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# How Microsoft Netherlands Reinvented the Way of Work (really)

Dr. Michael Hirt, Hans van der Meer



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## - H&F Case Study -

# How Microsoft Netherlands Reinvented the Way of Work (really)

By Michael HIRT

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### Summary

This case study shows how **Microsoft Netherlands** (MS Netherlands) successfully implemented a **radical and wide-ranging change to its management approach**. Basically, they completely reinvented the way they work both physically and practically, leading to **substantial/dramatic increases in productivity and employee satisfaction**.

In 2005 Microsoft's Information Worker Thought Leadership Team released the White Paper "Digital Workstyles: The New World of Work" (in short NWOW), which provided a vision of how work will evolve in the future. MS Netherlands took them by the word when they moved into their new offices in 2008 and implemented the NWOW concepts for their entire 900 people organization. Now in 2011, the numbers are in and the positive impact of the NWOW on productivity and employee satisfaction is a fact.

The implementation of the NWOW concept at MS Netherlands was initiated in 2005 under the project title "2bPr" (To be People ready) and entailed **profound changes in the physical, technological and psychological nature of work**, involving changes in office design, rethinking the way of work, adopting new behaviors and getting rid of old practices.

### Context

Microsoft may not be the first company that comes to mind when thinking about openness and willingness to share insights. Nevertheless, Microsoft's approach to adapting their organization to their vision of how work will evolve in the future is quite impressive, and information on how they approached the transformation to adapt to future trends is available to all interested parties (see "Helpful Materials" section below).

During the Global Speakers Summit (GSS) in Holland in April 2011, I (Michael Hirt) met Hans van der Meer, Marketing Manager at Microsoft Netherlands and co-responsible for the implementation of the organizational change at Microsoft Netherlands. I was quite impressed by Microsoft's approach and their willingness to share their ideas, so I decided to publish a brief case study on MS Netherlands' organizational transformation process.

MS Netherlands is a medium sized subsidiary of the Microsoft Corporation with approx. 900 employees. In comparison to the corporate headquarters of Microsoft, which is more focused on development, MS Netherlands has a more diversified workforce. The fact that the HQ of MS Netherlands was about to relocate to a new building in 2008 was a factor that made MS Netherlands the perfect subject for trying to translate the NWOW vision into real life organizational adaptations.

Thus, MS Netherlands became the pilot country to align the organization to the NWOW principles. The implementation of Microsoft's NWOW was launched in 2006 under the project

title 2bPr (To be People ready). To adapt to the envisioned new way of working, changes in the physical work environment, the virtual/technological work environment and the social/mental environment became necessary.

Aspired goals of this transition process towards the NWOW were improved collaboration, improved knowledge sharing and improved creation in a dispersed virtual organization with final outcomes of increased productivity, employee satisfaction, flexibility and innovation.

### Triggers

According to MS Holland there were three main reasons why they decided to introduce radical organizational change:

- The **changing business model for software developers** such as Microsoft, due to changing customer behavior (people tend to pay for the use of software instead of buying it).
- The **"practice what you preach"** concept of Microsoft (creating a positive example of how their software and working concepts can improve company performance).
- A future **decreasing labour force due to the ageing population** demands to attract and keep the best employees by empowering employees with more freedom and accountability instead of more rules and regulations. In addition, if you want to achieve sustainable growth with a decreasing work force, you have to increase productivity.

### Key Innovations & Timeline

It started in 2005 with the decision to relocate MS Netherlands to a new building within the near future. For this reason MS Netherlands got into contact with MS Corporate and thus learned more about the vision of the "New World Of Work". It was decided that the upcoming relocation process was a perfect opportunity to realign the whole organization according to the NWOW vision.

