

# a random walk

officeinsight

## Place: A Strategy for Organizational Success \*

by Scott Francisco

*If you can invest in one thing to strengthen an organization, invest in the places where people interact*

- Larry Prusak, Knowledge Management Guru

I did it again. I sent out an "all\_staff" email. Yes, I felt a twinge of doubt as I clicked send, but ...click I did.

If you've ever been there, you too may have wondered in retrospect what prompted you to broadcast your questions, thoughts or ideas so widely and directly throughout your organization. Isn't there a more appropriate system or process? Aren't there protocols, knowledge-management sites, designated folders to upload into, databases to search, wikis, blogs and discussion boards all designed to filter and distribute this information?

Of course there are, but they don't work. Sure, they function *technically*, but there's no human response, no

direct feedback, no getting to the heart of the matter... no *conversation*. I don't know about you, but I want to make people *think*, to shake them up a bit, to have them wonder if they are crazy, or if it's just me.

Cutting through the technical fog in organizations is an urgent matter. The efficient and precise systems we have created (and now depend on) are complex, opaque, difficult to grasp and almost impossible to maintain without dedicated experts who usually know little about our culture, goals or even the business that depends on the technology they are charged with developing and maintaining.

We've depended on technical systems like plumbing and electricity for a long time: Got a leak, call the plumber; a broken circuit, call an electrician! But this is something else entirely. Today our businesses are built on foundations we cannot see and do not fully understand. Value-at-Risk modeling (VaR), Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Employee Performance Review Metrics, Knowledge Management Systems (KMS). Pop open the hood of one of these babies - I dare you. 'Call the expert' you say?! Oh wait, you *are* the expert... aren't you?!

### Everyone is doing it...

*So is it really a problem?* To answer this question we have to:

a) Look around us (the financial system/VAR is an easy target. see: <http://www.nytimes.com/2009/01/04/magazine/04risk-t.html>)

b) Ask ourselves what organizations are, and how they work.

I'll save some of the suspense: **Organizations are people working together for a common purpose.** How they do

this can be a little more complicated, but the three basic tenets of organizations must remain:

> *people*

> *working together*

> *common purpose*

The rest, we may say, "are details," important details to be sure. For within these details we create "added value," and "competitive advantage." But if any of the three cornerstones of organization are forgotten, or lost in the pursuit of operational effectiveness or business strategy, the organization can cease to function as an organization, backfire, or even become something else.

**Obscure Dependencies** is the name I've given the parts or subsystems within organizations that are both necessary and obscure: Things that we depend on but have almost no idea how to engage with or maintain. Compare the engines of a 1960 VW and today's Prius. Both are highly efficient motors for small cars. The slight efficiency advantage of the Prius engine, however, comes at a great cost: almost complete opacity and dependence on specialized experts. In a pinch most of us could probably fix a VW engine, or at least understand what the mechanics are up to. Break down in the Prius? *Open the hood only if you want to confirm your ignorance!*

In our technical society, obscure dependencies have become ubiquitous and unavoidable. We can't all be experts at everything. But to what degree should critical knowledge organizations (businesses, governments, educational or agricultural institutions) depend on processes that explicitly replace or distance human knowledge, experience and values? We know that removing human judgment (and



SCOTT FRANCISCO

## a random walk

error) from technical systems generally makes them more efficient: Think industrial revolution, assembly lines or automation. But at what point are these systems still...organizations? Can successful organizations be treated like machines, where measurement, calculation and efficiency rule? We know the practice is commonplace, most of us are living it! The real question is: *should* organizations be treated like machines?

The answer is a resounding No! In his book *Systems Thinking: Managing Chaos and Complexity* **Jamshid Gharajedaghi** summarizes our modern history of understanding organizations. He outlines three models, progressively used to understand and manage organizations:

1. The Mechanical, or “Mindless” model,
2. The Biological or “Un-minded” Model,
3. The Social, or “Multi-Minded” model (the most current and relevant in today’s management thinking.)

The irony, however, is that despite this theoretical understanding of the social nature of organizations, we continue to add mechanical subsystems to our organizations that displace the social nature of the work. Instead of truly supporting “people” + “working

together” we add predefined computational systems with the promise of more efficient answers and procedures. The robo-voiced “customer service agents” of our airlines, credit cards or city governments are all great examples. Can these systems really solve our problems, teach us anything, or contribute to our culture? Will our next generation (of people) be smarter or better off?

If innovation, creativity and knowledge are to be the hallmarks of our age and the prerequisite for business success, we need to rethink our tendency to obscure and distance everyday interactions and conversa-

tions. While it is easy to see that many of these black-box sub-systems are highly efficient, they also get in the way of tinkering, improvisation, negotiation, and many other vital skill-building activities that encourage healthy organizational growth and development.

More tangibly, organizations that are overly dependent on complex technical systems without a knowledgeable base of people become fragile. It should be no surprise that when things start to go wrong in these fragile systems there is a lack of knowledge, skill and

time to react or adapt. These organizations are prone to crash, suddenly and completely like an over-stressed laptop. The financial sector had become such a system: full of highly innovative instruments that performed brilliantly until... sudden catastrophic and unexplainable collapse. When the components began to fail, neither the market or the experts understood the dependencies well enough to know what to do, or which direction to run.

The shift towards a “white collar” economy has been partly responsible for this, and “not wanting to get one’s hands dirty” a typical justification for automating organizational work. But

there is ample evidence that hands-on experience and problem-solving, even in basic tasks, has a significant positive impact on learning, supporting executive function and robust innovation. See: “The Case for Working with Your Hands”: <http://www.nytimes.com/2009/05/24/magazine/24labor-t.html>

#### Immediate Action

From investment banking to agriculture, professional sports to children’s education, almost no industry is spared from increasingly data-happy

---

***We can rediscover the connective power of place and space, and use it as an antidote to the obscure dependencies we find around us.***

---



1960 VW ENGINE



PRIUS ENGINE

management, and computational techniques for measurement, regulation and automation. But if the pervasiveness of this problem seems overwhelming, there is something we can do in our organizations right now. We can rediscover the connective power of place and space, and use it as an antidote to the obscure dependencies we find around us. We can empower regular direct communication and conversation by prioritizing places for people.

People are spatial creatures, and even more so when we are working together. Organizations are miniature cultures, filled with symbols, languages and icons that contain and transmit knowledge, values, skills and behaviors. The places that organizations create and occupy may be their most valuable asset. This can be difficult to measure, but leadership and design transcend the boundaries of calculation. “Insight”, “intuition” and “narrative” are vital for their results. When designing changes to space, it becomes essential to follow the “design-leader” approach.

