

# Workplace design challenges clients – and architects

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ASB's Auckland headquarters, by architects BVN Donovan Hill, feature a range of communal spaces. **Photo: John Gollings**

Barbara Chapman loves to reel off statistics that tell the story of her new workplace. The chief executive of ASB Bank says since moving to a new building, email traffic has fallen 25 per cent and the number of formal meetings is down 30 per cent.

That was expected – ASB had the experience of its parent company, Commonwealth Bank of Australia (CBA), to learn from – but the next statistic wasn't.

ASB's move to a purpose-built office in Auckland's North Wharf has also led to a 70 per cent reduction in paper, as staff have relied more on devices such as tablets and laptops.

"Even on those raw metrics, you've got to think that the design of the building has fundamentally changed the way we as a business operate for the better," Chapman tells *BRW* in her office overlooking the harbour.

ASB, the Pacific country's third-largest bank, has taken the biggest step to date in the regional game to win staff and influence productivity through workplace design. In Australia, CBA and rivals ANZ, NAB, Westpac and Macquarie have redesigned their working environments. Some have even gone to activity-based working (ABW), in which staff have no fixed desk but can work almost anywhere within a building.

ASB has gone further, not just by retrofitting an existing office but also by commissioning an entirely new \$NZ130 million (\$115 million) building.

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Why do banks play such a role in this? "Banks would have to be one of the very few businesses in the market that know where their costs sit," says Derek Shortt, ASB's general manager for property.

## Lower costs

Obvious measures such as operating costs have come down – in ASB’s case to \$NZ95 per square metre from \$NZ149 in its former CBD high-rise headquarters. In addition, in banks, where reporting lines and roles are frequently reorganised, a move to ABW does away with many of the inbuilt costs associated with these moves.

Shortt says he used to budget \$NZ1.5 million annually to support this reorganisation. One has already taken place since staff moved into the new building in May. But since people were already mobile, it took none of the rigmarole, such as moving IT hardware and other equipment, it would have previously required.

“All it cost us was time,” he says.

There are other potential savings, such as less retraining from retaining staff longer, and an improved employer brand that makes potential employees more likely to want to work for ASB. But given the office opened on September 2, it is too soon to tell on these, Chapman says.

ABW follows the Veldhoen model, named after the Dutch architecture firm Veldhoen + Company that pioneered the practice. It doesn’t mean a free-for-all in terms of who works where within a building. The ASB building is divided into 16 “neighbourhoods” (<http://bit.ly/19QAJiL>) which each accommodate 50 to 100 staff.

## Keeping familiarity

Staff from a unit are based in one neighbourhood to give a sense of familiarity that is important, says BVN Donovan Hill national director James Grose. He says workers can be distracted by the presence of unfamiliar people walking through their space.

Productivity is everything. Based on the idea that people who move regularly are more productive, even the location of toilets – at one end of a floor, rather than in the middle – is designed to encourage walking.

“We put the toilets in the most difficult place to get to because it forces people to walk,” Grose smiles.

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Each staff member has a locker to store personal belongings and the workplace has a number of spaces where people can meet informally – hence fewer formal meetings.

Other banks may be watching what ASB has done, but in Australia their scope to repeat the trick is limited. Since the real estate industry pioneered real estate investment trusts, most corporations rent their buildings rather than own them, says architect and consultant James Calder.

## Kiwi innovation

“We’re basically a tenant market, not like Europe and North America,” Calder says. “We haven’t had a lot of scope to change the buildings. You’ve only got what you’re given. That was fine in the ’80s and ’90s, when it was just offices and work stations. But it all started to change with mobile technology.”

The investment was also a leap of faith few Australian employers would be willing to make, Grose says.

“New Zealanders as a culture are more interested in innovation than Australians are,” he says.

“It is a small country, challenged to always be on its best performance.”

New Zealand’s property market is similar to Australia’s. ASB rents its new Auckland headquarters – as it does two other buildings it also custom-designed – but it benefits from being a large tenant in a smaller market, where developers are more likely to let the client also play the role of design manager.

The potential productivity gains to be made from better design make it something all banks keep an eye on. Chapman says she hasn’t discussed the new building with her counterparts at New Zealand’s other three banks, but assumes they have an idea what is going on.

“I’m not going to let them in,” she smiles.

