

Third Places: The Social Side of Work

Recognizing and fostering the social side of work can help companies generate the kind of innovation they need to compete effectively. Research shows that workers who have extensive social networks receive higher performance ratings and faster promotions than those who do not. The most effective knowledge workers create and tap large, diversified networks that are rich in experience and span all organizational boundaries. Technological advances have liberated people to work wherever they like, yet physical proximity continues to be important—knowledge, talent, and the wealth they generate all tend to cluster. To create a sense of community and foster the social side of work, organizations are combining attitudinal changes with innovative facility design and furnishings.

Third Places: The Social Side of Work

Collaborate and they will innovate—that’s the mantra for many businesses today. The emphasis is understandable given that 79 percent of the fastest-growing companies focus on innovation as key to getting and staying ahead.¹ A zeal for innovation isn’t limited to the usual suspects either; beyond pharmaceuticals, technology firms, and consumer-goods companies, which have concentrated on it for some time, financial institutions, logistics firms, and energy companies are also pushing for more and faster innovation.

Since two heads are better than one when it comes to generating ideas, collaboration is getting more attention than ever. Futurists predict that by as early as 2005 knowledge workers will spend nearly 70 percent of their time working collaboratively, both physically and virtually.² Many organizations believe that helping people connect and share their ideas is the best way to get the most from their “intellectual capital.”

While collaborating with colleagues is hardly a new idea, top management’s recognition of the social nature of this connectedness is. Knowing more about social networks at work, they believe, and helping them flourish lets people connect most effectively and organizations benefit most significantly from those connections. Beyond creating an atmosphere of trust, providing the physical place to connect is an essential element in fostering social networks.

We are social beings, especially at work

Whether at the water cooler or the local watering hole, people like to gather and talk. What they talk about almost always gets around to work. Research shows that those who use these occasions to extend their social networks receive higher performance ratings and faster promotions than those who don’t. Early studies attributed most of this to being in the right place—those who occupy go-between positions can bridge the gap between those who are less connected. They can facilitate the flow of resources and information across an organization.³

There is a deep reason why some people make the most of their connections: Social networks are assortative, meaning people who are social gravitate toward others who are social. In social networks, where popular people associate with other popular people, information spreads quickly because a relatively small number of people are involved.⁴

Social networks hold together even when some of the most connected people leave because those who remain tend to be clustered together in a core group so that there is significant redundancy. Researchers studying creativity among Boston-area inventors found that “a relatively few key players can catalyze the agglomeration of many small networks into ever-larger ones and can boost innovation across a whole region.” By identifying and nurturing these highly connected “gatekeepers,” organizations can maximize their ability to innovate.⁵ Another study of how social networks cluster looked at 7,673 people who sit on 914 boards of directors for Fortune 1000 companies. Most (79 percent) are only on one board,

but those who sit on many boards tend to do so with others who sit on many boards, thus expanding the influence of a relatively small number of people.⁶

These studies emphasize the importance of being in the right place, but other researchers have found that personality has a lot to do with where someone fits into the social network in the workplace and personality combined with social network position influence important outcomes, such as work performance. One group of researchers looked at data from 116 employees at a high-technology firm to investigate the relationship between personality and social network. Comparing high self-monitors (people who are concerned about how they are perceived by others and who will change their behavior in order to fit different situations) and low self-monitors (those who are less concerned with how people perceive them and will be more likely to act consistently), they found that high self-monitors were more likely to occupy central positions in social networks. They also found that self-monitoring and centrality in social networks independently predicted individuals' workplace performance. "The results," they concluded, "paint a picture of people shaping the networks that constrain and enable performance."⁷

Social networks enable performance especially among key knowledge workers, who work hard to establish connections that have a personal side to them, so that interactions are much more than "I'll scratch your back if you scratch mine." These high performers not only keep in touch, they also respond quickly to someone in their network who sends an e-mail or leaves a voice message, usually following an unwritten 36-hour rule. They also actively reciprocate, knowing that in order to get they also have to give, although the giving has to be done in a genuine, uncalculating way.