Organizational space can be impacted and transformed in so many ways, from simply creating a new cultural vocabulary to buying new furniture; from planning “workplace neighborhoods” on various floors, to creating “space guidelines” across a global portfolio. Whatever the scale or budget, here are three themes that can be used as a framework to ensure that change will result in better communication, learning and collaboration in your organization.

### 1. Establish Design Priorities:

Priorities are statements of *value*. They draw people into a conversation about organizational goals. They encourage communication, negotiation and accountability. Here are some priorities that are timeless and tested:

>*Magnetism*: If a place pulls people

to it, it's working, if not, it's a failure.

>*Functionality*: Does the space support real needs? Don't assume, ask the users. Combine observation and discussion for a complete needs assessment. Needs go beyond what we know now. Design should also lead into an envisioned future.

>*Expression*: Great places tell a story. They create a mental map. A place should look and feel unique and celebrate its history and characters. Great places capture and reveal change over time: the past, present and future should all coexist.

### 2. Harness the Design Process:

The decision making process sets the tone for change. Nothing breaks down obscure dependencies better than an inclusive, transparent process. From the first meeting or conversation, each interaction is a design intervention.

>Engage a variety of stakeholders directly in defining vision and needs.

>Inspired visualization and dialogue are critical for success. The right tools and activities will help elicit direct, honest and accurate input.

>Design should be a learning activity. All participants should come away with new skills and vocabulary; integrating design thinking into the DNA of their organization.

Always balance between culture and calculation. Synthesize relevant research and data with user input and stories.

### 3. Invest in Design Communication:

Visualizing problems, solutions and new ideas are critical to success. Help clients see hidden barriers in order to develop transformative solutions. Create images, narratives and graphics to help clients share their vision, internally and to outside stakeholders.

>Develop the right language and tools for the client's culture: drawings, diagrams, models, case studies and

metaphors can all help clarify the vision and communication.

>To understand user needs and ensure consensus, regularly reflect the aspirations and constraints back to the users for discussion and validation.

People working in places that are responsive in these ways will be uplifted and connected. As organizational complexity increases, place-making becomes an increasingly important tool for organizational leadership and development. Organizational success depends, in part, on the ability of leaders to see the extraordinary potential of investing in place for both immediate and long-term excellence. Amidst the rising flood of technical gadgetry, information, procedures and pass-codes, it may just be a low-tech combination of bricks, mortar, natural light (and decent coffee) that brings us together and keeps our organizations afloat. ■

*Scott Francisco is a Senior Consultant with HOK ADVANCE Strategies, NYC. He can be reached at scott.francisco@hok.com*

*\*Portions of this article were adapted from an article that first appeared in DEGW Insights*



# a minute with ira joe

officeinsight

## Sports and Grammar and Other Noticings

by Ira Joe Fisher

Driving along New England's charming, leafy, winding Route Seven recently I passed a business called "Classic Towing." I did not know towing could reach such a height. If I ever need a tow, that's who I will call.

Just heard a report on the radio about a company that serves New York and New Jersey ...by removing gum from surfaces. Any surface. By a machine and special chemicals, gum can be removed from chair bottoms, tile floors, carpets, sidewalks, walls, metal. Any thing. We had a gum removing service in high school: Mrs. Willard, the biology teacher. She could remove gum from any student with just a cloudy glare, a piercing bark and the threat of detention. Remember how we used to cringe at fingernails on a chalkboard? That's all in the past. Have you heard fingernails on a power-point screen? I have. Nothing. Truly. No cringe. No shudder. Except at the subject of the power-point. And we really *must* be careful with the fonts we choose for typing messages in this computer age. The other day I received an e-mail from a friend ad-

dressed to Shelly and me. I think the font was "Ariel 8-point." She closed with the phrase, "I love you lots." But, my first glance caused me to read it as, "I love you idiots." Is there a support group for font-angst?

We're right in the middle of baseball's so-called "post season." What an infelicitous phrase. Sounds like a high-fibre cereal. Football rumbles and rattles fall into winter with its Sunday-thudding violence; but, baseball ... slow, loping, sun-splashed baseball is a saunter, a savoring of something called "summer." Baseball is as much a season as the season in which it's played. "Post" season? That lumps it with *post-modern*, *post-war*, *post-apocalypse*. But, the division-championship series and the league-championship series and that golden, shimmering-autumn-event named – for the past one-hundred-and-six-years – the *World Series* are not *post* anything. They are the sum of what 162 games have added up to for eight teams in the American and National Leagues. Losers go home. Winners suit up for another day.

Oops. I have permitted a romantic bias to infect my prose. That game I recall playing and worshipping as a boy has tumbled with a clunk to this spinning earth. Steroids. Greed. Poorly executed fundamentals. Diluted talent pool (ascribed to expansion). Egregiously shoddy umpiring. And the dreadful thing that has happened to the baseball uniform. The only word that comes to my mind is ...ick. No longer team-color stirrups over white "sanitary hose" (How sanitary could they be?). Hat-bills un-curved. Spikes that look stolen from the Rockettes. And then, there is grammar. Or its woeful absence.

The big lug athlete ought to speak the language correctly. A slugger will boast, "I hit the ball good." There are only two things with which you can hit a ball – a bat and an adverb. "Good" is neither. It's an adjective. Always has been. Always will be. If you're *trying* to hit a ball, you swing a bat. If you *succeed* in hitting a ball, you use an adverb. "Well," for example. Or "sharply" or "smartly." Baseball has rules. After you hit the ball, you don't run directly to third base or to the on-deck circle or out to the bullpen; you run directly to first base. And if you've hit the ball "well" enough or "sharply" enough or "smartly" enough, you continue running sequentially to second base, to third and on to home. You cannot do such a thing *good*. You can only do it *well* or *poorly* or *not at all*. Baseball demands that you follow its rules. Language makes the same demand. The same reasonable demand. But language needs an umpire to call an offender "out!" Or Mrs. Willard to banish him to detention. ■

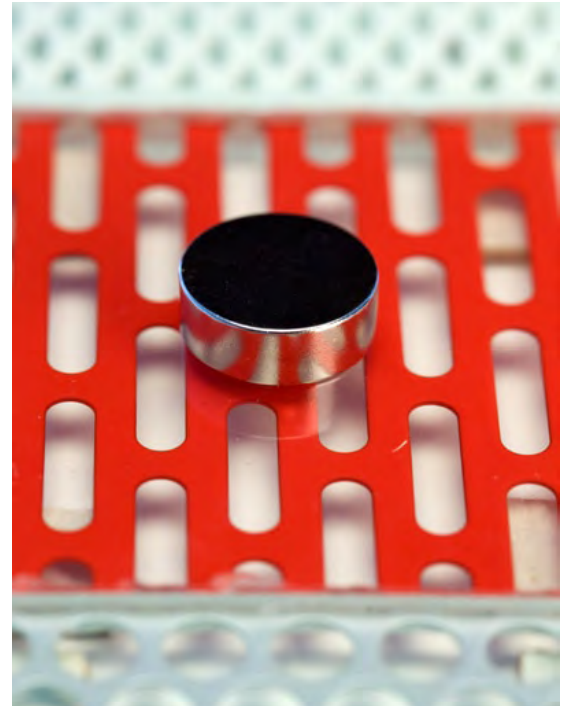


**MATERIAL OF THE WEEK****MC#5791-02**

Glazing that has magnetic properties. This glazing material is composed of an interlayer of metal mesh embedded in a clear polymer resin that is sandwiched between two layers of glass.

