

# Creating an AWESOME Workplace

## *SCAN Health Plan's Innovative Office Space*

BY DIANE COLES, MCR, AND JAMES WARE, PH.D.

**S**CAN Health Plan® is the fourth largest not-for-profit Medicare Advantage health plan in the United States that serves the needs of more than 128,000 members in California and Arizona. Headquartered in Long Beach, Calif., USA, SCAN was founded in 1977.

SCAN's corporate mission is to find innovative ways to enhance senior citizens' ability to manage their health and to control where and how they live as long as possible. Why shouldn't SCAN employees have the same control over where and how they work? That's exactly what the workplace solutions team did by creating an "Alternate Workspaces Engaging Staff & Office Management Efficiencies" or AWESOME project.

Given rapidly changing, highly competitive health care demands and the need to attract and retain hard-to-find top employees, it was imperative that SCAN's office facilities reflect changing needs quickly, nimbly and without incurring extra cost. As a result, the AWESOME team developed an innovative space concept that not only increased flexibility but also realized significant savings. Additionally, they re-aligned the workplace with SCAN's vision in mind creating an exciting, modern, agile and sustainable workplace.

### **Aligning the workplace with the corporate vision**

It was clear early on that SCAN's traditional cubicle design was not compatible with the updated company vision and strategic direction. Originally, office space was determined by an individual's job title. In order to link the design to business strategy, management wanted the space to be less hierarchical, foster creativity and innovation, break down silos, meet multigenerational needs, improve productivity and increase flexibility for quicker expansion into new markets. A critical element of the strategic plan was the implementation of a virtual workforce with space that is flexible enough to meet the demands of both office residents and home office workers.

Change is always difficult, especially when merely dictated from upper management. On the other hand, when corporate leadership models the path, change is embraced more easily on a corporate level.



The first step in the process showed how serious the executive team was about the desired change in culture when they all agreed to reduce their own offices from 250 to 150 square feet. Many executives also exchanged traditional furniture for flexible, more cost-effective tables. Today, when the execs are out of the office, their teams use their offices as meeting rooms. "With the new office furniture, my team says they don't feel like they are going to the principal's office anymore" said Grace Mayeda, director, member services.

### Developing the space concept

To create the new space, design charrettes were conducted with representatives from all departments. Employees were shown a series of pictures and asked to select which best represented their ideal office and explain why. The common themes that emerged from these exercises were the need for better acoustics, lighting and color, along with more freedom of choice and mobility.

Working with Manuel Urquiza, managing principal of Urquiza Group Inc., and futurists Jim Ware Ph.D., founder of The Future of Work...unlimited, and Charlie Grantham, Ph.D., professor of management at Capella University, the AWESOME team developed a unique design concept to replace the traditional office cubicle.

Sir Winston Churchill once said, "We shape our buildings; thereafter they shape us." The new design philosophy reflects SCAN's corporate culture — expressing openness, collaboration and teamwork. It includes "creative" spaces (literally "places to create"), transcending traditional offices with an environment more like a home or home office. Like a neighborhood, staff have the freedom to work anywhere within collaboration parks, phone booths, post offices, touchdown areas and townhouses.

The workplace solutions group wanted complete flexibility to move furniture components quickly, with no attachments to panels and minimal need for outside vendor services. They created the townhouse idea, which is a "home" for four-to-six employees; the sizes range from 16 feet by 16 feet to 16 feet by 24 feet.

Townhouse residents can choose their own furniture (from an approved list) and its placement within the townhouse. They typically design their workspace by displaying their ideas on a Smartboard®. Using the Smartboard, department staff and workplace solutions can quickly redesign a townhouse, print a picture of the layout and make the desired changes immediately. Hello self-service space planning and goodbye tracking churn.

Designed by Urquiza, the townhouses use Steelcase Post and Beam, and Tangram Interiors hybrid products. Post and Beam produces a space-delineating structural frame with visual and acoustical privacy screens, creating unique design elements without using conventional partitions. The Tangram Interiors screens employ aircraft cables, steel gripper units and architectural door hardware to energize the townhouse. The panels include a translucent surface with glass-sliding barn doors, acoustical panels and connectivity supporting any reconfiguration of townhouse interiors overnight.

The special requirements of SCAN's call center were met by Kimball Office's innovative HUM product. A 120° hexagon layout optimized what customer service demanded: accessibility and collaboration. Aesthetically, HUM's contemporary finish palette paired with its lightness in scale and high-tech look produced a beautiful and productive work environment. Member Services Supervisor Martha Covarubias is a fan. "I have seen an improvement in communications among Call Center staff and an increase in productivity and teamwork."

### The power of choice

SCAN employees deeply appreciate their new power of choice in self-designing their



"SCAN Health Plan: A Flexible Office Story"

office space. This change alone has made the once daunting task of space planning fun. There is no need for lengthy design meetings, documentation and additional vendor services (and expense).

Not only that, self-service space planning has additional benefits including:

- Giving staff choice in the design of their space to improve productivity;
- Helping groups begin working as a team prior to moving into their townhouse; and
- Introducing staff to new interactive whiteboard technology.