"What really distinguishes high performers from the rest of the pack," say professor Rob Cross and researchers Thomas Davenport and Susan Cantrell, "is their ability to maintain and leverage personal networks. The most effective knowledge workers create and tap large, diversified networks that are rich in experience and span all organizational boundaries. And contrary to the popular image of the networker, the building and use of such networks is rarely motivated by explicit political or career-driven motives. In part, that's because higher performers rarely need to focus on such matters. By simply getting their work done at a superior level, the most successful knowledge workers develop reputations and networks that bring opportunities and resources to them as needed. As a result, political posturing is of little value."⁸

Social networks appear to be crucial for business accomplishments. Thomas Lechler, for example, studied entrepreneurial teams in 159 German technology companies to determine the effect of social interaction on new business success. Using a measurement model that included six dimensions (communication, cohesion, work norms, mutual support, coordination, and conflict resolution), he found significant correlations between teams with high-quality social interaction and scores for economic success, competitive position, efficiency, and client satisfaction.⁹

Social connectedness is one aspect of Silicon Valley's success. One group of researchers studied how networks there provide access and opportunity, power and influence, and the framework for innovation. They note that "Social networks function as a distinct governance mechanism, a 'social glue,' that binds actors and firms together into a coherent system. In high-technology industries in particular, social networks help transmit information and knowledge among different firms and individuals and produce innovation.... Networks enhance the capacity to do this by enabling people to mobilize capital, find relevant and reliable information quickly, and link to appropriate outlets. Innovation is so central to high-technology industry that it is not an exaggeration to say that effective social networks determine a firm's chance for survival."¹⁰

Innovation and the nearness of you

Technological advances more than any other factor have liberated people to work wherever they like. Since Frances Cairncross predicted the "death of distance"¹¹ in 1997, organizations have steadily embraced e-mail, instant messaging, collaboration software, and other ways to create work communities in virtual space. The events of September 11 have accelerated the process for many corporations, which are putting more emphasis on teleconferencing and video conferencing and discouraging business travel.

The rises of virtual collaboration would seem to indicate that physical proximity will be a thing of the past. However, a look at the history of innovation contradicts that notion. In 1916, the British economist Alfred Marshall¹² noted that while logic might tell competitors to stay away from one another, throughout history people involved in similar trades have set up their workshops, factories, and outlets side by side. That tendency has stayed strong up to the present day. Examples include furniture manufacturers, golf club makers, Formula-1 engine designers, and, of course, technology firms—the M4 corridor

outside London, Route 128 (Boston), Redmond (Washington), Silicon Valley (California), and the venture capitalists, lawyers, designers, and others who complement them.

“So innovation still has geography,” say authors John Seely Brown and Paul Duguid, “and that geography still has consequences. Not only knowledge and people cluster, the wealth generated by that knowledge clusters, too. Hence countries show steep differences between poor and increasingly disempowered regions and rich and increasingly powerful ones.... Worldwide and even nationwide data about dramatic, growing Internet access often only help to obscure equally dramatic growth in regional disparities.”¹³

These regions of innovation also have what author Ray Oldenburg calls “third places” (home being the first place and the office the second). These are “social condensers,” places where citizens of a community or neighborhood meet to develop friendships, discuss issues, and interact with others. The “walkable neighborhood,” whether it occurs in a city or the workplace, encourages people to do two things that Oldenburg believes promote community: walking and talking. “In walking, people become part of their terrain; they meet others; they become custodians of their neighborhoods. In talking, people get to know one another; they find a created their common interests and realize the collective abilities essential to community and democracy.”¹⁴

Thus, the borders of innovation for many knowledge workers remain very close to home. Thomas Allen’s study of hundreds of engineers working at Corning headquarters found that 80 percent of their ideas arose from face-to-face contact with each other and that they were willing to walk only about 100 feet from their own workstations to talk with anyone else.¹⁵ Accordingly, a new facility for these engineers includes discussion areas with coffee machines, wall-size blackboards, and open stairs, escalators, and ramps that connect the building’s three floors. Researcher Judith Heerwagen in a recent study of a large financial firm confirmed Allen’s findings. “Managers said it was awkward to wander down the hallway just to ‘check in’ and ask how someone was doing. They felt it was easier and more natural if they just happened to bump into the person in the hallway or commons area.”¹⁶

Communities of practice, individuals bound by informal relationships who share similar work roles and a common context, are important contributors to organizational effectiveness. In studying seven large corporations, Eric Lesser and John Storck found four areas of organizational performance that the ongoing activities of communities of practice enhanced: 1) decreasing the learning curve of new employees, 2) responding more quickly to customer needs and inquiries, 3) reducing rework and preventing “reinvention of the wheel,” and 4) spawning new ideas for products and services.

