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Towards business potential of workplace services in Finland

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Abstract

People no longer work as they worked 15 years ago. One of the major changes, as Laing (2013) stated, is that the employee no longer has to go to work, but information technology brings the work to the employee. Due to the independency of work from time and place, employees are working in a new way in multiple locations. For service providers, this offers a new business field. Thus, the paper focuses on this new business opportunity. The aim of the paper is to identify the business potential to build up and elaborate the workplace service business. Interviews with national workplace service providers and international workplace experts were conducted in order to get practical insight on the topic. Based on the interviews, two development steps are required to utilise the new business opportunity: (1) the transaction-oriented way to provide workplace services should be substituted by new business models, and (2) the workplace service should be re-thought and re-designed as a service that is not solely dependent on physical space. Based on the new business model and service, a new business opportunity could be harnessed.

Keywords: workplace service; multi-locational work; co-working; business model; Finland

1. Introduction

In this paper, the focus is on the new business opportunity to build and elaborate the workplace service business. The insight for the business opportunity is provided based on five semi-structured interviews with workplace experts. Due to the independency of work from time and place, employees are doing work in a new way in multiple locations (see e.g., Hislop and Axtell 2009, Koroma et al. 2014). These locations include, for example, the main
office, customer’s premises, satellite offices, cafés, libraries and homes. Moreover, work can be done in various moving places, such as in cars, trains and plains. The need for companies’ own office space is decreasing as work can be done in various other locations than in the main office. There may not be assigned desks for every worker when the offices are redesigned for multi-use purposes to support creativity, well-being and productivity (De Paoli et al. 2013, De Been and Beijer 2014, Waber et al. 2014).

In order to provide new workplace services, there is a growing need to better understand the business opportunities arising from new ways of working. There is already a market stream that provides services related to new ways of working when companies and other organisations are relocating their business operations or when organisations have decided to develop their work environment. For example, the need to support mobility and flexibility of workers has promoted changes in work environments; as mobility and flexibility of workers is increasing, the main office becomes more like a hub of workers that come together in order to collaborate and have private face-to-face meetings (see e.g. Waber et al. 2014).

Another market stream promotes the concept of co-working services by providing new ways to use spaces and places for mobile workers. Cowork means independent work in shared facilities (Buksh and Davidson 2013) and coworking places refer to the shared offices, where a group of individuals with more or less heterogeneous backgrounds co-locate themselves in the same work environment (see e.g., Spinuzzi 2013, Parrino 2013). According to Spinuzzi (2013), coworking places represent the leading edge of a more general trend towards distributed, interorganizational and collaborative knowledge work. Because the market is highly competitive, van Meel and Brinkø (2014) estimate strong customer focus to be the most important quality of a coworking site.

The paper is structured in six parts. After the introduction, a theory on workplace services is presented. After this, the methods used in this paper are presented and the results discussed. In the discussion, a synthesis of the results is presented through two development steps and finally the conclusions are drawn.

2. Theory – The use of space in multiple locations

When designing new workplace services, the nature of knowledge work and the requirements of various work tasks need to be taken into account. Knowledge work refers to the creation, application, transmission and acquisition of knowledge (Kelloway and Barling 2000). Some tasks need concentration and individual working time whereas other tasks require collaborative working with colleagues or customers. Work tasks may include both face-to-face interaction and technology-mediated work (Bosch-Sijtsema et al. 2009). In the workplace research, different types and activities of multi-locational knowledge workers now and in the future have been studied. Knowledge workers have been classified, for example, based on the level of interdependence and the complexity of work (Davenport 2008), time and place dependency (Maitland and Thomson 2011) as well as based on the mobility patterns of work tasks (Greene and Myerson 2011).

The tasks of knowledge workers need to be supported with work environment, including physical, virtual and social work spaces (see e.g., Vartiainen 2007). The physical spaces include traditional places such as (1) the main office as the main workplace and (2) home, as well as non-traditional places; (3) moving places referring to various means of transportation including cars, trains, planes and ships (4) secondary places, for example customers’ or partner’s premises or the organization’s remote, satellite or telework offices and (5) third places including places such as hotels, cafés, and parks that are new work venues. Based on a global study, Sterlitz (2013) has reported the frequency of working in third places: half the respondents reported working in third places sometimes or all of the time (52 per cent in business centers/lounges and 48 per cent in informal settings like cafés). Further, 72 per cent of the earlier respondents reported that the third place was their most frequent work location, with 50 per cent reporting that they work there 4 or 5 days per week. Based on the study, the use of third spaces to work is consistent across the size of the organizations, whether they are large ( > 249 people), medium (50-249), small (10-49) or micro (0-9). In the same study, 59 per cent of the respondents reported working in own office buildings of their organization and 49 per cent reported at working at home. The multi-locational working is indeed a new norm.

In addition to the use of physical spaces, virtual and social spaces are also needed. Often knowledge sharing and collaboration is done through the available electronic working environment, infrastructures, devices and media, i.e.
in virtual spaces (Koroma et al., 2014). The combination of physical and virtual workspaces is often referred to as workscape (e.g., Laing 2014, Worthington 2006). Social space refers to shared thoughts, beliefs, ideas and mental states that people share (Vartiainen 2007). Figure 1 (adapted from Laing (2014)) illustrates how organizations can obtain the combination of physical, virtual and social spaces: is it obtained as a real estate that is owned or leased, is it obtained as product that is consumed collaboratively or is it obtained as a service.

