

THE ECONOMY OF PEOPLE

Why Workstyle is
Worth €39.8 Billion

May 2018





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01 Foreword



Around the world organisations are working tirelessly to understand and adapt to emerging technologies, new cultural preferences and changing workforce dynamics, all of which have created challenging productivity and performance issues amongst workforces.

Over the last 10 years, there has been a seismic shift in the way we work, which has put tremendous pressure on organisations to modernise and digitally transform in the interest of ensuring operating models are agile, competitive and, most importantly, fit for the future.

Organisations in the United Kingdom and Ireland have arguably felt this shift more than other countries, which can be seen most noticeably through Britain's own productivity puzzle. What was expected to be a short-term productivity issue caused by the 2008 financial crisis created a lasting effect, which has been plagued by further economic uncertainty. Between 2008 and 2017, productivity per hour grew at an average rate of 0.2% – a significantly lower rate than the Noughties (1.1%), 90's (2.2%) and 80's (2.4%).

Whilst economists searched for signs of potential improvement in traditional economic indicators such as inflation, consumer spending, trade and interest rates, the situation grew more complex as Brexit and the cost of the United Kingdom's withdrawal from the European Union were introduced into economic forecasts.

As we reflect on the last 10 years of productivity and consider what the next 10 years hold, it's clear that 2018 represents a critical crossroads. The question we must answer is how we unlock our full potential as a workforce and society. The answer, we believe, is through a deep understanding of people and their ability to drive the economy through the way they work.

The way people work sits at the heart of every organisation – from small to large, public to private – across every industry and sector. Moving forward, the mark of modernisation



PHIL KEOGHAN
CEO, Ricoh UK and Ireland

for every organisation will be operational alignment between cultural, physical and technological workplace strategies, all based on a common ground between employees and employers. Modernisation at this level will lead to tremendous growth for organisations and the United Kingdom alike, resulting in a powerful Economy of People.

Ricoh's mission is to help organisations gain a better understanding of their people and the way they work. By focusing on people first, organisations can implement new processes, workplace initiatives and technology strategies that will maximise potential and ensure they are fit for the future.

By examining the Economy of People in partnership with Oxford Economics, Ricoh has calculated the potential impact of aligning culture, workspace and technology strategies. The result is a new, holistic approach to designing workplaces that has the potential to uplift organisations and positively reshape the United Kingdom and Ireland's economic trajectories for the foreseeable future.



02 Executive Summary



What is the Economy of People?

Take a few minutes to think about the effectiveness of your workplace. Consider everything about it and the way people work, whether is visible or not.

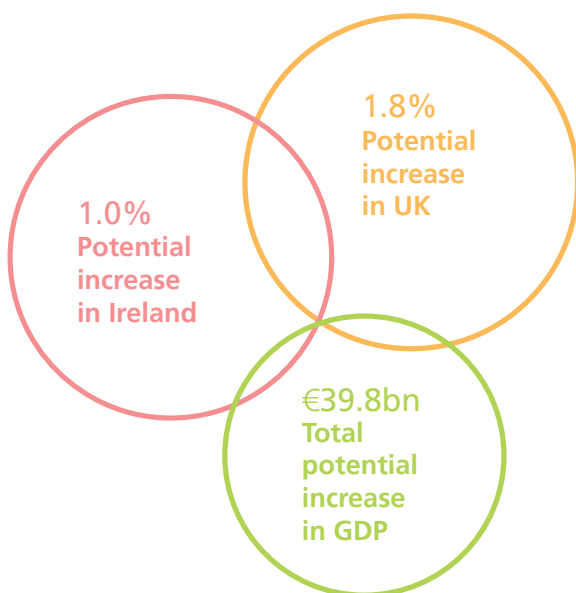
For example, you might ask yourself if there is more to culture than its ability to attract, retain and motivate talent. Is the workspace designed to function and inspire, or is it a collection of mismatched furniture and untouched file cabinets in a space that might be too small, or too large? Are processes and procedures like flexible working approved based on popular demand or designed with purpose and productivity in mind? Is technology in the workplace a series of short-term adjustments, or the foundation of an organisation that has fundamentally changed the way people work?

These are the critical workplace questions organisations should be asking themselves, because behind each one, and countless more, lies tremendous performance and productivity potential.

We have always believed that the path to new found performance and productivity lies in Workstyle Innovation, which is an approach through which organisations implement bespoke workspace, process and technology solutions to create one cohesive and highly effective workstyle. Whilst this approach can put organisations on the path to an optimal office and unlock the full potential of their people, the exact financial impact of such potential on an industry and macro-economic level has long been unknown.

That is why Ricoh partnered with Oxford Economics to quantify the value of the optimal office and the potential value we as people, industries and a society could ultimately generate. Today we estimate that the Economy of People, which is the overall economic value of organisations developing optimal offices, is worth an incredible €39.8 billion in untapped GDP. Of the total €39.8 billion, €36.8 billion could be generated in the UK and €3 billion in Ireland.

In context, the €36.8 billion that could be generated in the United Kingdom would pay for Brexit twice and still have change to spare.



To calculate the output from an optimal office and the overall value of the Economy of People, Ricoh UK developed a bespoke economic model with Oxford Economics that followed a five-step process.

1. The model began by developing an optimal office performance benchmark through two surveys and in-depth interviews with 200 executives and 200 employees across the country to understand expected growth delivered by the optimal office across five industry sectors.
2. The model then used a standard definition of labour productivity, namely, gross value added per person employed.
3. The performance benchmark from the survey was applied to the estimate of labour productivity in the corresponding industrial sector to calculate gross value added per worker.
4. The resulting growth in gross value added for the average worker (in £s and €s) is then multiplied by the total number of people employed in that sector.
5. Finally, the model found the sum across all five industries to get the additional gross value-added contribution to GDP that the move to optimal offices would deliver.



