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Physical Extensions of Corporate Culture

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Abstract

[Excerpt] According to Merriam Webster's dictionary, "culture" was the most popular word of 2014. Corporate boardrooms have been facing a bit of a culture shock, not in the traditional sense of the term, but because of the emphasis currently being placed on initiatives to enhance company values and norms. Deloitte developed new research which explains that culture, engagement, and employee retention are not only the top "talent" issues confronting executives todays, but rather they are widely known to be some of the top overall strategic issues in present-day business. The standard 20th century career path of a college graduate starting his or her career at the same compnay he or she would retire from is simply no more - and the companies that are able to engage and retain their workforces are seen as innovators and industry leaders. While much of the talk about culture ties to workplace processes and initiatives to enhance corporate identity, strategic workspace design is of paramount importance. It is essential for office design to reflect the culture of the business in order to keep employees happy and engaged, which in turn motivates and increases productivity. In order to align and office with culture, there are three important factors a company must consider: integration with the company ethos, environment, and evidence-based design. This overview will discuss how these three factors are used, citing industry leaders as examples.

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Comments

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PHYSICAL EXTENSIONS OF CORPORATE CULTURE

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Part 1: Overview of Popular Management Technique

According to Merriam Webster's dictionary, "culture" was the most popular word of 2014. Corporate boardrooms have been facing a bit of a culture shock, not in the traditional sense of the term, but because of the emphasis currently being placed on initiatives to enhance company values and norms. Deloitte developed new research which explains that culture, engagement, and employee retention are not only the top "talent" issues confronting executives today, but rather they are widely known to be some of the top overall strategic issues in present-day business.[1] The standard 20th century career path of a college graduate starting his or her career at the same company he or she would retire from is simply no more—and the companies that are able to engage and retain their workforces are seen as innovators and industry leaders. While much of the talk about culture ties to workplace processes and initiatives to enhance corporate identity, strategic workspace design is of paramount importance. It is essential for office design to reflect the culture of the business in order to keep employees happy and engaged, which in turn motivates them and increases productivity. In order to align an office with culture, there are three important factors a company must consider: integration with the company ethos, environment, and evidence-based design. This overview will discuss how these three factors are used, citing industry leaders as examples.

The first feature of strategically aligning office design is to make it accurately reflect the company ethos. Industry leaders need their spaces to be beautiful and inspiring with values and icons constantly surrounding employees. Designs need to reflect both the explicit and implicit nature of the company. International Business Machine (IBM) created one of the first "schoolhouses" to train employees, "The front door had [IBM's] ubiquitous motto "THINK" written over it in two feet high letters. Just inside was a granite staircase that was supposed to put students in an aspiring frame of mind as they stepped up to the day's classes"[2]. These reminders of the behaviors that employees were supposed to be acting out are eerily similar to the training facilities at Disney, "The orientation seminars take place in specially designed training rooms, plastered with pictures of founder Walt Disney and his most famous characters, to create the illusion that Walt himself is present in the room…the object is to make these new employees feel like partners with the Park's founder"[3]. In both of these examples, employees are not only fully submerged in company culture once on the job, but the physical reminders in training centers results in their complete immersion from day one. Proctor & Gamble (P&G) also "has used a myriad of tangible mechanisms to enforce desired behavior…office layouts that allow little privacy"[4]. This lack of privacy among coworkers also reflects a strong effort on P&G's part to make its offices a reflection of its collaborative culture. A modern day visionary company, Facebook will soon put several thousand of its employees into a single- mile room, also in order to increase collaboration. Another example

is 3M's innovation centers, buildings that connect engineers with customers to breed new ideas for innovative products. While these four companies all have differing cultures with differing objectives, their broad intentions are the same—in order to control employee behavior, it is essential to link their physical workspaces to their employer's core values.

