

CASE STUDY

MAY 31, 2016

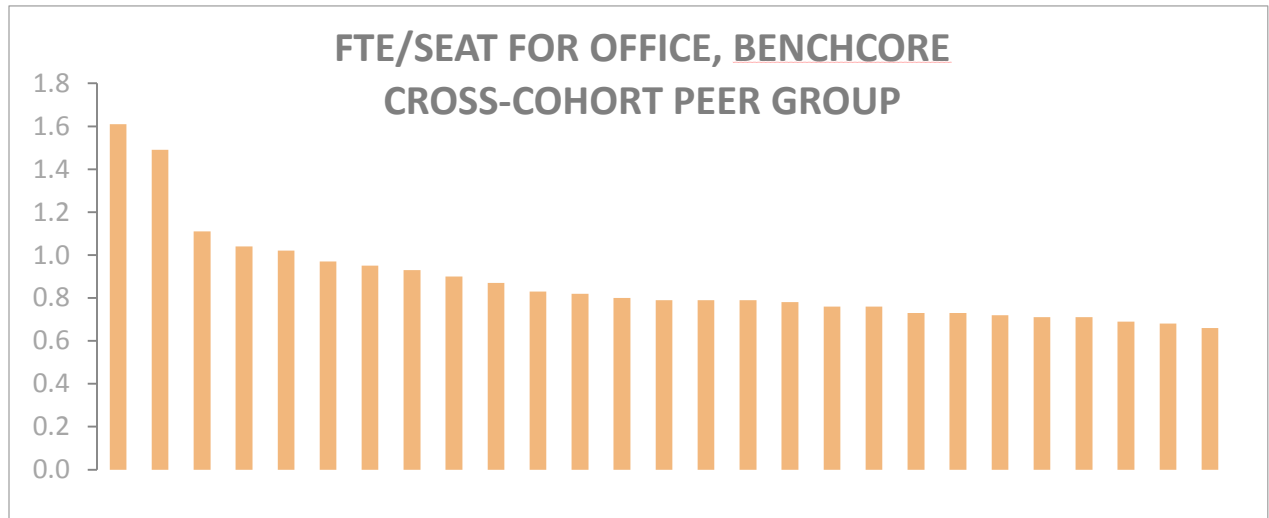
FTE'S PER SEAT IS ONE OF YOUR MOST VALUABLE METRICS

We know from BenchCoRE's subscribers that one of the most meaningful metrics for the effective management of a corporate real estate portfolio is the FTE per seat ratio. Savvy corporate real estate executives understand that a measure of space efficiency can yield opportunities and otherwise inform their long-term strategies and day-to-day tactical decisions.

After all, while the price per square foot or square meter matters, the number of these "units" required to house a company's workforce is also material. Our benchmarking data as standardized across a broad range of companies and geographies reveals that most companies cluster in the 0.7-0.9 range. However, a key finding of best-in-class practices reveals that a few highly efficient companies are able to achieve ratios in excess of 1.0, sometimes well in excess.

EXHIBIT 1 displays a large cross-sampling of our members arrayed from high to low based on FTE's per Seat. The average is 0.9; the median is 0.8. As the exhibit demonstrates, three different companies are highlighted on the high end of the scale with ratios ranging from 1.1 to 1.6. These remarkably high ratios are impressive in their own right, and even more so given that these are portfolio averages across an entire office base, including headquarters.

EXHIBIT 1 FTE per Seat, office space, global, cross-industry peers, arranged from high to low



The three companies achieving the most favorable ratios represent the competitive Technology, Financial Services and Professional Services sectors. While the sectors have very different cultures and practices, all three are global companies, have large (>40 office) corporate real estate footprints and a significant portion of their employee base devoted to client solutions. As a result, they are well positioned to impose aggressive seat sharing targets.

When we look more closely at the data, one of the peers has successfully implemented a restrictive ratio of seats and employees. Specifically, a seat is made available only to those employees who are onsite 60% or more of their time. All other employees are asked to share seats on either a first come basis or through an online reservation system. The company makes effective use of other “seats” in shared areas such as collaboration rooms, café’s and conference rooms. They have established additional ratios between the number of individual work seats to the seats, size and configuration of the shared rooms. On-site wifi enables staff to sit anywhere in the facility. The company also keeps individual workstations small: their current standard is 6’x6’ or 6’x8’ in cubicles with low-rise partitions.

EXHIBIT 2 shows this company’s FTE per Seat ratio by office location. The highest density sites are in the central districts of large urban centers, and not surprisingly, these offices are characterized by higher levels of staff in sales and client service functions. Many offices have ratios in the 2-5 range, which then positively influences the overall average in a material way.