Available in float glass or toughened safety glass and a variety of perforated metals in seven colors that includes green, red and blue. Additionally, a variety of mesh sizes are offered as the selection of the mesh can determine the amount of desired transparency where privacy is required. This material can be backlit and used wherever conventional glass is utilized. The maximum size is 200 x 100 cm (78.7 x 39.4 in). The edges can be cut, ground, polished, rounded and drilled. Current applications include furniture, shower enclosures, lighting, doors, stairs and room dividers in hotels, spas and yachts.

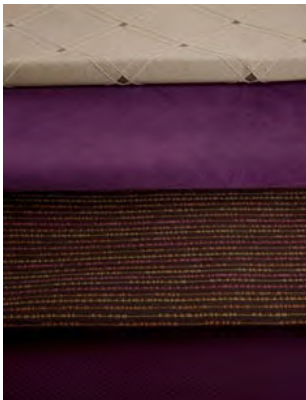
*This column is published in collaboration with Material Connexion. For more information regarding the material previewed, please contact Michael LaGreca at [mlagreca@materialconnexion.com](mailto:mlagreca@materialconnexion.com). T: 212.842.2050.*



For complete releases, visit [www.officenevswire.com](http://www.officenevswire.com). Keep current with the RSS feed.

**PRODUCT INTRO**

**>KnollTextiles introduced three woven textites that are well-priced, sustainable, and high performing.** The newest members of the ultrasuede collection are *Bocce*, *Cat's Cradle*, and *Fairway*.  
–*Cat's Cradle* in geometric,



open shapes and reminiscent of the children's string game, is made of 56% Eco-Intelligent polyester and 35% recycled polyester. It comes in nine colors colorways.

–*Bocce*, like the sand lines cast by Bocce balls, has a textured stripe. It also is made of 100% Eco-Friendly polyester and comes in eight colors.  
–*Fairway*, a reminder of a smooth putting surface comes in a broad range of colors and is made of 50% post industrial polyester.

[www.knolltextiles.com](http://www.knolltextiles.com)

**NOTEWORTHY****>Albert Einstein appears to have been right again in his theory about light.**

After a journey of 7.3 billion light-years, in a race between gamma rays of differing energies and wavelengths spit in a burst from an exploding star when the universe was half its present age, all gamma rays arrived within nine-tenths of a second of one another in a detector on NASA's Fermi Gamma-Ray Space Telescope, at 8:22 p.m., Eastern time, on May 9. Astronomers said the gamma-ray race was one of the most stringent tests yet of a bedrock principle of modern physics: Einstein's proclamation in his 1905 theory of relativity that the speed of light is constant and independent of its color, or

energy; its direction; or how you yourself are moving.

<http://www.nytimes.com/2009/10/29/science/space/29light.html>

**>Cathy Choi was appointed President of Bulbrite.** *Andrew Choi*, Founder, former President and CEO was named Chairman. According to Mr. Choi, Ms. Choi, who previously served as



Vice President, has demonstrated outstanding leadership by building the sales network, expanding products, and establishing the Dallas showroom to better serve customers. In her new position as President, Ms. Choi will oversee all operations of Bulbrite and coordinate sales, marketing, administrative, research and development, and manufacturing activities. Ms. Choi served as National Sales Manager for Bulbrite when she started with the company eight years ago. Prior to joining Bulbrite, Ms. Choi was a Director of Finance and Operations for Independent Pictures, a division of New Line Cinema and an Auditor for Price Waterhouse. [www.bulbrite.com](http://www.bulbrite.com)

**>David B. Einstein, founder and current Chairman of the Board of COFCO Office Furnishings, Philadelphia,**



**PA, celebrated his 90th birthday on October 20.** Mr. Einstein began his career in 1946 when he purchased a trailer that contained surplus office furniture, a venture that led to the formation of his company. In 1953 COFCO became an *Allsteel* distributor. Although Mr. Einstein's son, Alan Einstein leads the company, along with Principals Joan Waters, Executive VP of Sales and William Quinn, Executive VP of Operations, Mr. Einstein' comes to his office every day.

**>Michael Graves was nominated for the New Jersey Hall of Fame, Class of 2010.**



Mr. Graves, selected for the "Enterprise" category, is the first architect to be nominated. The announcement of the nominations commences voting for the Class of 2010. New Jerseyans, as well those from around the world, can vote on-line through Nov. 20 at the New Jersey Hall of Fame Web site at [www.njhalloffame.org](http://www.njhalloffame.org). The NJHOF allows multiple votes to be cast. Mr. Graves began his Princeton, NJ, practice in 1964. During his career, his practice designed over 350 buildings worldwide and received nearly 200 awards and citations for

architecture, interiors and product design. Mr. Graves is the Robert Schirmer Professor of Architecture, Emeritus, at Princeton University, where he taught for almost 40 years.

**>AECOM Technology Corp. announced the acquisition of Minneapolis-based Ellerbe Becket.** Financial terms were not disclosed. Ellerbe Becket employs 450 people in seven offices in the U.S. and the Middle East. *Steve Duethman*, managing principal for the Kansas City office said that all of the firm's offices will remain open under the Ellerbe Becket name. He expects the Kansas City office to expand because of its strength in sports venue design. Ellerbe Becket's is known for its design of health care, sports, government, corporate and higher education facilities. It's portfolio of projects includes the Mayo Clinic Gonda Building, Rochester, MN, the University Hospital in Dubai Healthcare City, and the Samsung Cancer Center, Seoul, Korea. AECOM projects include the largest LEED-certified building in China and the Los Angeles Police Department Administration building. [www.ellerbebecket.com](http://www.ellerbebecket.com) [www.aecom.com/](http://www.aecom.com/)

**>The American Institute of Architects opened Celebrate Architecture + Design on Nov. 1, with its annual sand sculpture competition on Crandon Beach, FL.** The contest kicks off three weeks of architecture and design-related events which include:

–Opening of FIU's *Festival of the Trees*, a design competition to create holiday trees," on Nov. 12.