The second important piece in aligning office design with culture is to make it environmentally appealing. Google's next headquarters, currently under construction, is the prime example of a physical extension of company culture. The new campus will be a giant greenhouse containing translucent canopy buildings that allow light to freely flow within the workspaces. Google is taking an innovative trend and amplifying its effect by applying it to their entire "Googleplex", "With the power to welcome natural light, unobstructed views, and unclutteredness, glass is the single most important material…it helps create a clear space for free thinking…the light helps with happiness, energy, and morale"[5]. Other innovative companies are putting open spaces along the windows, instead of offices that block natural lighting, but Google is essentially making their headquarters a collection of giant windows. The company's high-energy, creative, collaborative, and transparent culture is a perfect match for the new design. Artificial light disrupts human circadian rhythms, which results in dramatic feelings of tiredness towards the end of the day[6]. Increasing the amount of natural lighting in an office results in more productive and well-rested employees who are better engaged in their work.

Architect Olle Lundberg also focuses on environment, specifically warmth and vibrancy, of office space in order to maximize productivity. In designing Twitter's headquarters, he incorporated a wealth of natural lighting, similar to Google's efforts. Lundberg's design also featured homespun design elements, such as two log cabins from the 19th century that were repurposed into the dining facility. The architect examined Twitter's culture and ended up using "the company's bird-themed moniker and logo, and [spun] that concept into forest-themed design elements prizing sustainability and reclaimed wood"[7]. Just like natural lighting, the incorporation of a forest-themed design not only translates the company culture into the environment it serves, but it also boosts employee energy and morale—resulting in greater engagement and productivity. This emphasis on the warmth and vibrancy is not only unique to Twitter, as many companies also "use color strategically to promote desired behaviors and feelings based on psychological reactions, not personal preference…Vary color use through the workplace. Use it as a design technique to identify circulation or the changing character of space"[8]. While it is ideal for companies to match the color of their walls to the colors of their logo, this can be risky because if the logo is red, for example, painting the walls red could result in increased aggression and anger. Companies with collaborative cultures can instead link that aspect to the color yellow, which promotes collaboration and clear-headedness. Linking the physical environment to cultural pillars is a major piece of strategic office design.

Lastly, it is essential for companies to understand that strategic office design is not a one-size-fits all approach, but rather a highly individualized proposition. Some company cultures might include employees that need open office plans in which communication is constant and collaboration is expected, but other cultures might include workers who thrive in quiet space. After Facebook and other tech giants started the "open office" trend, Bloomberg notably followed suit and knocked down its cubicles in favor of bullpens. However, this approach is not meant to cater to a majority of workplaces, "What you don't hear so much in the

breathless descriptions of 21st century workspaces: the grumbling from employees who can't focus on their jobs because of all the distractions. Or the stories of workers who retreat to home offices to escape all the creativity and fun—so they can get some work done"[9]. While social facilitation may be great for a company that thrives on innovation, like 3M, other companies may suffer when its employees cannot focus on the job at hand, "Managers might be tempted to simply build big social spaces and expect great results, but it's not that simple. Companies must have an understanding of what they're trying to achieve (higher productivity? more creativity?) before changing a space"[10]. Many companies fall to the mercy of the latest design trends when these trends can actually hinder company performance due to a cultural mismatch.

In order to ensure that a new office design is the right fit for a company culture, evidence must back up the rationale for the change. Morgan Lovell, a strategy and design company, uses ethnographic research, "Hatch, our analytic tool, uses big data aligned with a predictive behaviour algorithm which is based in social science. It takes 50 years of social science research and applies it in many other environments to predict how people will behave"[11]. Utilizing tools like Hatch can ensure that the company has the right data to back up ideas for designing its workspaces. Ultimately, it can even save the company from a fruitless investment in the form of a fancy space that people don't use. Sleep pods and meditation spaces might be an effective match for innovators at Google, but will they really help numbers-driven accountants in completing their work? Office design must be intentional and evidence-based, not assumption-based.

Part 2: Link Technique to Social Influence Theories

Strategically designing company spaces to align with culture can be examined using the theory of culture as corporate control. This section will explain why strategic office design leads to stronger culture, and then explain how this culture acts as a form of social control for management over employees.