EXHIBIT 2 FTE per Seat, individual office space, U.S., for select peer

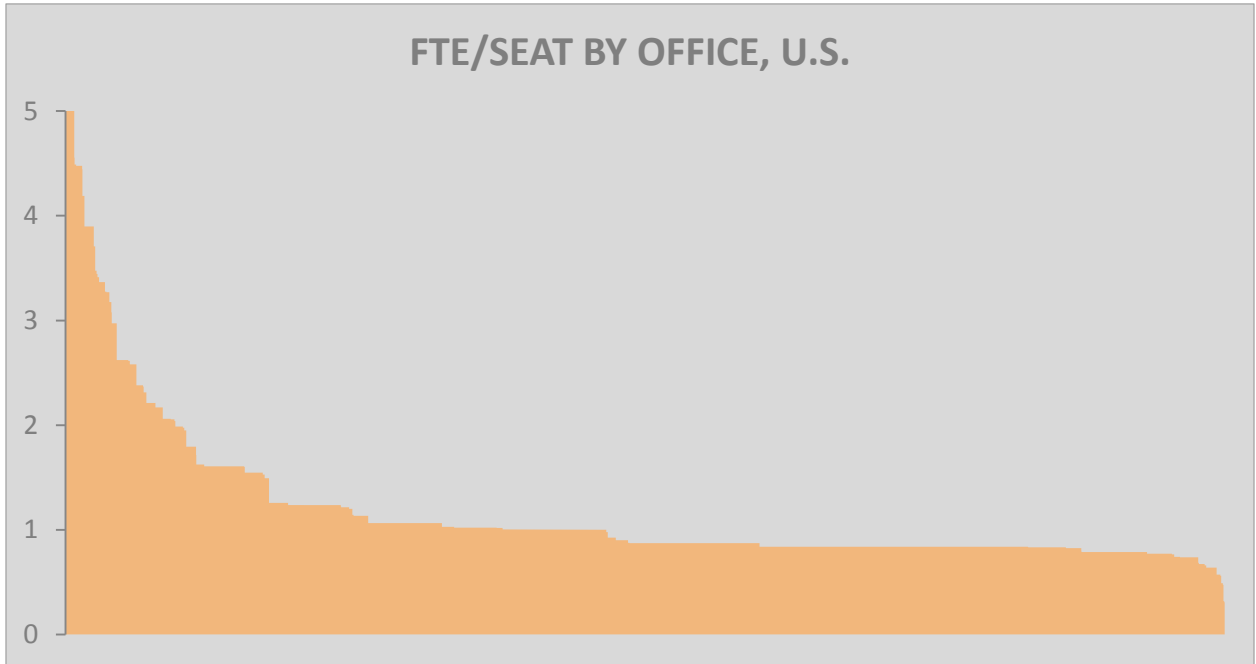
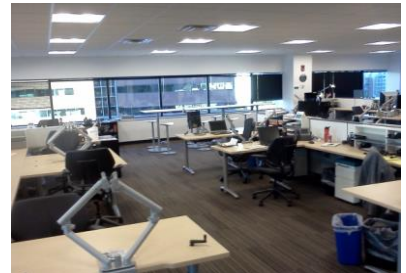
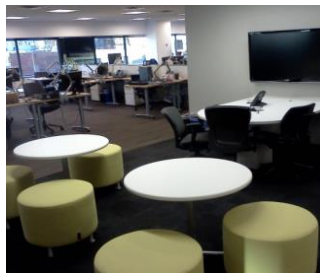
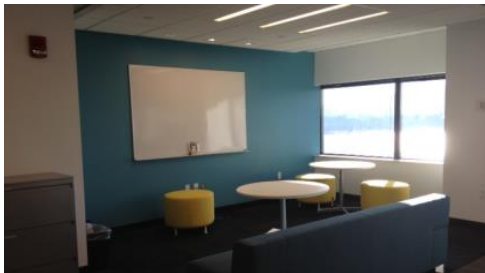
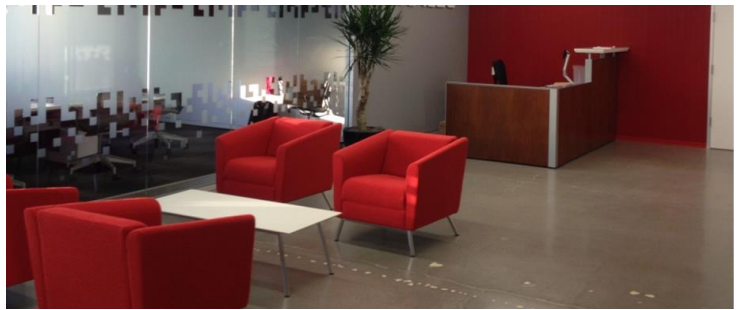
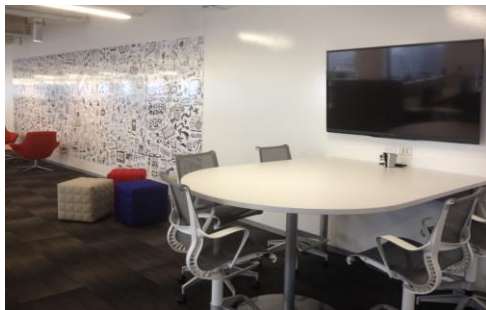


EXHIBIT 3 has recent photographs of some of the office space. They highlight the open design of the workspaces. Collaboration space seamlessly blends with workstation seating. The layout encourages spontaneous collaboration and chance encounters among employees.



Although these peers are able to capitalize on certain structural characteristics of their workforce, their success in achieving high FTE-to-Seat ratios has lessons for every company pursuing reductions in space utilization. Even if a workforce may not be considered to be as mobile as in some types of companies, a closer look will most likely reveal that there are employees who can, do and/or would work remotely or flexibly, be it from home, client sites, or in a shared seat environment.

Technology now enables individuals to be highly productive in a wide range of settings. The delivery of work is increasingly more ad hoc and cross-functional. Project teams can form, disband and re-form to meet ever changing demands. The pressing imperative to innovate demands more face-time across cross-skilled workers regardless of their hierarchical or departmental function or title. All of this when taken together leads to workplace design with smaller individual workstations, more “free desking” and the increased provision of collaborative space. When done properly, companies will yield the benefits of enhanced productivity and accelerated innovation. The “hard” metric to capture these benefits is FTE’s per Seat.