According to Lesser and Storck, “The data from the case studies suggest that communities of practice play an important role in influencing the relational dimension within an organization. Many of the face-to-face activities... not only made it easier for individuals to identify others with similar interests, but also enabled individuals to develop a sense of empathy around common trials and tribulations. One of the primary reasons that communities were seen as an important vehicle for innovating was their ability to create a safe environment where people felt comfortable in sharing challenges. The development of these interpersonal relationships within the community was especially useful in asking sensitive questions or testing ideas that were not fully ‘baked.’ In many of the companies that we examined, the ability of individuals to use other community members as a sounding board was a highly valued feature of community life.”¹⁷

Relying on others for information is a phenomenon researchers have been examining for over 30 years among scientists and engineers. A recent study of 872 aerospace employees, for example, confirmed that they prefer to gain information from colleagues, particularly those within their organization. In discussing their findings, researchers concluded that “firms need to develop formal and informal communication networks and techniques for employees to give and share information,” noting that these could include settings that facilitate interactions, such as office architecture and non-territorial office communications, as well as structures that promote interaction, such as discussion groups and open forums.¹⁸

It’s not surprising that corporate real estate executives are eager to reinforce a sense of community among their employees. In North America, 67 percent of 300 respondents said creating community was key for them; 2,000 corporate real estate executives in Europe, Asia, Australia, and South America, 58 percent thought it a priority.¹⁹

Space affects how we socialize

To create a sense of community at work, organizations are combining attitudinal changes with facility design. They are providing both the coffee bar for people to congregate, for example, and the trust that acknowledges conversations taking place there further the organization's business goals. Author Martha O'Mara argues that "The allocation and use of space must support interpersonal and social contact. Along with more meeting rooms, bump spaces with couches and tables can be scattered about to encourage impromptu discussions.... Some corporate offices now resemble Italian piazzas. Aisles widen into streets with places to stop and talk. Rather than being relegated to a hidden corner or closet, the water cooler and coffee machine now are celebrated in centrally located cafes where people are encouraged to meet each other."²⁰

The f/X Networks office in the Fox Tower in Los Angeles borrows the idea of the small-town post office to bring people together. Rather than have mail delivered or picked up from a traditional mailroom, designers created a central post office where employees go to get mail, take refreshments, and carry on conversations. Waterside, the British Airways headquarters in London, completed in 1998, consists of six buildings arranged along a central covered street where trees and fountains along with a library, café, bank, supermarket, and restaurant draw people to the shared main thoroughfare of the complex. Bridges, glass-walled elevators, and open stairwells give people a view of this public area as they move through the facility.²¹

Creativity in the workplace depends on the social interactions these types of spaces foster. According to research Judith Heerwagen, "Playing with ideas, having fun, and brainstorming all contribute to the rapid flow of new ideas that are the building blocks of creativity and innovation. Solitary reflection coupled with intense discussion and debate turns these ideas into useful products and services. The physical setting influences these processes in several ways: first, by affecting the probability of encounters; second, by enabling conversations to develop easily, but without committing people to a long meeting; and third, by providing opportunities for intensive interaction and debate."²²

A look at the *BusinessWeek/Architectural Record* awards for the past few years confirms the emphasis architects and their clients are putting on spaces that allow for the social side of work. These designs embrace a premise that researchers are confirming and many top managers have known intuitively for a long time: Some of the most fruitful and productive encounters in the workplace occur in common spaces.