MS Netherlands introduced the process of aligning to the NWOW vision under the project title "2bPr" (To be People ready). In order to achieve the aspired organizational transformation, necessary changes in the physical work environment, the technological work environment and the social/mental environment were defined. In 2005 a steering committee for the 2bPr project was formed, consisting of the country leadership teams and project managers, to lead three project groups. The project groups were supposed to work on the three crucial areas of adaptation and were named accordingly:

- (1) **"Physical – Our Place"** – focused on the new building
- (2) **"Virtual – Anywhere"** – focused on on the new digital work style and the technology to support it
- (3) **"Mental – Our Journey"** – focused on on the cultural and mental change needed to support the changes

The steering group then defined the **targets** for the implementation of 2bPr/NWOW at Microsoft Netherlands as follows:

- (1) really internalizing our mission (Realizing Potential) and vision (New World of Work)
- (2) increase collaboration within our company and with our customers, partners and co-creators
- (3) be the most admired employer in the Netherlands
- (4) be a showcase for productivity
- (5) be a showcase for work-life balance
- (6) be a showcase of The New World of Work, and
- (7) ensure sustainable future growth (>10% YOY) with limited cost-increase (<5% YOY)

Throughout 2006 and 2007, the three project groups arranged several meetings, brainstorming and dialogues in order to extract knowledge and thoughts from Microsoft employees to further clarify the NWOW vision and 2bPR. In September 2007 information on 2bPr was communicated to all employees of MS Netherlands at the "Space for Growth Day" to accelerate the mental change process.

The following 10 New World of Work **principles** were formulated for MS Netherlands to give a general guideline for implementing the new model:

- We work time and place independent
- Trust instead of control
- Output instead of presence
- Leadership instead of management
- Collaborate and work with clear goals and objectives
- Guidance instead of rules
- Dialogue versus sending in one way direction
- Use the right tools for the right job
- Share everything you do
- Take responsibility

In April 2008 MS Netherlands moved to the new building near Schiphol, which was only 50% the size (in m<sup>2</sup>) of the old building in order to save costs and reduce the office footprint. In the new headquarters there are **no assigned desks as well as no private offices** for managers (not even the General Manager). There are **no physical "Departments"**, each of the 900 employees of MS Netherlands can **work anywhere** in the office building by using a laptop, headset, webcam, or Windows based Smartphone and connecting to the network either wirelessly or by plugging in at a desk. Also, people are encouraged to **work from home** more often, whenever it is appropriate and are allowed to **work whatever times they wish to work**. The **only requirement is that they "get the job done"**.

The **layout of the building is designed to maximize communication and collaboration. Transparency and open access to information is highly valued.** Everyone has access to each other's personal profile and calendar – including personal appointments during the day. If you wish to work until late at night on a project and take the morning to see your son's school play, you can do that too – and you don't have to ask your manager for the time off. Everyone is **totally trusted to commit to their KPI's, reviews are done regularly**, teams are created based on a good mix of profiles to ensure appropriate levels of ability and workability together on projects, and everyone has complete control over their work time.

At the same time the "Virtual – anywhere" and "Mental – Our journey" groups cooperated to identify the technological needs and mindset changes necessary to work in the NWOW. Based on their findings, **changes to the existing software were made and trainings to support the workforce in taking full advantage of the technological possibilities were developed.** Additionally several people were selected to become '**Floorwalker**' or '**Buddy**' to **"teach by doing"** beyond the classroom.

To sum it up from a managerial perspective, the whole transformational process is designed to **empower individual knowledge workers**, by giving them the freedom to direct their work tasks and define their place and time to work themselves. To ensure the successful empowerment of employees, they have to have full access to all relevant information and tools that are now built around their work activities.

The adaptation to the NWOW vision at MS Netherlands is an ongoing process. I would suggest anyone who is interested in further details, to read up on Microsoft's NWOW vision and the realignment process at MS Netherlands, starting with the document I attach to this

case study. Also it is possible to visit Microsoft Holland's new office. Please fill in the form on: [http://www.microsoft.com/netherlands/het\\_nieuwe\\_werken/contact\\_new.aspx](http://www.microsoft.com/netherlands/het_nieuwe_werken/contact_new.aspx)

### **Benefits & Metrics**

The intermediate outcomes for MS Holland are improved collaboration, improved knowledge sharing and improved creation in a dispersed virtual organization with final outcomes of increased productivity, satisfaction, flexibility and innovation.