Townhouse residents are asked to think about their productivity as they experiment with the placement of their furniture. Some even identify their performance metrics right on the Smartboard as they design their townhouse. SCAN is beginning to monitor these metrics to better understand the impact of space design on employee productivity.

The SCAN sales department credits the new space with playing a part in a 57 percent increase in sales. According to Laura Hutchinson, telesales manager, "Working in the townhouses has improved collaboration and customer processing in telesales." A video about the new offices with

comments from the sales team can be seen on YouTube at <http://www.youtube.com/watch?v=k1A9AdVd0Ks>.

### Selling the C-suite in a down economy

With the economic downturn occurring during the project, the team needed to sell the space concept to the C-suite and then show savings on a continual basis. Management was persuaded to proceed regardless of the economy because the return on investment (ROI) was so high.

Some of SCAN's executives and many employees questioned why the company was making a large capital investment during economic uncertainty. Transparency for all costs was essential for the team, which recalculated and communicated project ROI on a regular basis to overcome those concerns.

A cost/benefit analysis of this space concept projects a savings of US\$7 million over six years. This conservative analysis shows that the flexibility of the office design and provisioning process produces a 38 percent savings and a 25 percent increase in density. A historical financial analysis identified significant increases in architectural, engineering, construction, furniture, electrical and cabling costs from earlier periods. As SCAN grew, so did these costs.

With help from finance, the AWESOME team was able to project how the space concept demonstrated a significant cost savings over the former traditional office configuration approach.

"It was clear to the team and executives that the new office design would enable SCAN to convert facilities' cost reductions into much-needed health care cost reductions for its customers," said Hiep Pham, SCAN director, financial planning and analysis. "Thus, the new space concept has contributed directly to SCAN's competitive position in the marketplace."

### Managing the change

With the executives onboard, the team developed a change management plan to explain the new space design benefits. Once the staff understood the vision and the future results, they began accepting the change.

Believing that "a picture is worth a thousand words," the AWESOME team created change presentations and a workplace policy in pictures that was communicated in several different ways including by the CEO during "straight talk" meetings with all staff, in company newsletters and at individual department meetings. As Anna Richards, workplace solutions manager, and her team found, "Graphic images provide quicker understanding during office moves. Once

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they see the pictures, employees immediately understand the concept and their choices. This new approach to policy definition and enforcement also empowers IT and workplace solutions staff who have to deal every day with issues and questions about workplace and equipment standards”.

### Nomads in the workplace

Thanks to these technology improvements, SCAN has a “Nomads in the Workplace” program that allows employees the flexibility to work anywhere within a building or designated neighborhood. Telecommuters have been practicing this nomadic way of working for some time, but now even employees who must be in the office every day because of the nature of their job can benefit from the flexibility that mobile technologies enable.

The Nomads program is geared toward employees who are not able to telecommute. SCAN’s director of workplace solutions became SCAN’s first full-time Nomad in 2008 and her former office now doubles as a touchdown and teaming space. Becoming more nomadic not only reduces real estate costs, it also helps break down silos, allows teams to become more creative and helps to resolve issues quickly by using collaboration areas more effectively.

“I really enjoy the flexibility of the nomad status,” said Ed Dignan, project manager. “With wireless, I’m online anywhere in the building. I don’t need an office. We have several well lit, comfortable open areas either to work solo or to assemble a small group for quick meetings. And, we have numerous phone booths if I need quiet time. The furniture is state-of-the-art, which adds to the feeling that I’m in a modern, professional environment.”

### Improving corporate agility

This project shows that a facility team can have an impact on corporate strategy, corporate productivity and cost savings. AWESOME has laid the foundation for SCAN’s entry into new markets by putting in place a more efficient facility change process and creating a workplace that attracts and retains employees.

Perhaps the most important point is that AWESOME has been a team effort. Right from the beginning, representatives from

workplace solutions, human resources and information technology came together to produce a unified vision and action plan. “Working together gave us a better understanding of how each of our strategic areas impacts corporate agility and the workplace,” said Dennis Duran, Director, IT infrastructure.

The AWESOME team pushed the furniture industry to think differently by abandoning the traditional cubicle mentality in favor of a more flexible and sustainable approach. As Urquiza put it, “This project is putting pressure on SCAN’s facility services and supplier network — specifically office furniture and commercial real estate service providers. It is requiring them to change how they do business with SCAN.” As more companies adopt similar space concepts, more pressure will be placed on vendors who serve the FM industry.

“This example shows that facility management can, and should, lead the development of a strategically-focused operation that can be adapted to corporate needs as companies contract their workforce, expand into new market areas and/or increase their emphasis on attracting and retaining talent, rather than a more narrow cost-optimization approach,” commented Janice Cimballo, senior vice president, Jones Lang LaSalle.

SCAN’s AWESOME project demonstrates that prudent investment in new design and provisioning processes can contribute directly and almost immediately to the corporate triple bottom line, saving millions of dollars that can be put to better use, in SCAN’s case, providing senior citizens with better health care. [FMJ](#)



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