## Competition for all

If clients are competitive, so too are the architecture firms. The growing focus on workplace design makes it an area of specialty that the large firms are keenly competitive to tap. BVN Donovan Hill wins kudos for being the first firm in the game, but since then rivals such as Hassell and Woods Bagot have taken it on and are more workplace design work globally.

Grose is undeterred.

“In my view true innovation happens on a smaller scale than the rollout of generic projects on a larger, international scale,” he says.

Workplace design is an evolving discipline. It got a kickstart in Australia with the collaboration led by Rosemary Kirkby, then MLC’s effective head of human resources, who saw that changing the physical environment in which people worked was a way to help change the traditional and hierarchical insurance company into a progressive wealth-management business.

Kirkby engaged Grose (whose firm was then called Bligh Voller Nield)– who had until that point only worked on residential buildings – to design a retrofit of MLC’s North Sydney building. Calder consulted on the project, providing the strategic brief and layout concept. He was then Australian head of firm DEGW, whose UK founders, Frank Duffy and John Worthington, had pioneered thinking about workplace design.

## Campus MLC changes the game

The award-winning Campus MLC, completed in 2001, is regarded as a game changer in the way Australian employers think about the connection between the physical environment they provide and their business. MLC was one of the first businesses to introduce online trading.

In 2004, the NAB (the owner of MLC) followed the North Sydney building with its headquarters in Melbourne’s Docklands, which Grose also designed. Macquarie Bank’s One Shelley Street building in Sydney was completed in 2009 and was the next building to stand out for its design. Calder worked on that building when at Woods Bagot and is now working with developer Brookfield Multiplex to build NAB’s new building at 700 Bourke Street in Melbourne.

## The professional challenge

While activity-based working is in vogue now, that is likely to change as the structure of workforces changes ([http://www.brw.com.au/p/professions/just\\_got\\_activity\\_based\\_working\\_w8tWtJZZWqrdHyMSu8NPEO](http://www.brw.com.au/p/professions/just_got_activity_based_working_w8tWtJZZWqrdHyMSu8NPEO)). The changing role of design in the workplace is creating a challenge for architects, Kirkby says.

“Many of the design firms are starting to understand that it’s not enough simply to be good designers,” she says.

“They actually have to understand the businesses’s priorities. If this is more than a place that keeps the rain out, if it’s a facilitator of business performance, then you have to understand that business.”

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This may mean considering the needs of an employer with workers stretching across four generations, from baby boomers (born between 1946 and 1964) to Generation Z (born 1994-2004), who have differing relationships with that organisation ranging from full-time exclusive employees to casual hires who simultaneously provide labour and services to a number of different employers.

## Creative ambiguity

In such an environment, design may need to meet different needs of movement, such as combining a need for fixed-desk accommodation with fluid movement of people in and out.

“Architects can expect competition from non-traditional sources,” Kirby says. “I don’t know entirely what that can be. It could be theatre set designers, industrial designers.”

Calder makes a similar point.

“There is this chasm between management consulting and design,” he says. “Management consultants aren’t interested in space and architects aren’t interested in business.

“It’s almost an emerging discipline around creating new building forms around new organisational forms and new mobile work spots.”

## Really?

The argument lays bare some tension within the profession.

Grose agrees with Kirkby and Calder – up to a point. Architects need to understand their clients’ businesses, but have to retain a sense of the ambiguity that he sees as crucial in driving the creativity that architects provide, he says.

“Management consultants are from the business community. Architects are not from the business community and never should be.

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"You have to live with ambiguity to make new things and that's something in my view which is different (about) creative people."

True to his profession, Grose explains it in visual terms.

"We wear suits from time to time, but we don't wear ties."

The challenges are big, but for the firms that can get on top of it, the rewards could be great. While the UK's DEGW pioneered the discipline of workplace design – turning heads with London's Broadgate office development near Liverpool St Station, the firm no longer exists and Australia leads the way.

Calder says there is scope for Australian firms to sell their knowledge around the world, especially in America, which pioneered the glass-shrouded office tower and remain wedded to the notion of tall buildings. There is ample scope for outsiders to show them how to do it, Calder says.

"This certainly isn't happening in North America," he says. "There is real opportunity if we can start to get this right."

*The writer travelled with BVN Donovan Hill to Auckland.*

**Topics:** Architects (/t/Architects) Entrepreneurship (/t/Entrepreneurship) Private equity (/t/Private equity)  
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