Based on the conversations with respondents and the results of the surveys, we found that emotional factors, namely culture, drive employee performance and are a catalyst for creative thinking. On the other end of the spectrum, technology proved to be critical to ensuring high output-per-hour, or productivity. The physical, which translates to the workspace and office setting, is the bridge between performance and productivity, thereby influencing both.

By understanding performance, productivity and the link between the two, we were able to forecast a potential 1.8% and 1.0% increase in UK and Ireland GDP, respectively. Together, these numbers translate to the aforementioned €39.8 billion increase in GDP that the United Kingdom and Ireland could potentially realise through an optimal office.

Throughout this report, we explore the current effectiveness of workplace strategies and opportunities to create greater alignment between employee needs and executive decision-making, which will help outline the path towards building the optimal office.

03 Optimal Office

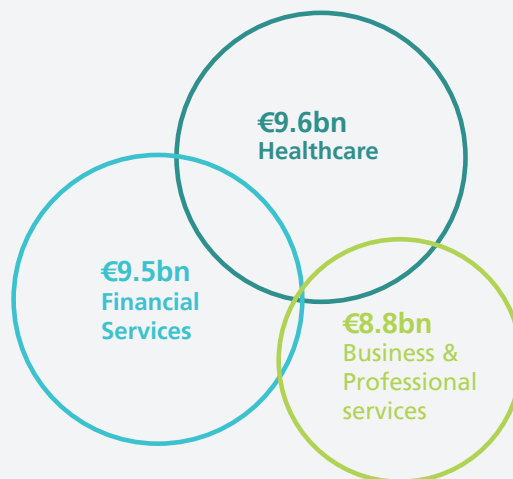


By the Numbers

Increase in GDP by 1.8% in the UK
and 1.0% in Ireland



Sectors with the largest
potential growth:



Putting the GDP Boost into Context

The GDP of the optimal office in relation to areas in the UK:

Optimal Office
€36.8bn

Growth in Irish GDP from the introduction of an optimal office environment in these sectors is a **third of the size** of the economic output produced in the Borders region (Cavan, Donegal, Leitrim, Louth, Monaghan and Sligo) each year.

€20.9bn Glasgow

€20.8bn Edinburgh

€22.5bn Leeds

€19.1bn Manchester

€26.8bn Birmingham

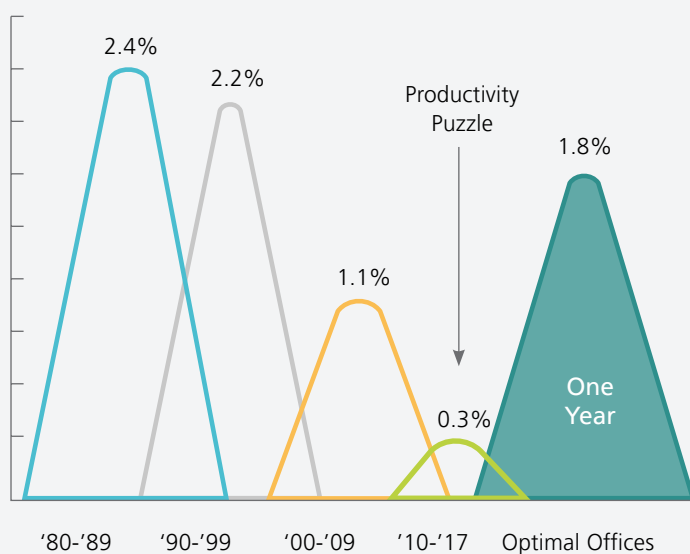
€61.1bn Westminster

€51.3bn City of London

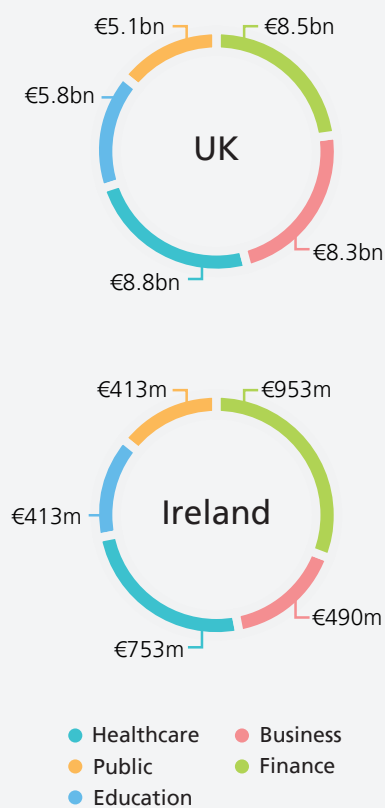
€27.9bn Tower Hamlets

€32.3bn Camden

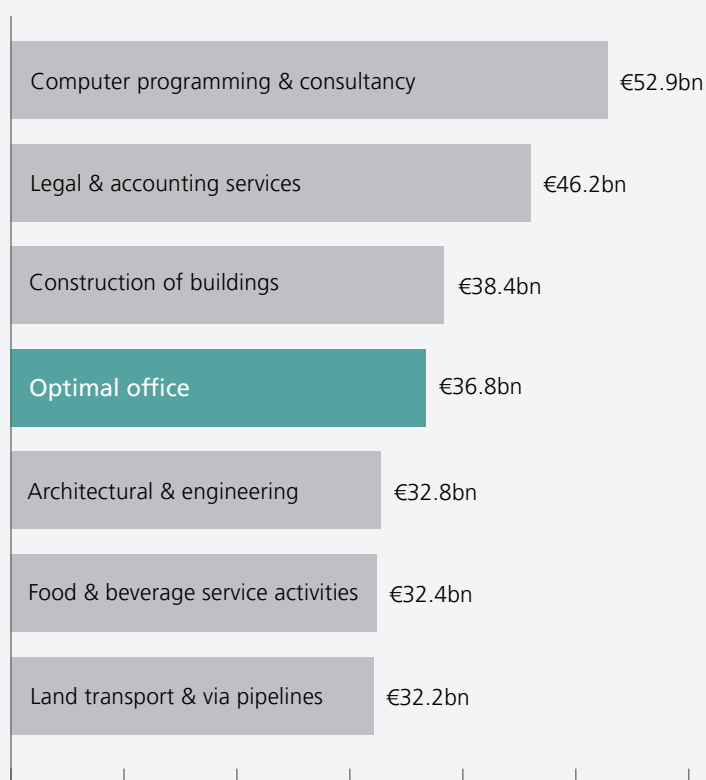
Comparison to past UK productivity growth:



GDP boost in the UK & Ireland:



The GDP of the optimal office in the UK relation to sectors:



GDP boost from the optimal office is **worth more than double** the cost of a 'no deal' Brexit to the UK economy (**€17bn per year**)*.

The **1.8% boost** to productivity is equivalent to GDP per person living in the **UK of €540 per year**.

*This stat has come from an Oxford Economics report putting the cost to the UK of Brexit with a no deal at €17bn

04 Culture





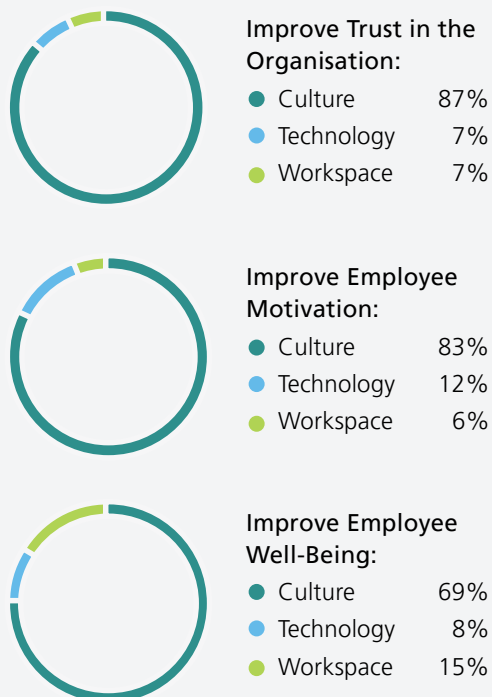
The Purpose of Culture

The meaning of “good” company culture is perhaps one of the most subjective questions organisations face today. There is no one-size-fits-all solution to developing a positive and effective culture, although there is clear indication that culture is essential to establishing a foundation from which performance and productivity can be fully unlocked.

“ Collaboration, working together and bringing people closer together is essential. We wanted to create the best environment in which people could interact with one another and share knowledge.”

Matt Phillips
Head of IT Operations
C|B|I|

FIGURE 1: A positive working culture is critical to success. When asked which of the following office attributes, at their most effective, could have the following business benefits, executives shared the following:



As seen in Figure 1, employees agree with employers' assessment that culture is fundamental to motivation, well-being and satisfaction. Whilst there is alignment on the value of culture, that does not mean current strategies deployed by employers have created a perfect recipe for culture that can increase employee motivation, well-being and satisfaction to their full potential.

Therefore, it's important to gain an understanding of how employers view their effectiveness across company culture efforts today. When asked to rank effectiveness of initiatives, executives ranked committing to ethical business practices first at 88%, followed by encouraging cross-team working and collaboration (73%), providing enhanced workplace services (70%), and incentivising innovation through the organisation (64%). Other initiatives, such as flattening the organisation and empowering staff (43%), and encouraging remote working (32%) ranked substantially lower.





Executives feel their effectiveness at improving business performance through culture efforts is quite high and, generally speaking, employees agree. The main disparity comes from reports by more junior employees who are less inclined to agree that their organisation's culture initiatives are effective at improving their ability to perform than more senior members and department heads.

Executives of larger companies with employees between **1,000-9,999** and **10,000+** believe their culture initiatives are an average of **5-15% more effective** than SMEs.

"It's great to see organisations are investing significantly in modernising their workplaces, and that design and aesthetics are recognised as key component to creating the optimal office environment."

Tony Martin
Managing Director



Culture Evolving Amongst Younger Workers

However, a shift in what defines an attractive and effective culture might be on the horizon. Sentiment from younger employees indicates that culture is beginning to take on a meaning that transcends traditional feelings of satisfaction, well-being and motivation.

As shown in Figure 2, younger employees are still fairly satisfied but feel less affected by their organisation's ethics and values.

Younger generations of employees are beginning to weigh the importance of ethics and sustainable practices differently than their more senior colleagues. This supports a larger conversation taking place in the global zeitgeist about how younger employees, particularly millennials, are focusing on purpose and searching for roles within organisations that align more with personal values.

An analysis of incentivising innovation in the organisation helps put millennials' commitment to finding purpose and ethical practices into context. Figure 3 shows that millennials feel significantly less affected by innovation incentives than all other employees. Whilst millennials are indicating a clear desire for values and ethics, their Gen Z colleagues potentially present a more complicated need, as they are adopting a millennial mind-set with their desire for purpose, as well as calling for more incentives.