–Historic Preservation Association of Coral Gables Homes Tour, Nov. 14, a tour of five historically and architecturally significant homes

**>Emcor subsidiary, Mechanical Services, Inc. received two first place construction awards.** The company was presented *Eagle Awards* by the *Central Florida chapter of Associated Builders and Contractors* for its work on the *Disney's Vacation Club Villas* at Disney's Animal Kingdom Lodge Annex and for its work on the University of Central Florida's *Burnett School of Biomedical Sciences* project. The Disney Vacation Club20 Villas project involved MSI's mechanical construction of a 600,000 sq. ft. themed resort, including a restaurant, reservations center and 1600-ton central energy plant. The UCF's Burnett School of Biomedical Sciences entailed the mechanical construction of a 198,000 sq. ft. five-story building with biosafety level 3 laboratories. [www.emcor-group.com](http://www.emcor-group.com)

**>Empire Office, Inc. announced the acquisition of Thomas W Ruff South Florida, Miramar, FL.** In addition to the Thomas W Ruff office, Empire Office plans to establish offices in Miami and Boca Raton to solidify its position in South Florida. Empire Office is the country's largest office furniture dealer



with sales of over \$200 million in 2008, and the largest *Steelcase* distributor in the US. (See story this issue. [www.empireoffice.com](http://www.empireoffice.com))

**>Environetics. Los Angeles, CA, announced that five companies using its design services ranked in the top 30 as the best companies to work for.** *Los Angeles Business Journal* gave the ratings to The TCW Group, Inc., 4th among large companies; Insomniac Games, Inc., ranked first, CPEhr listed sixth, M. David Paul & Associates named 12th and Altour ranked 30th for medium-sized companies. Environetics also was recognized by the *Los Angeles Business Journal* as the 2nd best small company to work for. [www.Environetics.com](http://www.Environetics.com)

**>Granary Associates is expected to join design firm Stantec.** The employees of Granary Associates will continue to operate out of their current locations in Philadelphia, New York City, and Doha, Qatar. The transaction is structured as an asset purchase and is expected to close, subject to certain conditions, in early November. A leader in the healthcare industry, Granary Associates is expected to add depth to Stantec's service offering. Granary Associates healthcare projects include the planning and interior architecture services for the Sidra Medical and Research Center in Qatar and the Memorial Sloan-Kettering Cancer Center's Pediatric Day Hospital. [www.granaryassociates.com](http://www.granaryassociates.com) [www.stantec.com](http://www.stantec.com)

**>Haworth hosted an organic workspace event in Essen, Germany.** The event included new product introductions of *Systems 59* office seating, the *Kiron* desking system and a new colour and materials collection, as well as European introductions of the *Very multi-task chair* and *LIM* light. The Haworth European event included forums for dealers, clients and the A&D community on new approaches to organic works. [www.haworth.com](http://www.haworth.com)

**>InformedDesign released its latest research summaries.** For a complete report, visit: [www.informedesign.umn.edu](http://www.informedesign.umn.edu)

—Author's Title: *Understanding the Effects of Cognition in Creative Decision Making: A Creativity Model for Enhancing the Design Studio Process*  
This study examined how creativity of the person, process, and product (outcome) and the cognitive stages of the design process were expressed in an interior architecture studio class to gain an understanding of the creative decision making process.

—Author's Title: *Indoor Air Microbes and Respiratory Symptoms of Children in Moisture Damaged and Reference Schools*

A study was conducted to determine what type of school structures are more prone to moisture damage and what impact moisture damage has on children's respiratory health.

—Author's Title: *The Effect of Ventilation Strategies of*

*Child Care Centers on Indoor Air Quality and Respiratory Health of Children in Singapore*

This cross-sectional field study examined the effects of different ventilation systems on indoor air quality (IAQ) and occupant health in child care centers in Singapore.

—Author's Title: *Clearing the Air: A Model for Investigating Indoor Air Quality in Texas Schools*

This pilot study tested the ability of the US Environmental Protection Agency's (EPA) Tools for Schools program (1995) to identify indoor air quality (IAQ) problems at a high school in Galveston, Texas.

Using Technology to Understand Urban Greenway Use

—Author's Title: *Urban Greenways, Trail Characteristics and Trail Use: Implications for Design*

This study employed remote sensing techniques and geographic information systems (GIS) to examine how urban greenway design characteristics (e.g., viewsheds, vegetation, openness) affected pedestrian traffic levels in Indianapolis, IN.

**>KI's Arissa furniture collection furnished the lounge and lobby areas at Golisano Children's Hospital, Syra-**



**cuse, NY.** Arissa is a universal seating collection that accommodates any body type. The children's hospital is named for Rochester-area businessman B. Thomas Golisano, who donated \$6 million to build the facility. [www.ki.com](http://www.ki.com)



**>Mannington Commercial announced the winners of an all-expense paid trip to Greenbuild.** *Angela Crum*, RTKL, Dallas, TX, *Ash Moss*, Niles Bolton, Atlanta, GA, and *Jennifer Wagner*, TWP Architecture, Elm Grove, WI, will be traveling to the world's premier green building conference in Phoenix, AZ. At the show, the trio will search for sustainable trends that they will share on a live webcast from the show, as part of Mannington's "Bring Greenbuild Local." [txstyle-mannington.com](http://txstyle-mannington.com)

**>Nurture by Steelcase and the Mayo Clinic collaborated on a research study scheduled for publication in the Fall issue of Health Environments Research and Design Journal.** Described as a "the first of its kind," the random-

ized "Space and Interaction Trial" consisted of 63 pairs of patients and doctors assigned by chance to either a conventional consultation room or an experimental room that allowed the patient and clinician to sit side by side facing a computer screen at a semi-circular desk. While the study reported high satisfaction among patients and doctors assigned to the conventional room, those assigned to the experimental room reported better sharing of information between doctors and patients. [http://nurture.com/nurture\\_and\\_mayo\\_clinic\\_study\\_News.aspx?f=39088](http://nurture.com/nurture_and_mayo_clinic_study_News.aspx?f=39088)

