

INDUSTRY INSIGHTS:

WORKPLACE REVOLUTION

THE CHANGING RELATIONSHIP OF FOOD,
EMPLOYEE AMENITIES, AND THE WORKPLACE



Insights to Partnerships





A WORKPLACE REVOLUTION:

THE CHANGING RELATIONSHIP OF FOOD, EMPLOYEE AMENITIES, AND THE WORKPLACE

For those who haven't noticed, there is a workplace revolution taking place: Companies are rapidly evolving their workplace strategies to embrace the diversification of the workforce, win the war for talent, and create environments that engage and provide equality of amenities. This is because workplaces are becoming more disparate or organizations are dealing with rapid growth.

Working with some of the most interesting and forward-thinking companies across a variety of sectors, geographical regions, and maturity, the dilemma of food and employee amenities continues to puzzle even the brightest in banking, technology, and business.

EVOLVING WORKPLACE STRATEGIES

Business leaders, human resources, and workplace and corporate real estate professionals all understand that the workplace strategies of yesteryear are no longer relevant in today's workplace. Rigid working practices—suit and ties, cubicles, vending machines, and cafeterias—are being taken over by flextime, dress as you please, open office, and a variety of cool, interesting cafés, pop-ups, themed bars, and restaurants.

More and more companies are offering employee transportation from home to office with business class experience, Wi-Fi, and breakfast to start the day.

Coffee bars, break rooms, pantries, and microkitchens allow employees to take a latte, a bowl of fresh fruit, an energy bar, some soda, some infused water, and a snack at any time of the day.

Employee convenience such as c-stores, postal services, grocery services, car valet, dry cleaning, laundry, hair salons, beauty, personal care, and bill pay are becoming ever more important.

There is even a supper service at the end of the day for those employees who choose to stay later and miss the commute (if they are not taking the bus).

The design of these spaces has also changed. They no longer look like the dreary old workplace. These are spaces that you may have experienced at college, hang out at during the weekends, or go to chill in your spare time.

Attitudes have changed. Autocracy is dead; meritocracy, collaboration, and contributory cultures are the new standards for high-performing workplaces and organizations.

SO WHY IS THIS EVOLUTION HAPPENING?

The attitudes and expectations of the workforce have fundamentally changed and this has been accelerated by the influx of the Millennial workforce but also the growing diversification and globalization of today's workers.

To cite Gallup, is it also that more companies understand the economic equation that engaged workers = increased profit? Due to the demographic trends, there's also a pending shortage of talent, which means that all employers across all segments will need to put more than lip service on their employee value proposition.

70% of Millennials surveyed said that they would opt for a better place to work than a place that offered more money. A similar number said that they want to be valued, heard, and feel that they are making a difference to a greater good.

But also the rest of the workforce has changed too. As Jacob Morgan, author of *The Future of Work* states, if you take the Millennials out of the workplace then nothing changes. The remaining workforce now expects the current standard. Contrary to common misconceptions, it's not all about the Millennials.

And then there are more companies competing for the same talent, the best and brightest in their fields. These companies seek a competitive advantage by attracting the best, driving forward their product development, and ultimately surviving/succeeding in this highly competitive business world.

According to Jacob, "Organizations have to shift their mentality from creating a place where they assume people NEED to work, to creating an environment where people WANT to work."

There is no time to rest on your laurels today. Companies know that sleeping or becoming complacent to the changing workforce will only end in potential disaster as the number of competitors willing to jump in your shoes is growing daily as the competition, start-ups, and emerging economies become hungrier for growth.

In response to this, Jacob Morgan states, "I always tell organizations, 'today, late adopter means out of business.' "

EQUALITY OF AMENITIES—THE HAVE'S AND THE HAVE NOT'S

One challenge for companies both long established and new is how they can provide equality of amenities across their business, and how to do so in both an authentic and fair manner across countries and cultures.