3. Research methods

In this paper, a qualitative research approach is applied. The results are based on five semi-structured interviews. First, three Finnish service providers were interviewed in order to gain insight on the practical business challenges. The analysis is related to the challenges of organizing and providing workplace services. At the same time, two internationally leading workspace experts were interviewed in order to get timely information on the ongoing business in the field of workplace services from international perspective. All interviews were conducted in November 2014 and they lasted 1-2 hours. Based on these interviews, to build up and elaborate the workplace service business were analysed.

4. Results

4.1. Workplace services - business challenges in Finland

Based on the service provider interviews, in Finland the awareness of workplace services and their opportunities has increased among the customers although there is still a lot room for improvement. The improved but still
incomplete understanding on workplace services results as practical business challenges. The challenges to organize business are summarized by three points.

First, one of the business challenges of workplace services is that many of the benefits of the workplace services cannot be observed immediately but the benefits are gained as the time passes by. All interviewees agreed that because the benefits of workplace services and new ways of working are undeniable, such as the impacts on the real estate costs, and employees’ well-being and productivity, the repayment period of the investment is actually rather short. Due to the complex cause and effect relations and transaction-oriented market, it seems that a challenge for the workplace service providers from business perspective is to get awarded from the right issues, i.e., revenue streams are limited.

Another challenge relates to the changing business environment. To stay one step ahead of the competitors and requirements of the customers is a challenge for workplace service providers. According to the interviews, to be constantly a pioneer in a rapidly developing sector is not an easy goal. An interviewee stated well the problem by saying “to be able to stay in the same place, we must run fast” [free translation from Finnish to English].

Third, in Finland the way working is organized and managed lags behind. For example, an interviewee stated that the presence of employees at the office is often measured and the information is used as an indication on their work contribution. Because work nowadays is done in projects and multiple locations, this kind of measurements are not sufficient. This is a challenge to workplace service providers because the organizing and management practices do not encourage using the workspace in a modern way.

In addition to the key challenges, there is also a great business opportunity that was emphasized in the interviews. All interviewees agreed that more and more employees are working in multiple locations and more and more organizations streamline their workplace according to the new norm. This as such provides a huge business opportunity for workplace service provider.

4.2. Landscape of providing and consuming workplace services

Based on the interviews of two leading workspace experts, business logic and the entire landscape of offering workplace services has changed along with the new concepts, such as open houses, co-working spaces and public workspaces. In many cases, the premises are no longer rented in the traditional way but workspace is offered as a service. For example, hotels, cafés, shopping malls and airports enable working by providing physical facilities and wireless Internet connections in order to attract their customers. However, they are not in real estate or workplace service business. Each service provider or operator seems to have a different business logic that is not to rent premises. An interviewee described the situation:

“…individuals or organizations can kind of trade space in a more fluid way. So that’s changing the whole landscape of, who are the providers..., how the users obtain or procure space that they want or the workplace services that they want.”

5. Discussion

Based on the interviews, two steps need to be taken to build up and elaborate the workplace service business: (1) to generate a new business model and (2) to re-think and re-design the service. These would assist in establishing a new business field. Next, each of the steps is discussed.

To generate a new business model. Based on the interviews, it can be argued that customers have a need, which should be fulfilled but the traditional, transaction-oriented way to provide workplace services is not enough. At the same time, there are already signs of the changing landscape of who provide(s) the service, who produce(s) the service, who consume(s) the service, who pay(s) for the service, and who get(s) the value of the service. Therefore, to utilise the opportunities in the new business field, a new business model is needed.

To re-think and re-design the service. In the service provider interviews, it became evident that the current workplace services are still heavily connected to the design of a physical space. As literature and the interviews of the leading international experts showed, workspace should be treated as a service. Designing single spaces does not
solve the challenge of individual users, who work in multiple locations and on multiple platforms. Therefore, a new approach is required to develop a service that supports multi-locational working.

Developing a new business model and a service to satisfy a new, growing demand would create a totally new business field. However, this requires that the typology of multi-locational working, as Laing (2014) describes it, is rethought.

6. Conclusions

In this paper, the focus was on the business opportunity that multi-locational work creates. The aim of the paper was to identify the business potential to build up and elaborate the workplace service business. Insight for the aim was collected through five semi-structured interviews with workplace experts.

Based on the literature and interviews, two development steps were identified. First, the landscape of service providers, producers, consumers, payers, etc. has already changed. Therefore, we should let go of the transaction-oriented way to provide workplace services and create a new business model with new value propositions, partners, revenue streams etc. Second, the workplace should be seen as a service, not as something that is dependent on physical space. Therefore, the workplace service should be re-thought and re-designed. The invention of a new business model and a new service would enable establishing a totally new business field.

Due to the limited number of interviews used in this paper, more empirical evidence, testing of ideas and development is required. A comprehensive review on the current market and service providers would assist in making more robust analytical generalisations. However, based on the insight provided in this paper, it can be argued that in the future research, the business perspective of workplace services should be included in the research scope. Also more time and resources should be invested in generating the new business model and service(s) in the field of workplace services.

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http://www.regus.co.uk/images/Third%20Place%20Whitepaper_LowRes_tcm7-44973.pdf