In 2003, the Gannett/USA Today headquarters in McLean, Virginia, took top honors in the corporate headquarters category because, as one judge put it, "this building engages the landscape rather than being an object in it."²³ The headquarters is actually two towers, each with its own identity, one for the parent company and the other for its largest subsidiary *USA Today*. The towers rise from a four-story base that is modeled after a town square, with high ceilings, open spaces, and a common lobby and courtyard that give people places to gather and connect. Terraces on the roof of the base and extensive landscaping bring the outside closer to the work environment.²⁴

A 2002 award-winning facility, the Multi-use Centre in Auckland, New Zealand, was designed to increase communication between call center employees and people in the information-systems operations. Business units are spread out over five zones on three floors in the open-concept space. "The plan organizes around a central common area for meeting, work, and social gathering. This central 'park' idea and café are the hub for the office community.... Post-occupancy evaluation has shown an increase in verbal communication (less e-mail by 30 percent), staff turnover reduction of 50 percent, and a 10 to 15 percent faster software development delivery."²⁵

Judges cited SAP's global marketing headquarters in New York City in 2001 for the way the software company transformed an historic printing building in lower Manhattan into an intimate yet dynamic work environment. Visitors to the space follow a curved wall to a "plaza" at the center of the space that provides a gathering space for employees and doubles as a meeting space for product launches, analyst briefings, and other events that would otherwise be held at off-site locations. Frosted glass and slatted partitions radiate out from the plaza to form flexible work areas that people can rearrange.²⁶

When The Children's Place, a retailer of specialty apparel and accessories for kids, needed new headquarters it turned to a workplace strategist, its architects, and the contractor to identify key elements to consider in the design, including the degree of interaction and autonomy among employees. Architects designed a building that, in contrast to the former headquarters, had many different settings for groups to gather and share ideas. "Employee retention is at 95 percent. Users say the workplace supports the creative process, breeds enthusiasm and love of the job, and facilitates

collaboration. Visual links between the distribution center, offices, and an on-site store provide a feeling of integration and team culture while keeping the workforce in touch with the marketplace.”²⁷

Alcoa Corporate Center, a 1999 award winner, is an example of how a building can be used to help change a company’s culture. Paul O’Neill, then Alcoa’s CEO, did away with private offices for senior managers, including for himself. “Flexible, low-partitioned workstations were put in to encourage teamwork, communication, and innovation. Escalators and a huge light-filled atrium promote ‘serendipity,’ or chance meetings between employees that are supposed to lead to new ideas.”²⁸

These examples show “how innovative thinking is being used by traditionally staid sectors to lead their fields,” according to John Worthington, founder of the architectural firm DEGW. “Our paradigm of space usage has been turned on its head. Circulation, so called ‘non-utilisable space, now in the knowledge economy has a value. Circulation becomes a focus for chance encounters, and for knowledge exchange.”²⁹ Recognizing the social side of work and how the workplace can foster it are likely to generate the kind of innovation that companies need to compete effectively.

* * *

This self-study is accredited by:

The Interior Design Continuing Education Council [IDCEC]
The American Institute of Architects [AIA]
The International Facility Management Association [IFMA]

It merits the following credits:

0.1 IDCEC [includes IIDA/ASID] Continuing Education Unit
1.0 AIA Learning Unit
1.0 IFMA CFM/FMP Maintenance Point

To receive credit, you must complete and pass a diagnostic exercise located at:

www.hmievents.com/CEU/ThirdPlaces

End Notes

1. Pete Collins, "Innovation pays off handsomely for the 75% of fast-growth companies making it an organization-wide priority," PriceWaterhouseCoopers, 27 June 2001 [www page]; available at <http://www.pwcglobal.com/extweb/ncpressrelease.nsf/DocID/627F52C2431A123585256A7A0072D839>; accessed 23 June 2004.
2. J. Girard, "Management Update: Managing the Mobile and Wireless Workforce," Gartner Group, Article G00120741, 28 April 2004.
3. R. S. Burt, *Structural Holes: The Social Structure of Competition* (Cambridge, MA: Harvard University Press, 1992).
4. M.E.J. Newman, "Assortative mixing in networks," *Physical Review Letters* 89, 208701 (2002) [journal online]; available from <http://arxiv.org/abs/cond-mat/0205405/>; accessed 23 June 2004.
5. Lee Fleming and Adam Juda, "A Network of Invention: Creativity in a community of inventors hinges on a few well-placed players," *Harvard Business Review* Volume 82, Number 4 (April 2004): 22.
6. M.E.J. Newman and Juyong Park, "Why social networks are different from other types of networks," *Physical Review Letters* E 68, 036122 (2003) [journal online]; available at <http://arxiv.org/abs/cond-mat/0305612>; accessed 23 June 2004.
7. Ajay Mehra, Martin Kilduff, and Daniel J. Brass, "The social networks of high and low self-monitors: Implications for workplace performance," *Administrative Science Quarterly* 46 (March 2001): 121–146.
8. Rob Cross, Thomas H. Davenport, and Susan Cantrell, "The Social Side of Performance," *MIT Sloan Management Review* Volume 45 Number 1 (Fall 2003): 20–22.
9. Thomas Lechler, "Social interaction: A determinant of entrepreneurial team venture success," *Small Business Economics* Volume 14, Issue 4 (June 2001): 263–278.
10. Emilio J. Castilla, Hokyung Hwang, Ellen Granovetter, and Mark Granovetter, "Social Networks in Silicon Valley," in *The Silicon Valley Edge: A Habitat for Innovation and Entrepreneurship*, edited by Chong-Moon Lee, William F. Miller, Marguerite Gong Hancock, and Henry S. Rowen (Stanford, CA: Stanford University Press, 2000): 218–247.
11. Frances Cairncross, *The Death of Distance: How the Communications Revolution Will Change Our Lives* (Cambridge, MA: Harvard University Press, 1997).
12. Alfred Marshall, *Principles of Economics: An Introductory Volume* (London: Macmillan & Company, 1916, 4th ed.).
13. John Seely Brothorn and Paul Duguid, "Local knowledge: Innovation in the networked age," *Management Learning* Volume 33, Issue 4 (December 2002): 427–437.
14. Ray Oldenburg, *The Great Good Place: Cafes, Coffee Shops, Community Centers, Beauty Parlors, General Stores, Bars, Hangouts and How They Get You Through the Day* (New York: Continuum International Publishing Group, 1989): xiv.
15. Thomas Allen, "Communications networks in R&D laboratories," *R&D Management* Volume 1, Number 1 (October 1970): 14–21.
16. Judith Heerwagen, "Training Manual and Presentation Materials," Herman Miller, Inc., (2000), p. M-23 and M-24.
17. Eric Lesser and John Storck, "Communities of practice and organizational performance," *IBM Systems Journal* Volume 40, Issue 4 (April 2001): 839–842.
18. Claire J. Anderson, Myron Glassman, R. Bruce McAfee, and Thomas Pinelli, "An investigation of factors affecting how engineers and scientists seek information," *Journal of Engineering and Technology Management* 18 (2001): 131–155.
19. DEGWA and CoreNet Global, "Re-Thinking Real Estate After September 11th"; available at <http://www.degwa.com/press/newsurvey.pdf>; accessed 25 May 2004.
20. Martha O'Mara, *Strategy and Place: Managing Corporate Real Estate and Facilities for Competitive Advantage* (New York: Simon & Schuster, 1999): 305–306.
21. Don Cohen and Laurence Prusak, *In Good Company: How Social Capital Makes Organizations Work* (Cambridge, MA: Harvard Business School Press, 2001): 88–89.
22. Judith Heerwagen, "Training Manual and Presentation Materials," Herman Miller, Inc., (2000), p. M-23 and M-21.
23. Jane F. Kolleeny, "Designing for well-being: Environments that enhance the quality of life," *Architectural Record* Volume 11 (November 2003): 90–118.
24. Bruce Nussbaum, "The BusinessWeek/Architectural Record Awards," *BusinessWeek*, 3 November 2003, 57–64.
25. Jane F. Kolleeny, "Architecture as image-maker: Wise clients work with architects to build success," *Architectural Record* Volume 11 (November 2002): 84–110.
26. John E. Czamecki, "Expressing the art of good business," *Architectural Record* Volume 10 (October 2001): 90–113.
27. Clifford A. Pearson, "Making good design pay off," *Architectural Record* Volume 10 (October 2000): 84–106.
28. Bruce Nussbaum, "Good-Looking, Hardworking," *BusinessWeek*, 1 November 1999, 118–140.
29. John Worthington, *Making Change Work: Design as a Catalyst for Organisational Innovation* First Annual Founder's Lecture, Royal College of Physicians, London, 20 November 2003.

* * *