**>Peabody Office Furniture was one of five finalists for the Massachusetts Family Business of the Year Award.**

Given by the *Family Business Association Inc.*, Peabody was one of 200 nominated businesses and five finalists in the "Small Business" category for businesses with up to 50 employees. Peabody Office Furniture is a fourth generation family business. Lester Peabody, who recently celebrated his 101st birthday, is still involved in the business his father started in 1899, together with his son, Jonathan, and grandson, Christopher. [www.peabodyoffice.com](http://www.peabodyoffice.com)

**>RKT&B Architecture and Urban Design announced the completion of Engine Company 201.** Located at Fourth Avenue in Sunset Park Brooklyn, the firehouse is one of the first to be completed as part of the City of New York's Department of Design

and Construction's Design Excellence Program. To visually connect the firefighters with the community, the firehouse was built with glass doors. Other symbolic design elements include the Maltese Cross, embossed on glass and expressed as an illuminated "light box" on the third floor facade, and the use of brightly glazed red brick throughout. A pre-existing ground floor memorial dedicated to fallen heroes has also been preserved and incorporated into the interior. High priority was given to apparatus floor function, response time and operational efficiency of the shared spaces on the ground floor.

[www.rktb.com](http://www.rktb.com)



**>Teknion Corporation will be represented by Frontier Workspace Solutions for Hong Kong and Asia.** Located in the Asia Orient Tower at 33



Lockhart Road on Hong Kong Island, Frontier's new 12,000-sq. ft. two-story showroom carries the complete Teknion office furniture portfolio of products. Frontier Workspace Solutions has a 15-year industry track record and is led by *John Kwok*.

[www.frontierworkspace.com](http://www.frontierworkspace.com)  
[www.teknion.com](http://www.teknion.com)

**>WAC Lighting launched a new promotion to help lighting distributors and trade associates increase sales and education efforts.** "The Hunt" Promotion features a scaven-



ger hunt and a final program to celebrate its 25th anniversary. "The Hunt" program enables lighting professionals to search for WAC Lighting items, test their knowledge of the company, and introduce them to the latest WAC products. Participating distributors will maintain "The Hunt" lists and keep copies of sales receipts for various items to build points, which can be redeemed for gift cards throughout the promotional period, which runs through January 31 2010. WAC distributors must sign up to participate by *November 15, 2009* and purchase "The Hunt" stock products, which include LEDme Light Bars and LEDme Button Lights/ Drivers. The distributor with the highest number of contest participants will receive three Free INVISILED 12v tape light system kits.

[thehunt@wacighting.com](mailto:thehunt@wacighting.com)

**>Woodward Avenue in Detroit, MI, carries the designation M-1, so named because it was the first paved road anywhere.**

## RE-SITED

**>Nicole Didda was named Vice President of Communications for Skanska USA, Inc.** Ms. Didda will be responsible for all internal and external U.S. communications and for the combined USA Building and USA Civil communications teams. In her 20 years of corporate communications experience, she has worked with Gap Inc., Charles Schwab, United Airlines, Fluor, Sunbeam and Oxford Health Plans. Previously, she was a partner at Oliver Wyman Delta and also held senior positions at global public relations firms including Executive Vice President and General Manager of Edelman San Francisco.

[www.skanska.com](http://www.skanska.com)



**>Alberto Elizondo joined Humanscale as Managing Director of Latin America.**

After serving as General Director of the Latin American sector for Haworth from 1999 to 2009, Mr. Elizondo will lend leadership and experience to Humanscale's expansion efforts in Mexico and Central



## officeneWSwire.com

and South America. Mr. Elizondo will oversee all sales and distribution throughout Latin America. He will also be responsible for penetrating new and emerging markets. Mr. Elizondo is based out of Mexico City.

[www.humanscale.com](http://www.humanscale.com)



**>Nick Flew was appointed Managing Director of the UK and European operations of Parsons Brinckerhoff.** Mr. Flew previously was Director of *Balfour Beatty Management*, the UK-based professional services business of Balfour Beatty, which recently acquired Parsons Brinckerhoff. Mr. Flew played a key role in the acquisition of PB and, in his new position, will



lead the integration of both companies. The company will operate as Parsons Brinckerhoff. Mr. Flew has 28 years of technical and management experience and is a member of the Institution of Civil Engineers and a member of the Chartered Institution of Water and Environmental Management. [www.pbworld.com](http://www.pbworld.com)

**>Stan Margolis was hired by Bryan Ashley International as Vice President of Sales & Marketing.** Mr. Margolis will be responsible for developing and managing the world wide sales force and developing marketing tools for the client base. Previously Mr. Margolis was District Sales Manager for Kincaid Furniture as well as owning and operating Guardian Protection Products of N.E. Bryan Ashley International is a manufacturer of casegoods and upholstery located in Pompano Beach, FL. [www.bryanashley.com](http://www.bryanashley.com)

**>Megan McKenna will represent HBF and HBF Textiles.** Effective November 1, she will be responsible for Philadelphia, Eastern Pennsylvania,



Southern New Jersey, and Delaware. Ms. McKenna was with Herman Miller for the last six years and has sixteen years office furniture experience. She can be reached at [megan@hbf-mco.com](mailto:megan@hbf-mco.com)

**>Thomas K. Wallen joined HDR Architecture, Inc. as healthcare principal for the Atlanta, GA, office.** Mr. Wallen has more than 30 years experience in the healthcare design field working with the private sector, public sector, academic medical centers and as well as international healthcare providers in Asia. Since 2007, Mr. Wallen served as director of Walsh Healthcare Solutions for The Walsh Group in Chicago, IL. Before that, he was with Gresham, Smith and Partners years as a healthcare principal and partner.

[www.hdrinc.com/](http://www.hdrinc.com/)



## ENVIRONMENT

**>FreeGreen, a provider of house plans and Greensburg Greentown, a grassroots organization promoting sustainable building, announced the top winning designs selected for the Chain of Eco-Homes Competition.** *Steven Learner Studio's* 1st prize winning design, the "*MeadowlarkHouse*," will be built in November as the model green home in Greensburg, KS, and the studio will receive the grand prize of \$10,000. The Meadowlark House includes the sustainable and recyclable HIB wall system, energy-saving features which uses natural airflow and sunlight, as well as a compact floor plan that cuts construction costs.