FIGURE 2: Employee response when asked if they agree that their organisation's ethics and values encourage them to work more productively (by age group):

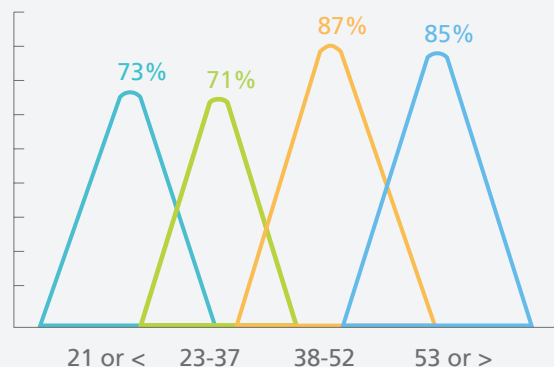


FIGURE 3: Employee response when asked how effective incentivising innovation in the organisation is at increasing work performance and productivity (by age group):

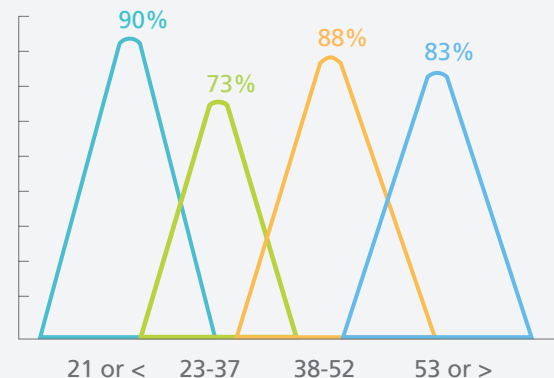
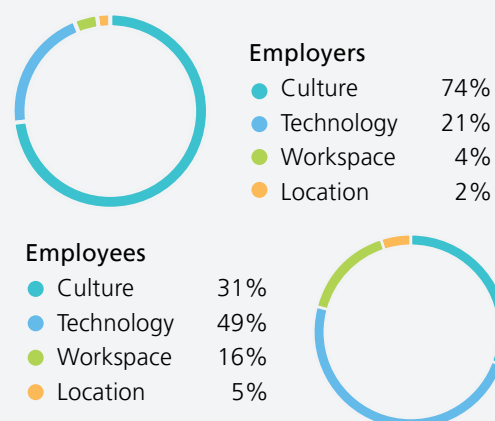


FIGURE 4: What generates creative ideas?



Creativity Starts with Culture, but That's Not Where it Ends

The challenge for every employer is determining the tangible benefit of culture that goes beyond the traditional behaviours previously mentioned.

According to executives, culture is the most important catalyst of generating creative ideas, and, therefore performance. However, as shown in Figure 4, when compared to employees, it becomes clear that the path to performance and creativity requires a more balanced mix of workplace attributes to successfully generate creative stimulation.

This is not to say employers should dismiss the importance of culture and withdraw current focus and investment in such initiatives. Culture remains the foundation for building an optimal office, and before the country can realise its full potential and reap the aforementioned GDP benefits, effectiveness levels for all culture initiatives would need to increase considerably.

As a driver of creative ideas, employers should consider culture a spark that needs to be fanned by other workplace strategies outlined in this report. This is where the holistic approach to designing workspaces is both essential and effective. A creative spark ignited by culture might need to be nurtured through the workspace and unlocked through technology in order for it to manifest into an idea that leads to business performance, and, ultimately, a positive contribution to the overall economy.





05 Workspace

"As the demand for access to content across devices and platforms continues to rise, so too does the need to empower employees with the ability to get their work done from anywhere."

Mark Geremia
VP & General Manager for
Dragon Professional & Consumer





Workplace Optimisation Drives Productivity

Office employees can spend a vast majority of their time inside the physical office space, where layout, environment and personal workspace can directly influence their performance, productivity and even attitude towards work. Our research suggests that if workplace culture drives creative performance and motivation, and technology boosts output, the physical workspace still plays an integral part in bridging the gap between creative performance and productivity.

Office layout, environment and processes have been front of businesses' minds for the past few years, with open-plan offices, flexible working, hot-desking and collaborative spaces becoming more and more popular amongst organisations. But organisations do recognise the importance of investing in the workspace.

ROI on Workspace Investments is Promising

The study shows that even small improvements to the office environment have had tangible results with only 65% of executives saying they had invested in the office environment in the last two years. 79% of employees said their office had become better, proving that further investment could give an even bigger boost to employees. (Figure 5)

However, there is still some disparity between employees and employers so, to ensure that the optimal office remains intact, businesses may need to reassess their approach to workplace improvement.

FIGURE 5: Investment in office environment.

Responses from executives that have already invested, the result, and those that will invest in the next two years:

65%
have
invested in
the past two
years

74%
pleased with
the positive
return on their
investment

82%
planning on
investing in
the next two
years

In general, employees value a fixed office that is close to transport links and has sufficient structure and processes in place. The majority of workers (89%) said office environment could make the biggest improvement to productivity in the workplace, followed by their workstation (85%). This was in contrast to executives, only 64% of whom agreed that employee workstation could significantly improve productivity, suggesting that employers may be underestimating the importance of employee workstations and the impact on a person's productivity.

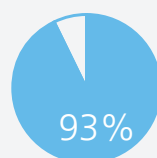
There were other results in the study that revealed some key differences according to industry, company size or age group. For example, executives cited being close to customers and business partners as a key driver for performance (90%), which was higher than employees. This was also true for employees in the financial services industry, who ranked this higher than other sectors.

Planned spending on office improvements varies between the different industries asked but companies are investing in office modernisation across the board. 8% of employers said they will spend more than 10% of operating costs on office space, more than a third (36%) committed to between 5% and 10%, and 40% will spend between 2% and 5%, making it clear that modernisation is a priority for a lot of organisations. Figure 6 shows how this is split between the sectors involved in the survey, including the financial, healthcare, education, public and business and professional services industries.

When looking at the results from Irish respondents, it is clear that executives in Ireland are committed to spending the most on office modernisation next year out of all of the regions involved in the study.

In fact, 23% of executives in Ireland committed to spending over 10% of operating costs on office modernisation, which is the highest of both regions and industry sectors, and over a third (37%) said they will spend between 5% and 10%.

