which was named one of Canada's 50 Best Employers by Report on Business magazine and one of the 75 Best Workplaces in Canada by the Great Place to Work Institute, wanted to explore a more flexible work initiative to remain competitive and maintain its stance as a great employer. Through a pilot program, it discovered it could reduce office space by eighty-eight thousand square feet and save approximately $2.6 million annually. It also found that each employee who participated in the program could save approximately one week a year in commute time!

There was a telecommuting movement in the 1990s that gained popularity but ultimately resulted in failures. At that time, the technology was not yet advanced enough to support hoteling or desk sharing, and getting work done was inefficient. Today, new technology that allows increased collaboration remotely is powering a new trend in telecommuting, and this movement is also being boosted by a new green consciousness.

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We're pretty much all in agreement that global warming isn't a conspiracy theory, but a real problem for the future health of our planet. Scientists, engineers, and citizens are exploring ways to solve it, ranging from electric cars to renewable energy to geoengineering, but somehow we overlook how our traditional model of work is spewing hundreds of millions of tons of green-house gas emissions into the atmosphere every year and negatively impacting the planet.

Two-thirds of the electricity load in the United States is consumed by buildings, according to the U.S. Green Business Council. Offices account for about 38 percent of all greenhouse gas emissions, and much of the office space we have is unoccupied. (Alternatively, home energy is much cheaper and much better utilized.) Over approximately the next twenty years, greenhouse gas emissions from offices are expected to grow faster than those in any other sector—about 1.8 percent per year.

Commuting is a big culprit as well. American workers spend on average forty minutes a day commuting (this equates to eight work weeks a year spent in the car). In total, this wastes more than 3.7 billion hours and 2.3 billion gallons of gas in one year. What a toll for something most of us don't like doing—sitting in traffic!

I'm not a climatologist, so when it comes to really fixing the environmental crisis, I don't know if the answer rests on solar, wind, geothermal, nuclear, or some genius combination of all of these and new technologies yet to be discovered. But I do know that we can stop adding to the problem, simply by changing the outdated way we work. If we leverage today's technologies so that we don't need to commute and then log in endless hours in climate-controlled office parks, we could massively reduce our negative impact on the environment.

Letting Go of Location

Next generation companies see the world of work differently: there is a global economy consisting of suppliers and buyers of talent. In many ways it's the eBay way. Just as eBay revolutionized the world of e-commerce (and eradicated the sole reliance on stores, set prices, and shopping for items only within driving distance), we can now tap into this same idea to revolutionize the world of work. There are new ways to get work done, which eliminate the dependency on office buildings, commuting, and set work hours day in and day out.

LiveOps, where I am the chairman, runs a virtual call center, where twenty thousand agents work as independent contractors from their own homes and on their own schedules. Technology, especially cloud-based solutions, has enabled this community. All of the virtual learning, work scheduling, team meetings, and feedback sessions take place on LiveOps' cloud-based technology platform. All the software is accessible right over the Internet, and all the calls are routed using Voice over Internet Protocol (VoIP)—technology that didn't exist fifteen years ago. New video technologies fuel work collaboration among people who are dispersed in different locations. Technologies from Polycom PictureTel, Cisco, and Hewlett-Packard along with free services like FaceTime, Skype, and GoToMeeting have revolutionized how we meet with people who are not in the same building.

One of the best parts of being at LiveOps is hearing from our independent agents and learning how they leveraged new technology and new thinking to become CEOs of their own destinies. Instead of working as employees, they work as free agents, which allows them to build their careers without sacrificing the other priorities in their lives.

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These people have seen significant "returns" and have achieved a much better life. Take one independent contractor in Florida who used to race home during the workday to check on her elderly father. As an independent agent, she works from home on her own schedule, allowing her to tend to both work and family needs. Another contractor, a young woman in Philadelphia who dreams of becoming an actress, loves the flexibility that independent contracting provides: it allows her to fit work into her unpredictable audition schedule. And a working mom cherishes being able to see her son when he comes home from school. These are all simple—but neces-sary—things, and they are things that work (as we know it) has stolen from us.

Who wouldn't want to see their children when they get off the school bus? And yet work schedules often interfere with this very simple joy. I get incredibly excited because it doesn't have to be this way anymore and because we have so many business cases to demonstrate that it shouldn't.

In my newest endeavor, the Webb Investment Network (WIN), which invests in start-up companies, we run things entirely in the cloud. Everyone who works at WIN is an independent contractor. We have an office, but we go in only twice a week; the rest of the time, everyone works from wherever he or she wants, such as hotels, coffee shops, home, or the office of one of the companies we've invested in. We share documents through a service called Dropbox, track action items through a service called Smartsheet, and manage our deal flow through a custom cloud application. Although we are geographically dispersed, everyone knows exactly what everyone else is working on. When we do get together in person, we are able to cover things very quickly.

Maybe letting go of location, location, location sounds scary—or even impossible. I personally had a hard time giving up some of yesterday's work models, such as having my own office. When I started my career, I used to pride myself on being the first one to arrive at the office and one of the last to leave at night. I loved having an ocean view from my office at Gateway and my own conference room. When I got to eBay, I was floored that I was in an open office, in a cubicle! And the CEO, Meg Whitman, was too! But what I soon learned by living it was that those old perks—the big office, the fancy furniture, the nice view—were not what made a company

effective. They fed our egos, but egos don't grow intellectual capital or revenue or profits. We were wired to think that they would, but they resulted in nothing. On the contrary, not being siloed off in our own offices helped bring democracy and transparency into our organization. We gained access to different levels of management and helped eliminate some outdated and unnecessary hierarchies.

Now the office plan is evolving to a no-office plan, with people increasingly working from home. It makes complete sense, and estimates show that approximately 40 percent of jobs could be performed remotely at least part of the time. More important, people are looking for something different from work. Almost 80 percent of employees say they would like to work from home at least part of the time, and more than a third say they'd choose the option to work from home over a pay raise. We see across the board that allowing people to work from wherever they want enhances attraction and retention.

It's time to update outdated business practices to reflect today's technology advances and attract today's talent. It's time to reboot work. 🔖

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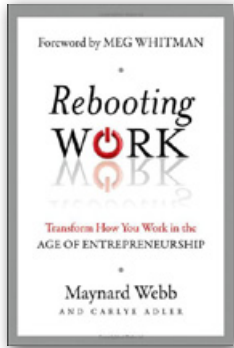
ABOUT THE AUTHOR | Maynard Webb is a 30-year veteran of the technology industry. An active leader in the technology and business community, Maynard serves as a board member, investor, philanthropist and mentor to young entrepreneurs. As the founder of the Webb Investment Network (WIN), a seed investment firm dedicated to nurturing entrepreneurs, Maynard brings his experience developing and leading high-growth companies. Webb is currently the chairman (and was formerly the CEO) of LiveOps, a cloud based call center with a community of 20,000 agents, and a board member at both salesforce.com and Yahoo! Previously he was the COO of eBay, where he created organizational processes and day-to-day structures that enabled eBay to grow from $140 million in revenue to more than $6 billion in 2006. His New York Times best seller, *Rebooting Work*, was released in January, 2013 by Jossey-Bass.

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