**>Humanscale's M2 monitor arm received a "Focus in Silver" award from Focus Open 2009.** The Design Center Stuttgart's **Baden-Württemberg International Design Awards** are given to "excellently designed products" that are the best in any one category. The M2 monitor arm previously won a Best of



## officenevswire.com

## officeinsight

NeoCon Gold, a Product Innovations Awards Grand Prize from *Buildings Magazine*, and the Best Ergonomic Solution distinction at Mixology09. [www.humanscale.com](http://www.humanscale.com)

**>Ted Moudis Associates' renovation project of ING Investment Management headquarters received LEED Gold Certification.**

The team's mandate was to achieve a traditional aesthetic consistent with the company's standards and a seamless appearance with the existing, adjacent office space. The project included two conference rooms, board room with audio video capabilities, visitor lounge, private offices, workstations, and interconnecting staircase. 96% of all wood materials used were from certified Forest Stewardship Council sources and over 61% of these materials supported local/regional manufacturing. In addition, over 50% of the construction and demolition waste was sent to recycling facilities and over 90% of all equipment and appliances are Energy Star rated. [www.tedmoudis.com](http://www.tedmoudis.com)



**>Teknion Corporation announced that its Santa Monica showroom garnered LEED Gold certification in the Commercial Interiors category.** In addition, its *Boston showroom* attained *LEED Silver-CI*. The Santa Monica showroom was created by *Vanderbyl Design*, San Francisco, CA, in conjunction with *Pollack Architecture*. In 2008, showrooms in San Francisco and Ottawa also achieved LEED certification. [www.teknion.com](http://www.teknion.com)



## PROJECTS

**>BIG, in collaboration with AKT, Tyréns and Transsolar won the competition for the World Village of Women Sports.** Located in Malmo, Sweden, the World Village of Women Sports seeks to create a natural gathering place for the research, education and training in all areas connected to the development of women's sports. The architects see the project as a town within a town rather than just a sports complex. WVOWS combines individual buildings designed for a variety of uses with open spaces and public gardens. The central hall will be large enough to accommodate professional football matches as well as concerts, conferences, exhibitions and flea markets. Rather than being shut off from the surrounding city, it serves as an open and welcoming public space, visible from all of the surrounding streets. [www.big.dk](http://www.big.dk)

**>EMCOR Group, Inc. subsidiary, Gowan, Inc., will install HVAC mechanical systems at the Ellington Air Force Base, Houston, TX.** Gowan's scope of work includes installation of the chilled water with heat recovery units, heating only systems, and exhaust systems. The project will be built to LEED principles and requirements. [www.EMCORGroup.com](http://www.EMCORGroup.com)

## EVENTS

**>Despina Katsikakis, chairman of DEGW will explore the 21st-century workplace in two upcoming lectures.** On *November 2*, 5:30 pm, she will lecture at the Steelcase Showroom, 475 Brannan St., San Francisco, CA. *November 5*, 6:00 pm, she will be at DEGW NY, 100 Broadway, 14th Floor, NYC. Citing global case studies and scientific research, Ms. Katsikakis will shed light on major impending changes in current workplace practices. Noting that the workforce of the future – at both ends of the generational span – requires convenience, control and choice about how, when and where they work, she stated, "The construction industry has its head firmly planted in the sand, and still hopes that the economy will turn around and things will be as they always were; however those models are outdated." DEGW has found people sit at their desks only about 35% of their workday, and are in the building only 60% or less of the working week – totaling less than 10% of the time the buildings are available. For reservations: [chris@ccsullivan.com](mailto:chris@ccsullivan.com)

**>Richard Landry will present an array of newly completed projects on November 4, 11:00 am.** In his talk, *Stimulus by Design*, Mr. Landry will share his thoughts on the critical role of design in stimulating not only the senses but also all

officenevswire.com

officeinsight

aspects of the business. He also will provide a first look into some of Landry Design Group's local and international on-the-board projects, and will discuss how the firm's design approach has generated current commissions in ten countries. Mr.

Landry will be at the Blue Conference Center, Suite B 259, 8687 Melrose Avenue, West Hollywood, CA.  
[www.pacificdesigncenter.com](http://www.pacificdesigncenter.com)

**SUDOKU**

Fill in the empty cells so that every row, column and cube contains a digit from 1-9, without duplication. (Level: Medium)

			5	8	6			
				3		4	8	
			7		2	9	6	
		8	6				7	9
	9						1	
6	2				3	5		
	5	9	2		8			
	8	6		7				
			3	1	9			



## business

**RAYMOND JAMES BRIEF 10.26.09****HNI: Consistent Outperformance Prompts Estimates above Guidance**

Analyst(s): Budd Bugatch

**>We reaffirm our Market Perform rating on the shares of HNI Corporation despite raising estimates above management's implied guidance because the shares remain pricey** (23.6x our FY10 EPS estimate versus the 10-year median forward P/E of 17.3x) when viewed in the light of the persistent weakness of its end markets and versus the above guidance estimates that we are comfortable in publishing.

**>It is clear that HNI's leadership has been adept at managing its costs and cash flows** during the most difficult recession in memory, particularly in HNI's office furniture and hearth segment end markets. It is just as clear that it has been less adept at issuing forward outlooks that bear resemblance to actual results, particularly for the last several quarters.

**>As detailed in an earlier brief, HNI reported 3Q09 non-GAAP EPS of \$0.47, \$0.20 above our \$0.27 estimate** (consensus had been \$0.26). Total sales declined 31.5% year-over-year to \$454 million, modestly higher than our \$449.4 million guess. On a normalized basis, operating margin improved to 8.4% from 5.3% in the prior year as benefits from cost reduction

initiatives, favorable pricing (~\$20 million), raw material deflation (~\$10 million), and lower diesel fuel costs (~\$3 million) overcame fixed cost de-leverage from lower sales.

**>Office Furniture segment revenues declined 32.2% year-over-year**, driven by a 30% decline in the supplies-driven channel and a 35% drop in other office furniture revenue. Hearth segment revenues fell 27.8%, reflecting a 26% decline in new construction-related revenue and a 29% decline in remodel/retrofit.

**>In regard to 4Q09, management expects total sales to fall in the range of 33% to 39%** (down 33% to 39% in Office and down 31% to 37% in Hearth). Additionally, the company expects normalized gross margin of 34.9% to 35.5%; SG&A ratio (ex-charges) of 31.3% to 31.9%, \$4.2 million of restructuring/transition costs, \$2.5 million of interest expense, and a 38% tax rate. Net-net, this implies normalized operating margin in the range of 3.0% to 4.2% and non-GAAP EPS of \$0.13 to \$0.21.

**>We are increasing our 4Q09 non-GAAP EPS estimate from \$0.24 to \$0.29.** While our revenue estimate (down 35.6% year-over-year) conforms to the midpoint of management's guidance, we are assuming a 5.2% normalized operating margin – well above the implied guidance range. Our FY10 non-GAAP EPS estimate goes from \$1.02 to \$1.21. This assumes a 1.3% decline in total sales as a 2.6% decline in Office revenue is partially offset by 4.5% growth in Hearth.