The majority of executives in Ireland in the survey cited the optimal office environment as one of the most important factors in collaboration, productivity and employee retention. Furthermore, 90% (the highest of all regions asked) said the right office environment helps collaboration with others in the organisation, 67% agreed that the optimal office could improve productivity by 10%, and 23% said it could improve productivity by over 10%.



of respondents aged 21 or younger, and 91% of respondents aged 22-37 ranked transport links higher than most other respondents.

There is further disparity in the results between some of the age groups involved in the study. For instance, respondents in the 38-52 and 53+ age categories said a physically attractive location would have the biggest effect on productivity. This was in contrast to younger respondents, who cited good transport links as the most important factor in productivity. This could be influenced by employee salaries, bearing in mind older employees may occupy more senior roles, and how affordable property is in the area. Therefore, this may be something to consider for executives when making decisions around how to best equip every type of employee, so they can perform and be productive, regardless of their commute or flexible working situation.

FIGURE 6: Investment in office improvements by sector.

	>2%	2-5%	5-10%	10+%
Financial Services	3%	38%	40%	21%
Business & Professional	5%	35%	55%	5%
Healthcare	3%	43%	50%	5%
Education	28%	48%	20%	5%
Public	40%	38%	13%	3%

Employees Value Structure, Privacy and Fixed Locations

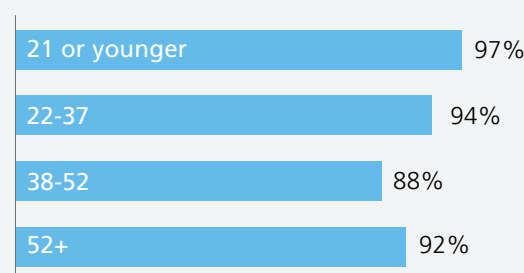
Another interesting comparison was around productivity in different working locations. Whilst all age groups cited a fixed office location as the most productive (Figure 7), employees over the age of 53 currently spend less time there. Almost a third (32.89%) typically work away from the office, whether it be at other office locations, working from home, or working while travelling. Older generations are also more likely to want to work in other locations, such as on the move or in other offices, than younger respondents. This may correlate to the seniority of the employee's job title and therefore having more of a need to travel or work remotely. Similarly, employees at large companies like working in a fixed office location less than smaller companies, but they seem to be less confident about how productive they are when they are not working in an office.

On the whole, executives are already investing in workplace improvements, or plan to in the future. And the findings suggest that these investments have already shown the returns that can be made for both employers and employees. However, the study suggests that there are a number of key differentials to bear in mind when deciding what to invest in. For instance, some may consider investing more in office environment than facilities, which were not considered as valuable to employees.

Overall, we can come to a positive conclusion on the value of the physical workspace and its importance to the optimal office. When executives were asked to estimate the impact of a perfect office environment on the productivity of their organisation, the vast majority (70%) said they would see an increase up to 10%. Over a fifth (21%) said they would see an increase in productivity over 10%, showing the scale of the impact the workspace can have on overall productivity and, therefore, its ability to unlock a potential GDP boost through developing an optimal office.

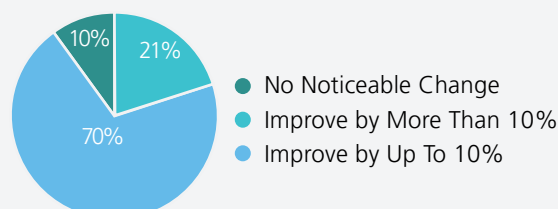
For the workplace to thrive, there must be a foundation in a positive company culture, which forms the basis for building a workspace that can contribute to overall productivity. However, before the UK and Ireland can realise their full potential and unlock economic benefits available, they must also recognise the need to empower and connect the workspace through technology.

FIGURE 7: Younger employees feel they are most productive in a fixed location.



93% of respondents said they were most productive in a fixed office location. However, given the right tools and technology, 78% of employees believe they could be more productive when working remotely.

FIGURE 8: Office environment's impact on productivity. Please estimate the impact of a perfect office environment on the productivity of your organisation.



A blurred background image of an office environment. In the foreground, a woman with curly hair, wearing a blue blouse and a dark skirt, is standing and smiling while gesturing with her hands. She is holding a black folder or tablet. In the background, two men are seated at a desk, looking towards her. The office has various items on desks, including papers, a water bottle, and a green storage bin. The overall atmosphere is professional and collaborative.

05 Technology

“Productivity is the engine of human progress—it is what propels our society forward. The promise of technology is to help us get more done, with less effort.”

Satya Nadella
CEO



Microsoft



Technology Improves Productivity

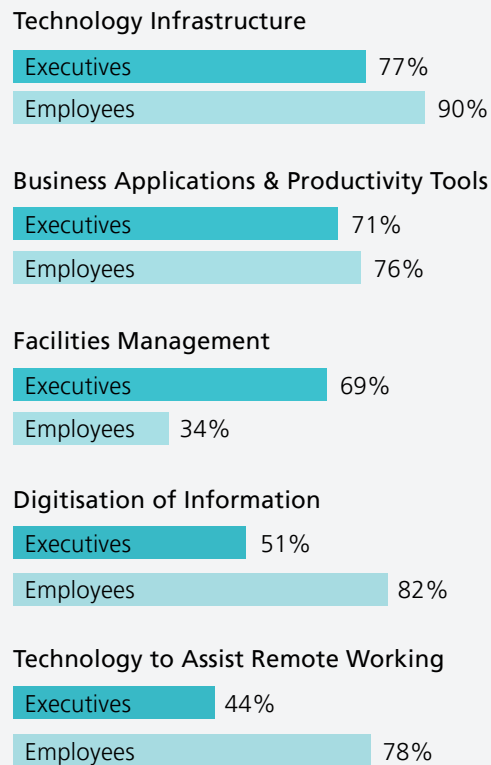
Technology is agreed to be the greatest driver of output-per-hour by both employees and employers. When asked how technology impacts working practices, employees and employers agreed that technology improves productivity, the ability to make quicker and better-informed decisions and the ability to work more easily with others outside the organisation.