When the design of workspaces reflects the ideals of the company, this leads to a much stronger cultural linkage of workers to the company. Companies with strong cultures have striking similarities to organizations as extreme as cults. The steps of creating a cult, which include vision, selection, multiple recruiting steps, providing extensive exposure to core value, and provide frequent reinforcement, also apply to companies like Google, Facebook, Disney, IBM, P&G and the many others[12]. Providing a strong connection to culture and ethos in the design and environment of an office specifically runs parallel to the steps of providing extensive exposure to core values and providing frequent reinforcement. When IBM trainees walk into their training facility every day and see the motto "THINK", this provides the exposure to the ideals that IBM values and thus the behaviors that the company expects its employees to abide by. In building a strong culture, it is necessary for a company to match the corporate ideals with the architecture of office spaces—resulting in reminders of culture that are impossible for employees to ignore.

Strong culture firms do resemble the makeup of cults, but there are key differences between the two, which "potentially ensure that members are empowered rather than oppressed, and effective rather than ineffective or destructive behaviors emerge"[13]. These include the content of the norms and values organizational members are asked to identify with and the intensity of

the social control process to which organizational members are exposed. "On the content side, legitimate organizations may be more likely to be honest about what the group stands for and expects from its members; that is, while cults routinely disguise their real purposes, strong culture firms are typically straightforward about expected norms and values"[14]. Corporate cults that accurately display the company culture in a physical sense wear their hearts on their sleeves. This transparency is effective in ensuring the right cultural fit for aspiring employees and reduces the chance that workers will join a company with an ethos that they determine to be in violation of their own personal values. Socializing new employees requires organizations to change the private attitudes, beliefs or values of new members so that they fit with the organization's culture[15]. However, this process becomes much simpler when a recruit is able to see the culture in action, before even hearing the recruiter or interviewer make their pitch. If a programmer prefers to hack away on her computer while isolated in a dark room, will she want to work at Facebook after walking along the one- mile long picnic table that houses the workstations of several thousand employees?

Once a strong culture is built through integrating office design, it can function as social control for management over its workforce. It is necessary for the physical space of a company to match the words in its employee handbook, espousing company beliefs, values, or cultural pillars because "culture as social control can, under certain circumstances, be an effective way of meeting legitimate strategic and even socially redeeming organizational objectives…promote innovation, high levels of customer service, quality, and a sense of common purpose within organizations"[16]. Companies are starting to realize that to emphasize this control, cultural initiatives must be reinforced by the physical spaces that employees occupy. Organizational culture is so powerful because it *focuses people intensely on strategy execution*, as an organization's employees will feel a much deeper sense of connection to both the organization they serve as well as their peers. As culture is defined to be a system of shared values and norms, "strong cultures enhance organizational performance in two ways. First, they improve performance by energizing employees…Second, strong cultures boost performance by shaping and coordinating employees' behavior"[17]. The latter may be easier to see, with a prime example being P&G's limitation of privacy to "shape and coordinate" employees to collaborate with each other. The result of energizing employees, however, is less clear and is probably best explained by what will likely become the exemplar of strategic design in the "Googleplex". The company will continue to greatly benefit by including company spirit and logos all throughout its physical spaces, (for example, some door handles in the old buildings act as "O"s in "Google"), rallying employees around a set of meaningful, unified goals. But the new emphasis on the environment of the buildings will result in an exponential increase in employee energy, due to both the physical benefits of natural lighting and exciting employee commitment and effort. Google employees will be inherently engaged and any voids in identity or meaning in their lives will be filled by the wholesome Google ideals, which will be projected into their surroundings. In the end, "one thing is guaranteed: a culture will form in an organization, a department, and a work group. The question is whether the culture that forms is one that helps or hinders the organization's ability to execute its strategic objectives[18]. 20th century executives often missed the mark in designing office spaces, focusing only on the words that describe the culture rather than the integral nature of physical spaces in influencing the norms and values held by workers. Industry efforts today to strategically align culture with office design are paying off with increased productivity and employee engagement.