## Industry Stock Prices

	11.30.09	9.25.09	7.2.09	3.27.09	12.26.08	9.26.08	%frYrHi	%fr50-DayMA
HMiller	15.5	16.7	14.2	11.4	13.9	25.1	-32.4%	-7.3%
HNI	26.3	23	17.3	10.8	14.7	25.6	-10.5%	9.8%
Inscape	2.1	2.6	2	1.8	2.3	3	-31.7%	-10.4%
Interface	7.8	8.3	5.9	3.1	5.3	11.9	-13.9%	-2.8%
Kimball	7.5	7.6	6.3	6.6	8.2	11.2	22.7%	-5.3%
Knoll	9.8	10.1	7.4	6.7	8.6	15.2	-33.1%	-5.2%
Leggett	19.3	18.8	14.6	13.8	14.7	22.3	-9.8%	0.2%
Mohawk	42.8	47.5	34	32.6	35.7	69.9	20.3%	-10.7%
Steelcase	5.8	6.2	5.6	5.6	6	10.4	-39.4%	-7.9%
USG	13.1	16.1	9.9	8.5	8.8	28.7	33.9%	-19.8%
Virco	2.8	3	3.4	2.6	1.9	3.6	-29.4%	-6.5%
SUM	152.7	160.1	120.5	103.5	120.1	226.9	-	-
DJIndust	9,713	9,665	8,281	7,776	8,629	11,143	-4.38%	-

## BUSINESS AFFAIRS

>Interface, Inc., on Oct. 28 announced its 3Q09 results (dollars in thousands except EPS):

	10/04/09	09/28/08	%Ch.
<b>3 Mos. Ended</b>			
Net Sales	\$218,364	\$278,423	-21.6%
Gross Profit	\$72,412	\$94,917	-23.7%
Op. Inc.	\$18,925	\$31,022	-39.0%
Net Inc.	\$5,690	\$8,690	-34.5%
EPS (dil.)	\$0.09	\$0.13	-30.8%
<b>9 Mos. Ended</b>			
Net Sales	\$628,969	\$835,164	-24.7%
Gross Profit	\$204,687	\$294,476	-30.5%
Op. Inc.	\$42,864	\$95,429	-55.1%
Net Inc.	\$5,465	\$39,279	-86.1%
EPS (dil.)	\$0.08	\$0.61	-86.9%
Net Inc.	\$4.5	\$37.0	-87.8%
EPS (dil.)	\$0.10	\$0.83	-88.0%
EPS (dil.)	\$0.51	\$1.32	-61.4%

Results for the first nine months of 2009 included the following items: Pre-tax restructuring charges of \$7.6 million relating to the company's cost reduction initiatives; income of \$5.9 million from patent litigation settlements; and other expenses of \$6.1 million associated with the completion of a previously announced tender offer for the company's 10.375% senior notes. Excluding these items, operating income for the first nine months of 2009 was \$44.6 million, or 7.1% of sales, and income from continuing operations was \$11.6 million, or \$0.18 per diluted share.

On a sequential basis, sales in the third quarter of 2009 increased 3.3% over sales of \$211.3 million in the second quarter, and operating income improved 13.0% over the second quarter.

"We saw steady sequential improvement in our business in the third quarter despite the challenging market conditions," said **Daniel T. Hendrix**, President and CEO. "Demand for modular carpet in the education, retail, and government sectors held up well, offsetting in part the continuing softness in the corporate office segment."

The company estimated that approximately 3% of its sales decline for the third quarter, and 4% of its sales decline for the first nine months of 2009, was related to fluctuations in currency exchange rates relative to the year ago period.

"Geographically, our business in the Americas has been remarkably resilient, due primarily to our focus on non-office segments," noted Mr. Hendrix. "Our business in Europe continued to struggle with the poor economy, but in an encouraging

sign orders exceeded sales for the quarter. Asia-Pacific remains tepid overall, as multinational corporate customers have not yet returned to the market. However, Australia has been turning around, and we're beginning to see a firming pipeline of orders in China. While the global economic environment continues to be difficult, we feel we've made the appropriate restructuring decisions and investments in our business, and continue to gain share as a leader in the carpet tile market."

"We've successfully realigned our cost structure to match demand, and strengthened our balance sheet to maintain our competitive position through this market cycle," said **Patrick C. Lynch**, SVP and CFO. "On a sequential basis, our gross margin expanded almost 50 basis points from 2009 second-quarter levels, reflecting the leverage built into our operating model. Our commitment to prudent cost management and capital allocation resulted in strong cash flow generation, and we ended the quarter with \$106 million in cash and equivalents on hand."

**Results by Segment** (dollars in millions):

	10/04/09	09/28/08	%Ch.
<b>3 Mos. Ended</b>			
<b>Modular Carpet</b>			
Net Sales	\$194.1	\$243.0	-20.1%
Op. Inc.	\$20.3	\$30.3	-33.0%
<b>Bentley Prince Street</b>			
Net Sales	\$24.3	\$35.4	-31.4%
Op. Inc.	-\$1.0	\$0.7	-
<b>9 Mos. Ended</b>			
<b>Modular Carpet</b>			
Net Sales	\$557.1	\$728.4	-23.5%
Op. Inc.	\$44.5	\$96.5	-53.9%
<b>Bentley Prince Street</b>			
Net Sales	\$71.9	\$106.8	-32.7%
Op. Inc.	-\$6.0	\$2.5	-

"While we will continue to face challenges in the upcoming months, the sequential trends in our business and our third quarter results provide a foundation for the opportunities that lie ahead," said Mr. Hendrix. "We continue to see a shift in the marketplace to carpet tile, and feel that by taking prudent actions during these challenging times, we remain well positioned to capitalize on it. While the market appears to be stabilizing, we remain as focused as ever on continuing to improve our business. By investing in our market diversification strategy, improving our cost structure, and strengthening our balance sheet, we have put Interface in an excellent position to lead a market recovery when demand levels rise."