Employers Underestimating the Potential of Technology

That said, as shown in Figure 8, employers currently underestimate what kind of technologies drive output per hour. Employees are far more concerned about core technologies, such as infrastructure and digitisations, which have become the hallmarks of successful digital transformation strategies. Meanwhile, executives are focused on facilities management (sensors and monitoring equipment, temperature control), which employees rate as the least effective at improving their productivity. Lastly, as noted previously in this report, employees want the flexibility to work remotely, but technology provided by employers currently does not allow them to do so effectively.

Ireland is the exception in this case. When asked to rank the effectiveness of technologies on business performance, Irish executives ranked business applications and workplace productivity tools first (97%), followed by technology infrastructure (90%), and digitisation of information (80%). Facilities management systems ranked last at 70%.

FIGURE 9: How effective are the following technologies at making employees more productive at work?



Close alignment on technology in Ireland supports what is an overall bullish approach to workplace strategy, specifically around technology in the country. Irish executives are more confident than their UK counterparts that technology strategies are effective today. For example, when asked about the current effectiveness of technology infrastructure, 90% of Irish executives claimed they're effective, in comparison to 72% of UK executives. Looking ahead, 90% of Irish executives also see greater potential for performance from technology infrastructure, which is again higher than an average of 81% of executives in the UK.

The potential impact on performance that Irish executives believe technology can make is backed by a strong commitment to future investment. As noted earlier, next year 23% of Irish executives report that they plan to spend more than 10% of their operating budget on office modernisation, in comparison to just 12% of executives in the UK who will do the same.

Are Executives in the Way of an Optimal Office?

With budget and investment decisions on the horizon, the question is how are business leaders prioritising workplace transformation initiatives and is there alignment internally? The answer is no: internal misalignment appears to be preventing progress towards an optimal office setting, especially when it comes to technology.

When looking at the key decision-makers (CEO, CIO, CFO and CHRO) one might think there are competing interests given roles. For example, CHROs might focus more on culture while CIOs champion new technologies. However, it's the CEO who was found to be out of alignment with the broader executive team. For example, when asked to rate the effectiveness of technology infrastructure today only 67% felt that it's effective. When looking ahead and asked to rate the potential impact of technology infrastructure, sentiment increases modestly to 77%. Meanwhile, CFOs (87%), CIOs (84%), and CHROs (86%) all believe that infrastructure can lead to greater impact on business performance.

Whilst there is disparity between CEOs and other executive team members on the potential impact of technology infrastructure, all are in agreement on the potential of improved facilities management systems, which may prove to be a poor investment choice and strategy considering how employees feel about its ability to help them perform and be more productive.

Organisations in the UK are at risk of taking the wrong investment path.

93% of companies that plan to spend more than 10% of their annual operating budget identified facilities management as having the greatest impact potential, which is out of alignment with what employees feel will make them most productive.

What is clear is that greater alignment is needed among executive teams, particularly around technology. As the person responsible for providing long-term vision, progress toward the optimal office will depend on CEOs leading an effort to create a holistic approach to workplace transformation to ensure investment maps back to employee needs.

Industries Need Bespoke Technology Strategies

As leadership teams begin to align on strategy, they'll need to consider the way technology impacts their employees and type of work. Similar to culture, there is no one size fits all strategy for technology and employees are clearly prioritising certain technologies based on the industry they work in, with the exception of technology to help remote working and facilities management. (Figure 9) Across every industry and sector employees feel there is greater potential for productivity if the right technology is made available to assist with remote working, whilst also indicating that facilities management will not help them as much as employers think.

Interestingly, employees across financial services, business and professional services and healthcare believe that technology infrastructure would drive greater potential for productivity than their employers do.

Meanwhile, there is more alignment in education and public sector, two groups of organisations that are generally perceived to be less technologically advanced than their private sector counterparts. However, sentiment from employees and employers across the education and public sectors indicates that the productivity ceiling might be lower than the private sector.

There is also surprising disparity in views amongst financial services and business and professional services when it comes to other core technologies. Employees at financial services firms report significantly more opportunity to unlock productivity through use of business applications and workplace productivity tools, whilst employees at business and professional services firms believe more highly in the need to digitise information and create digital workflows. Contrary to popular belief, financial services and business and professional services firms may not be as tech-savvy and forward-thinking, especially when it comes to critical functions such as sharing and managing the flow of information.

There's clearly a lot of progress to be made towards moving to the optimal office, but it's clear that every industry and sector will need to find their own technology path and develop strategies with their employees top of mind.

FIGURE 10: Technology focus by industry.

		Financial Ser.	B&P Services	Healthcare	Education	Public Sector
Tech Infrastructure	Exec	80%	85%	78%	88%	88%
	Emple	96%	94%	97%	76%	81%
Fac. Mgmt.	Exec	85%	73%	80%	85%	83%
	Emple	49%	32%	46%	18%	16%
Bus Apps	Exec	73%	90%	68%	78%	90%
	Emple	91%	83%	67%	66%	65%
Digitising Info	Exec	78%	58%	73%	60%	73%
	Emple	84%	87%	85%	74%	77%
Tech for Remote Work	Exec	65%	50%	50%	50%	65%
	Emple	76%	81%	74%	82%	74%

07 Conclusion





Office modernisation, and, ultimately, the optimal office represents tremendous untapped value. The €39.8 billion opportunity that the Economy of People represents can benefit all types of organisations, contribute substantially to the United Kingdom and Ireland's GDP, and therefore positively affect people in both countries.