Part 3: Assessment on Management Technique

This section will argue that strategically aligning office design to company culture will work well, if the physical spaces being developed allow for adaptability to combat cultural inertia. It will also argue that this technique works better for strong cultures that create an innovative response out of employees.

Evidently, strategic office design does not just reflect company culture, but it actually enhances the effects of strong company culture. Thus, it is necessary for management to understand the pitfalls inherent in leading by strong culture in order to figure out the right approach for designing workspaces and avoid problems down the road. Just as companies today are scrambling to ensure that their culture produces employee engagement and retention, agility and adaptability are also major discussions in contemporary business. Organizational researchers and modern management agree on the merit in developing strong values and norms, but immersed employees can also become so committed that they are unable to function in different ways. These employees could then be unable to adapt with the organization. As technology is changing the nature of work exponentially, companies will quickly die if their employees do not adapt to the changing winds. Management must consider that "arrogance and inertia that sometimes is seen in strong culture firms… in fairly static industries or periods, strong culture firms may appear most innovative…but in highly dynamic industries or periods, the strong culture firm members may be constrained in their ability to introduce highly divergent ideas"[19]. Thus, just as strategic design can strengthen cultural benefits, it can compound the negative effects from a company that needs to change its culture but cannot move quickly enough due to inertia. Physical buildings also bring another dimension to the discussion in that most architecture cannot simply shift with changing cultures, as repurposing buildings is often considered to be impossible.

The dangers of cultural inertia exacerbated by office design can be mitigated, if the design is *adaptable.* As office design is a physical extension of culture, it is impossible not to discuss the costly investments in repeatedly changing infrastructure. The architects creating "Googleplex", Thomas Heatherwick and Bjarke Ingels, explain that too much time and energy is invested in "a series of innovations that have propelled technology and the economy, but all of the resources and intelligence have been invested into the immaterial—the digital realm...it was fascinating to see the physical reality of a valley that has changed the world, and that valley itself hasn't changed"[20]. The Google executive in the video, fascinated with the groundbreaking plans conceived by the two architects, describes the new headquarters as "Lincoln Logs", in which the translucent infrastructure can literally be reconfigured into countless different shapes and structures. This design seems to be the perfect fit for Google, as it is arguably the most innovative company in the most innovative field: technology. Google's innovative culture, and others like it, may be a perfect fit for design alignment as well due to the innovative response in socialization. The innovative response says that employees do the job in their own way and employees have wide latitude to deviate from expectations. The response is preferable in jobs that require creativity. The fact that Google's design is a clear reflection of its innovative culture, famous for giving employees one day a week to pursue their own passions, means that employees will respond with innovation to the reflection of culture in the new headquarters. This holds true because "strong cultures that embody norms of creativity, innovation, and change may be the most effective mechanisms for promoting organizational adaptability"[21]. The Googleplex is a way

to ensure that employees respond with innovation when faced with challenges from both internal and external changes. Cultures that breed custodial responses, in which employees are expected to simply get the job done as it always has been done, may be at greater risk in strategic office design because a cultural change will face negative feedback from employees both about the substance and their unwillingness to adapt to new spaces. Cultural inertia is a major challenge to consider when designing offices to align with culture, but the risk of a fruitless office investment can be lessened if the culture provides an innovative response from its employees and the new infrastructure is adaptable.

Conclusion

Companies must consider three factors to strategically align office design with culture: integration with the company ethos, environment, and evidence-based design. Once the culture is strengthened through the physical reflection of physical design, the culture can act as a form of social control for management over their employees. Strategic alignment is essential for most companies to adapt, but works best when infrastructure is built to be adaptable to combat cultural inertia. On the other hand, strong cultures that generate a custodial response from employees may be unable to adapt and strategic design will thus not be as effective. א

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