We have all heard of the scenario where the HQ gets all the benefits and unless you are located there, you get nothing like those benefits.

As workforces, workplaces, and organizations become more disparate, the equality of amenities is becoming a greater challenge.

How do you try to offer comparable amenities to an office of 5 as an office of 5,000? It's tricky, but through certain steps, a more balanced approach can be taken.

1. CORE EMPLOYEE BENEFITS	
Salary	Car, Phone, Laptop
Bonus	Vacation, PTO
Healthcare	Place to Work
Pension, 401K, Stock Options	
2. EMPLOYEE AMENITIES	
Pleasant Working Environment	On-campus C-Store
Refreshments	Employee Transportation
Snacks	Hair & Beauty
Food	Car Valeting
Fitness Center	On-site Classes
Childcare	House Cleaning
Concierge Services	Travel Planning
Urban Farm	Grocery Delivery
Commuting Solutions	Event Tickets and Reservations
Personal Organizer	Postal Services
Dry Cleaning & Repairs	Flowers, Gifts, Celebrations
Valet Parking	Home Meal Replacement
3. EMPLOYEE SERVICES	
Health & Wellness Education	Healthcare Consultation
Ask The Nutritionist	Dental Care
Banking and Financial Services	Counseling

The questions for enterprises become:

- How far do you want to go in the investment in amenities?
- What is the return on investment for your enterprise?
- What is the right mix for your business and workforce?

COMPARABLE EMPLOYEE AMENITIES

Having decided what the standard is, then the process of understanding the delivery of those standards to different size work groups is much easier.

A fitness center at headquarters can be translated to a fitness center membership in an office for five employees. Employee transportation can be translated to a ride share for smaller groups. You can also offer a childcare center or kindergarten credits and site classes with community college passes.

RAPID GROWTH ORGANIZATIONS

If you are one of these then the challenges are exaggerated further. Finding a partner that is attuned to your amenity commitment but also a strategic partner that understands you, your business, and how your master property plan can build amenities in line with your growth is imperative.

Each circumstance is different. The challenges of expanding the workplace where land is plenty and property is inexpensive is very different when the opposite applies. The alternatives for relocation are limited as the dependence on the sources of talent are greater.

In other words, the combination of ability to expand physically and expanding a talented workforce are intrinsically linked to the success of your workplace strategy and ultimately your business.

One technology client moved its headquarters just 20 miles in order to be closer to its target employee demographic as they experienced greater difficulties in recruiting talent where a 20-mile commute that some days took an hour was more and more difficult to attract the right talent to its prior location.

Despite the real estate being more expensive, the necessity for attracting the right talent was far greater.

Another company moved into an abandoned shopping mall to expand into, and as the workforce grows, another section is renovated for office and work space.

Some companies are taking up the opportunity of less expensive, larger campuses that have been empty for some time in less obvious geographies; however, the cost of relocation and the attrition caused by those unwilling to relocate are major factors for consideration.

Some clients have the benefit of a large, central community hub with surrounding buildings, making the commute to employee amenities easy.

According to the Society of Hospitality and Food Service Management (SHFM), any food commute of more than five minutes will significantly affect participation rates in the employee restaurant. Moreover, where those restaurants don't have the proper levels of investment in environment, people, food, and the overall customer experience, they will attract very ordinary levels of participation.

The industry average participation is in the high 30%'s, but with the correct balance of proximity, pricing, and quality of food and experience, this participation rate can be easily above 50% and into the 60%'s and 70%'s in a paid food program and 100% in a free food program.

SO WHY IS PARTICIPATION SO IMPORTANT?

So again, the SHFM says that when an employee is not using the company's on-site food amenities, 20 minutes of productivity is lost each day. That is 83 hours, 10 working days, or 2 weeks a year. So multiply that by 1,000 employees and you are potentially losing the equivalent of 40 FTEs a year!

Although to an extent this calculation is somewhat nebulous, the principle prevails that the investment in amenities such as food service is relatively easy to substantiate the return.