The full text of Interface's Oct. 28 3Q09 earnings press release as well as an archived replay of its Oct. 29 conference call

webcast can be accessed at <http://www.interfaceglobal.com/Investor-Relations.aspx>

**>Interface, Inc., also announced Oct. 29 that its Board of Directors declared a regular quarterly cash dividend of \$0.0025 per share, payable Nov. 24, 2009 to shareholders of record as of Nov. 10, 2009.** <http://www.interfaceglobal.com/Investor-Relations.aspx>

**>Mohawk Industries, Inc., on Oct. 29 reported its 3Q09 results** (dollars in thousands except EPS):

3 Mos. Ended	09/26/09	09/27/08	%Ch.
Net Sales	\$1,382,565	\$1,763,034	-21.6%
Gross Profit	\$369,459	\$439,071	-15.9%
Op. Inc.	\$68,071	-\$1,301,100	-
Net. Earn.	\$34,348	-\$1,484,781	-
EPS (dil.)	\$0.50	-\$21.70	-
9 Mos. Ended	09/26/09	09/27/08	%Ch.
Net Sales	\$3,996,916	\$5,341,176	-25.2%
Gross Profit	\$890,536	\$1,381,802	-35.6%
Op. Inc.	-\$3,135	-\$1,030,719	-
Net. Earn.	-\$25,278	-\$1,330,613	-
EPS (dil.)	-\$0.37	-\$19.45	-
Net Inc.	\$4.5	\$37.0	-87.8%
EPS (dil.)	\$0.10	\$0.83	-88.0%
EPS (dil.)	\$0.51	\$1.32	-61.4%

Third quarter results included a restructuring charge of approximately \$16 million, primarily related to the company's distribution and manufacturing infrastructure. Excluding the restructuring charge, Mohawk calculates net earnings and EPS to be \$44 million and \$0.64 per share, respectively. For 3Q08, net earnings and EPS excluding restructuring charges would have been \$84 million and \$1.23 per share, respectively. For the first nine months of the year, net earnings and EPS excluding restructuring would have been \$108 million and \$1.57 per share for 2009; and \$244 million and \$3.56 per share for 2008.

"Our third quarter earnings were slightly better than our guidance due to the many changes we have made to manage through this difficult environment," said **Jeffery S. Loberbaum**, Chairman and CEO. "Our gross margin of 27%, an improvement of almost 200 basis points over last year, benefited from lower raw material and freight costs, personnel reductions, cost containment measures, and plant consolidations. Investments in new products, research and development, and capital expenditures are being made to improve sales, efficiencies, quality, and service. Our balance sheet is strong, with over \$300 million of cash, ample liquidity from our new \$600 million bank facility, and free cash flow of over \$340 million exceeding last year by approximately 55% on a year-to-date basis. Our

strategy continues to be adjusted as the economic environment requires."

For the quarter, continued cost control, reduced capital spending, and lower working capital enabled generation of free cash flow of \$128 million.

**Results by Segment** (dollars in thousands):

3 Mos. Ended	09/26/09	09/27/08	%Ch.
<b>Mohawk</b>			
Net Sales	\$755,904	\$953,827	-20.8%
Op. Inc.	\$16,261	-\$224,376	-
<b>Dal-Tile</b>			
Net Sales	\$361,590	\$472,031	-23.4%
Op Inc.	\$21,166	-\$479,918	-
<b>Unilin</b>	<b>10/04/09</b>	<b>09/28/08</b>	<b>%Ch.</b>
Net Sales	\$281,803	\$357,785	-21.2%
Op. Inc.	\$34,929	-\$592,549	-
9 Mos. Ended	09/26/09	09/27/08	%Ch.
<b>Mohawk</b>			
Net Sales	\$2,118,025	\$2,827,297	-25.1%
Op. Inc.	-\$142,234	-\$167,542	-
<b>Dal-Tile</b>			
Net Sales	\$1,096,772	\$1,402,593	-21.8%
Op Inc.	\$72,626	-\$364,808	-
<b>Unilin</b>			
Net Sales	\$829,984	\$1,173,065	-29.2%
Op. Inc.	\$80,622	-\$482,472	-

For the Mohawk segment, sales declines are "in line with the industry," the company noted in its earnings press release. "Much of our efforts to reduce costs and improve processes have been offset by low industry volumes and unabsorbed overhead. Consumers are purchasing more value-oriented products, and selling prices on commoditized products have compressed. Residential volume remains weak with commercial still in decline."

Reductions in SG&A continue to be made throughout the organization. Restructuring of the Mohawk segment's distribution model and consolidation of regional warehouses with Dal-Tile is expected to lower infrastructure cost further. The company also notes that its commercial team is focused on the government, healthcare, and education markets, which it anticipates will be "stronger than the other channels."

Dal-Tile sales have been impacted by declines in both new housing sales and commercial markets, but the company noted that this business segment, due to its "broad product line and strong distribution," is taking share from imports, which currently make up about half of the industry volume. SG&A was further reduced in the third quarter by merging local service centers, consolidating regional warehouses, and reduc-



## business

## officeinsight

ing warehousing infrastructure. The company also reported improved manufacturing costs through Increased productivity, lower waste levels, and higher quality; and that new introductions of engineered stone and terrazzo tile products are growing in the U.S. market. In addition, it noted improved market position in Mexico through expansion of both its product line and its customer base.

In Mohawk's Unilin business segment, while demand in U.S. and European markets "remained challenging" during the quarter, earnings were favorably impacted by lower raw material costs, increased royalty income, postponement of expenses, and "better than expected sales volume" in some of its products. Its laminate business has been influenced by customers trading down to lower-value alternatives, and in response the company reported that it is increasing its participation in DIY channels in addition to investing in R&D. Board products, however, remain under "significant" pricing pressure due to excess capacity and high fixed operating costs. Unilin has implemented many cost reduction initiatives to lower SG&A, reduce manufacturing costs, and manage inventory levels.

**Outlook**

Mohawk expects business conditions to remain weak as the industry moves into "seasonally slower quarters." While the residential business "appears to have stabilized," the company anticipates that the commercial business will continue to be difficult next year." Sequentially, lower plant utilization rates in the fourth quarter are expected to result in higher unabsorbed overhead.

Fourth quarter guidance for earnings is \$0.28 to \$0.38 per share, excluding an estimated restructuring charge of \$25 million primarily related to the company's manufacturing and distribution infrastructure.

The full text of Mohawk's 3Q09 earnings press release, along with an archived replay of its Oct. 30 conference call webcast, can be accessed through the Investor Information section of the company's website. A telephone replay of the conference call will also be available until Friday, Nov. 13 at 800-642-1687 (U.S.) or 706-645-9291 (International); Conference ID 34166688. <http://phx.corporate-ir.net/phoenix.zhtml?c=95954&p=irol-IRHome>

[www.officeinsight.com](http://www.officeinsight.com)

24 East Avenue (#1299)

Bradford J. Powell

T 203 966 5008

© 2009 officesite, inc.

New Canaan, CT 06840

[brad@officeinsight.com](mailto:brad@officeinsight.com)

F 203 972 6512