The question every organisation must answer is what their appropriate path is. Whilst the ultimate execution might seem daunting and complex, the root of the strategy remains simple. Begin with your people and the way they work.

However, the path to the optimal office isn't the same for every organisation. Understanding the workstyle that best fits your organisation's needs is critical, which means workplace strategies must start with developing a deep understanding of how people work and the impact they have on the organisation. By fully understanding elements such as workspace environment, working patterns, technology infrastructure, culture and other key factors indicated throughout this report, organisations can best determine what affects employee performance, creativity and productivity, which, in turn, affect organisation performance and growth.

As we have seen throughout this report, the most effective strategies will take a holistic approach to workplace modernisation. It's a balance between employee needs and executive alignment, decision-making and investment. Within each of these core areas, there are several takeaways to consider (see overleaf).



Culture

The foundation of every organisation, but change is on the horizon

1. Maintain current course on culture but be prepared for change.

Currently, employees and employers agree that culture is extremely effective at improving business performance and aspects such as employee satisfaction, well-being and motivation.

2. Be prepared to focus more on your organisation's ethics, values and overall purpose.

Younger workers (Gen Y & Z) are in search of organisations that are more aligned with their own personal values, signalling an evolution in the meaning of company culture.

3. Creativity doesn't begin and end with culture. Creativity needs to be nurtured.

As we saw in the study, executives believe culture is the most important catalyst of generating creative ideas. However, when compared to employees, it becomes clear that the path to performance and creativity requires a balanced mix of workplace attributes to successfully generate creative thinking.



Workspace

The bridge between performance and productivity

1. Make consistent investments in office environment, however large or small.

The office environment and personal workspace can directly influence employee performance, productivity and even attitude towards work. Executives have seen strong returns on their investment. Even small improvements to the office environments have made a big difference to employees, proving consistent investment is critical.

2. Don't underestimate the importance of personal workspace and operating procedures.

Employees clearly value atmospheres that are structured, organised and complete with personal space to allow them to both perform and be productive.

3. Closely evaluate employee demographics to understand their unique needs.

A younger workforce values a fixed office location and close proximity to transport links as important drivers of productivity. Older generations are more likely to prefer working in other locations, such as on the move or in other offices.

4. Flexible working is more complex than simply working from home.

Employees believe they could be more productive when working remotely but need the right tools and technology to do so.

5. Results will follow, and they will fundamentally change your organisation

When executives were asked to estimate the impact of an optimal office environment on the productivity of their organisation, the vast majority said they would see an increase up to 10%, making it vital to unlocking GDP.

Technology

The key to output per hour, if greater alignment between employees employers is achieved

1. Focus on core technologies first.

There is disparity between employers and employees in what they rank as drivers of productivity. Employees value core technologies, such as infrastructure and digitisation, which have become the hallmarks of successful digital transformation strategies.

2. Executive leadership teams should align before executing a strategy.

CEOs were found to be out of alignment with the broader executive team, especially around the current and potential impact of technology on productivity.

3. Your path depends on your industry and sector.

Different sectors have different priorities. For example, employees at financial services firms report significantly more opportunity to unlock productivity through use of business applications and workplace productivity tools, whilst employees at business and professional services firms believe more strongly in the need to digitise information and create digital workflows.

4. Ireland is an exception, but organisations should remain focused.

Executives are committed to focussing on core technologies but should continue to optimise in order to realise the full potential of an optimal office.



Whilst there is a lot to consider and the ultimate execution might seem daunting and complex, Ricoh believes the root of the strategy remains simple: focus on people first. By understanding people, it's possible to enhance workspaces, design and implement new processes and build bespoke technology solutions that move organisations closer to the optimal office and ensure they are fit for the future.

Fortunately, progress is being made across organisations of every size, industry and sector across the United Kingdom and Ireland. Even though adjustments and further alignment are needed, employees and employers are in agreement that there is positive momentum. Whilst the Economy of People is an aspirational look at the value that could be realised through a move to the optimal office, it's an important goal that can set organisations on a powerful growth trajectory that will lead to a better future for society and people.

08 Appendix



About this Study

This study was conducted from January – April 2018 by Ricoh UK & Ireland and Oxford Economics.

The survey portion of the study incorporated two critical components. First, a questionnaire was fielded to 200 executives and 200 employees across the United Kingdom and Ireland. Following the completion of the questionnaire, Oxford Economics conducted in-depth phone interviews with each respondent to confirm and contextualise each answer.

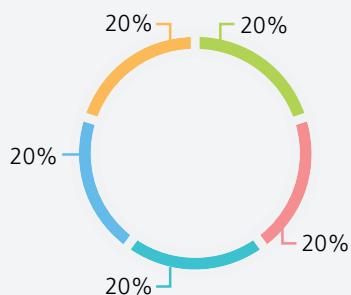
Insights from the survey were then used as the basis of a bespoke economic model created by Oxford Economics to calculate the potential impact the optimal office could make on the United Kingdom and Ireland's economies.



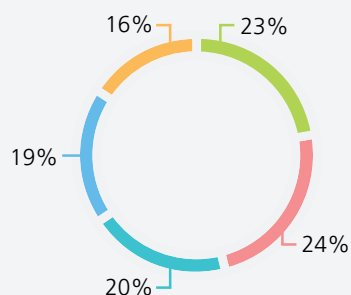
Demographics

Sector

EXECUTIVES: Which sector does your company primarily operate in?