When investments such as healthy eating, education, health and wellness, and fitness centers is analyzed, the benefit to the business in areas such as absenteeism, sickness, and healthcare costs can be significant.

Then calculating the return on investment from the additional working hours (and eliminated wasted time) created by providing employee transportation, convenience and time-saving benefits of childcare facilities, and even having on-site hair and beauty services can all stack up to a very compelling proposition.

Those providing a supper service at 6:30 PM have a substantially higher rate of employee engagement—a higher number of employees staying after 5:30 PM saves further wasted commuting time during peak traffic.

Working with a client recently, we calculated the benefit of an on-site hair dressing amenity. The client has 10,000 employees on site and we calculated that each employee gets their hair cut on an average every 6 to 8 weeks, and each takes one hour out of their day to visit their salon, paying on average \$30.

Therefore, if 50% of the workforce took up the opportunity to use this on-site amenity, then 32,500 hours would be saved each year!

This giving back time to employees can be extended when you include car valeting, concierge services, grocery delivery, and more.

And it's not just the employee that gets back time. The employer is adding convenience, making life easier, releasing time for relaxation, friends, family, and ultimately creating a content and happier workforce that in turn is more likely to give back more time to your business. The notion of keeping people on site also promotes collaboration and ultimately ideation and engagement.

RIGHT-SIZED FOOD OPTIONS

No matter where you are in your business, right sizing the food options in your workplace is clearly important, and in order to do so, it is critical to understand the following:

1. How can food contribute to the strategic imperatives of your business?
2. How can these amenities contribute to your operations?
3. What is the level of investment and return calculation?

From these three base questions, you can begin to map out what your overall employee amenity strategy is and from that you can begin to right-size your food service blueprint:

1. What is your property master plan?
2. What is your employee growth profile?
3. What is your employee demographic profile? (In 5-minute commute zones)
4. What is the nature of work competed in each zone? (including length of breaks)

The answers to these four questions will allow you to start to identify the optimum food service offering for each of the different buildings, right-size for existing and projected populations, and create a food service offering that is the right fit for the demographic and preferences.

Once you have the answers to these questions you can then lay them over your property plan denoting populations, demographics, work type, break patterns, meeting patterns etc. and create a food service amenity for each which is the best fit—thereby maximizing participation, engagement, and contentment.



WHAT ARE THE OPTIONS?

The most successful solutions are those that are tailored to your specific workplace and workforce. The effectiveness of these options is based on how they mesh with your strategy, leadership commitment, and property plan. Below is an escalating model to pick and mix from when creating your food service blueprint:

- Office Coffee, Tea, Water
- Vending: Snacks and Food
- Bottled Drinks, Snacks, Fresh Fruit
- Pantries, Microkitchens
- Hosted Lounges
- Micromarkets
- Delivered Food Solutions
- Coffee Bar and Bakery
- Coffee Bar, Bakery, and Deli
- Mini Café or Bistro
- Full-size Restaurant(s)
- A Combination of the Above

But then there are also additional options including food trucks, micro food trucks, coffee and food carts, and then some clients have on-site pubs, private dining rooms, social centers, outside kitchens, and the list goes on.

And then there is the introduction of cool stuff such as popcorn, jelly beans, farmers garden vending, desk service delivery, farmers carts, ice cream carts, guestaurants, pop-ups, workplace farms, flash mob performances, visiting entertainers, competitions, classes...

Food can be at the very center of your workplace community, driving connectivity, collaboration, and ultimately engagement and productivity; when all those factors exist, business success and profitability is inevitable.

AUTHENTICITY IS CRITICAL TO SUCCESS

Working with one technology company in California, we realized that 70 percent of the population were Shanghainese and the food service needed to be focused specifically at that demographic. Beyond the food itself, the style of service and environment were as important to provide an authentic experience.

Another Japanese bank relocating from Tokyo sought a break room full of authentic Japanese snacks and not Lays, Snickers, and Oreos.