### **Measurable improvements:**

- Increased productivity by 25%
- Won "Great Place to Work" award in 2009, 2010 and 2011
- Employee satisfaction was measured 5/10 in 2008, in 2011 it was 8/10
- Sick leave days are down to 1,5% from 2.5%
- Increased market reputation
- Increased Employees' mobility
- Reduced real estate costs by 30%

**Overall, the Netherlands' software industry is growing at 4-5% per year, Microsoft Netherlands is growing at 11%.**

### **Tags**

Microsoft Netherlands, New World of Work, New Way of Working, Digital Workstyle, 2bPr, To be People ready, Realignment, Empowerment

### **Helpful Materials**

1. White Paper "Digital Workstiles: The New World of Work" by Bill Gates et.al., 2005 – can be downloaded at: <http://www.microsoft.com/presspass/events/ceosummit/docs/NewWorldofWorkWP.doc>
2. "Worlds of Work - Results from the New Worlds of Work Research Report 2007" (Final Report, May 1 2008) by Peter van Baalen et.al., RSM Erasmus University – document available on request – send email to hansv@microsoft.com
3. White Paper "A New Way of Working - The 7 factors for success, based on Microsoft Netherlands experience" by Mark Meerbeek et.al., 2009, Microsoft Corporation – document available on request – send email to hansv@microsoft.com

### **Credits**

- Hans van der Meer, Marketing Manager, Microsoft Holland – Hans gave a tour to Microsoft Holland's new headquarters in Amsterdam near Schiphol Airport, made a presentation on the "New World of Work at Microsoft Holland" at the Global Speakers Network (GSN) meeting on 14 April 2011 in Noordwijk aan Zee (Netherlands) and has given access to supporting materials for this case study
- Maria Carlton, Chief Editor at the Global Speakers Federation (GSF), has written a note about the "Tour of Microsoft Holland" of the Global Speakers Network (GSN)". Parts of this note have found their way into this case study – for the note see [http://www.globalspeakers.net/share/now/gsn\\_tour\\_of\\_microsoft\\_holland\\_hq/](http://www.globalspeakers.net/share/now/gsn_tour_of_microsoft_holland_hq/)
- Alexander Fuhri, Project Associate, HIRT&FRIENDS Strategy Consultants (Austria) produced a first draft of this case study

**About Michael HIRT – see next page**



## **Michael HIRT**

**Motto: „Clear thinking. Clear Action.“**

Michael Hirt is an experienced speaker, trainer, strategy consultant and executive-coach with high authenticity, humor and energy. His topics focus on Strategic Management and Self-Leadership & Self-Management for Executives. He has extensive experience with speeches, lectures, open seminars and customized internal corporate seminars and workshops.

His mission is to help successful leaders achieve positive and measurable change in behavior, for themselves, their people and their teams, which has a high impact on the success of their organization.

He is Managing Director of HIRT&FRIENDS, a strategy and general management consulting firm working for major European and international companies from its headquarters near Vienna/Austria.

Michael is practicing in German, English and French, as well as in multi-cultural environments and is an author and a lecturer at renowned universities. He holds an MBA with distinction from INSEAD, one of the worldwide leading Business School and degrees (Dr. iuris) from Vienna University ('with distinction') and McGill University (LL.M.) in Montreal/Canada.

Before engaging in his independent career in 2001, Michael was a project leader with BCG, a global management consulting firm and a leading advisor on business strategy, the Austrian state industry holding group ÖIAG and an investment banker with HSBC Group in London.

Michael was born in 1965 in Vienna, Austria. He is married to author and screenplay agent Isabella. They live in Eichgraben, near Vienna, Austria (Europe).

### **Memberships**

respect – austrian business council for sustainable development – [www.respect.at](http://www.respect.at)  
ÖNWE – Austrian Network for Business Ethics – [www.oenwe.com](http://www.oenwe.com)  
GSA – German Speakers Association – [www.germanspeakers.org](http://www.germanspeakers.org)  
GSF – Global Speakers Federation – [www.globalspeakersfederation.org](http://www.globalspeakersfederation.org)  
MIX – Management Innovation Exchange – [www.managementexchange.com](http://www.managementexchange.com)

### **Contact Details**

Phone: +43-(0)676-730 2500  
E-Mail: [m@hirtandfriends.at](mailto:m@hirtandfriends.at)  
Web: [www.hirtandfriends.at](http://www.hirtandfriends.at)