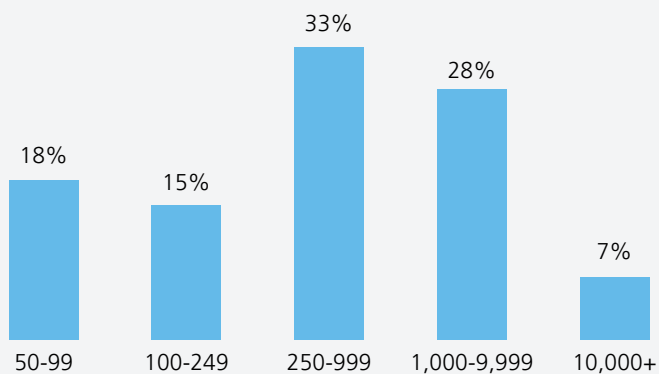
EMPLOYEES: Which sector do you work in?



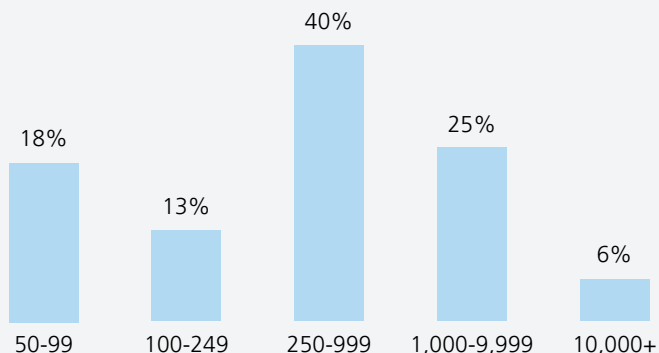
● Healthcare
 ● Business
 ● Public
 ● Finance
 ● Education

Number of Employees

EXECUTIVES: How many employees does your company or organisation have?

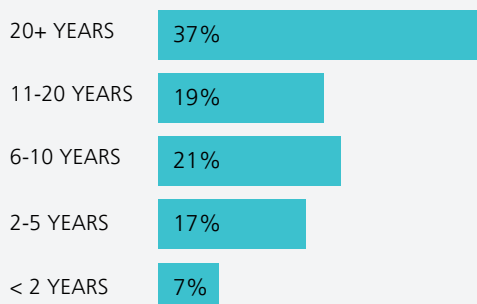


EMPLOYEES: How many employees does your company or organisation have?

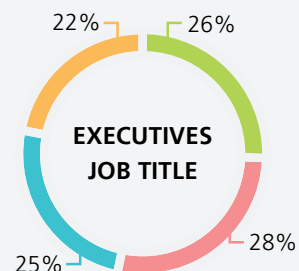


Company Age

EXECUTIVES: How long has your company been in business?



EXECUTIVES JOB TITLE



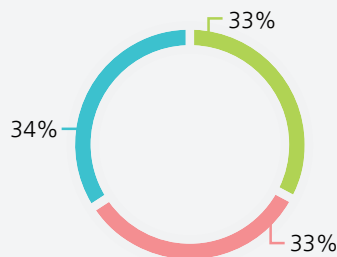
● CIO or Head of IT
 ● CHRO or Head of HR
 ● CFO or Head of Finance
 ● CEO, Managing Director or Owner



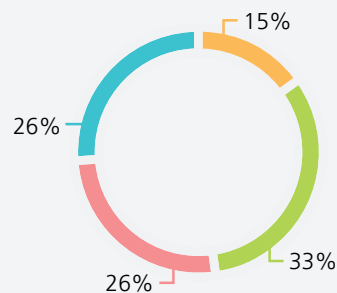
Economic Model

Age

EXECUTIVES: How old are you?



EMPLOYEES: How old are you?

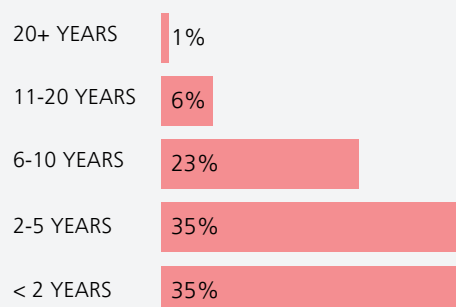


● 21 or younger ● 22-37
● 38-52 ● 53+

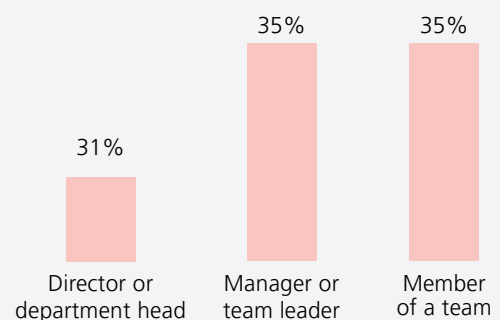
1. The model began by developing an optimal office performance benchmark through two surveys and in-depth interviews with 400 executives and employees across the country to understand expected growth delivered by the optimal office across five industrial sectors.
2. The model then used a standard definition of labour productivity, namely, gross value added per person employed.
3. The performance benchmark from the survey was applied to the estimate of labour productivity in the corresponding industrial sector to calculate gross value added per worker.
4. The resulting growth in gross value added for the average worker (in £s and €s) is then multiplied by the total number of people employed in that sector.
5. Finally, the model found the sum across all five industries to get the additional gross value-added contribution to GDP that the move to optimal offices would deliver.

Duration in Current Job and Role

EMPLOYEES: How long has your company been in business?



EMPLOYEES: What is your role?



* Figures are often rounded up to nearest whole number



About Ricoh

Ricoh is a global technology company that has been transforming the way people work for more than 80 years. Under its corporate tagline – *imagine. change.* – Ricoh continues to empower companies and individuals with services and technologies that inspire innovation, enhance sustainability and boost business growth. These include document management systems, IT services, production print solutions, visual communications systems, digital cameras, and industrial systems.

Headquartered in Tokyo, Ricoh Group operates in approximately 200 countries and regions. In the financial year ending March 2016, Ricoh Group had worldwide sales of 2,209 billion yen (approx. 19.6 billion USD).

For further information, please visit www.ricoh.ie/insights