Californian workforces want local, boutique, artisan, natural, sustainable choices and not mainstream brands.

Indian cuisine from the wrong Indian province will simply not hit the mark in the same way that Irish Stew in Scotland, Chinese food in Vietnam, Mexican food in Brazil, or German food in Holland isn't popular.

What's worse is trying to emulate an ethnic cuisine and experience without the correct knowledge, recipes, ingredients, and techniques.

SO WHAT DO I NEED TO INVEST TO STAY COMPETITIVE?

Every organization, circumstance, and sector is different. There is no single answer; however, there is a big range from those organizations who do not invest (subsidize) their food operations and those that provide employee food programs for free.

There are distinct dangers at each end of this spectrum: No investment (subsidy) isn't sufficient to drive the right level of customer experience; free food programs are expensive, drive the sense of entitlement, are not necessarily appreciated, and they are almost impossible to remove at any point in the future (if, heaven forbid, there is a business need to cut expenses/luxuries). And it's also important to consider the potential risk of obesity lawsuits down the line.

There is a happy medium and that is to invest in (subsidize) the customer pricing in a paid environment. Typically, companies do so anywhere between 50 percent and 75 percent of market price (the local cost of an alternative amenity).

You may also choose to offer other food amenities for free such as refreshment services, break rooms, pantries—The mix will be unique to your business, your workforce, your budget, and the projected return on investment.

Although building population is a significant factor, those companies investing between \$250 and \$750 per employee per year in food service amenities will get the biggest return on investment. While those spending less than this will get a diminished return regardless of the size of their population.

In context, that is just \$1.00—\$3.00 a day per employee.

What is the right level of investment and return for your business?

CONCLUSION

If your organization, as most, is exposed to the risk factors of Winning the War for Talent, Employee Engagement, Health and Wellness, and Productivity, then a serious look at your employee amenity strategies will hugely assist you in turning the tide on these factors that will inevitably affect your business tomorrow if not today.

It is critical to discuss these issues with your senior leadership and garner commitment to the return on investment calculations specific to your organization.

Once this commitment is realized and your tailor-made employee amenity program is created, the measurement of such important metrics as employee engagement scores, absenteeism, healthcare costs, turnover rates, applicants for each job posting, percent of job offer acceptances, participation, top line, and bottom line will improve. This is critical to retain ongoing support and demonstrates a very clear return on investment.

Investment in employee amenities is no longer a “nice to have” that is okay for the few that do it; employee amenities are an absolute necessity to maintain your competitive advantage at the forefront of your industry, no matter what that is.

For those companies that are alert to this, they are already winning the war for talent. For those companies already considering their alternatives, there is a chance of bounce-back, but for those companies that are ignorant to these issues today, they will find it increasingly difficult to catch up and will ultimately lose the race for their life blood—the talent that will build their futures.



About the Author:

Simon J. Elliot is a Fellow of the Institute of Directors, Member of The Chartered Institute of Personnel & Development, Future of Work Community. He works with some of the most interesting companies in the world, crafting their employee amenities solutions—ranging from food, fitness, health and wellness, concierge services, c-stores, employee transportation, hair, beauty, employee stores to on-campus banking, postal, childcare, family days, on-site farms—and more. Simon is currently Vice President, Strategic Client Advisory Network for Aramark and LifeWorks Restaurant Group with a key focus on driving client engagement. He is based in San Francisco and has global experience in the U.K., Europe, Australasia, Asia, North America, and South America.

E: Elliot-Simon@Aramark.com

[in www.linkedin.com/in/simonelliott](https://www.linkedin.com/in/simonelliott)

Food Services

- LifeWorks Premium Custom Restaurant Solutions
- activATE Business Dining Solutions
- Coffee and Deli Bar Solutions
- *vibe*® Micromarkets
- Break Room Services
- Refreshment Services

Employee Amenities

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