

## MatchOffice's interview with Fortune 500 advisor Joe Pine



*Happy participations from the Joe Pine Masterclass hosted by MatchOffice in Amsterdam 2015.*

Back in 2014, MatchOffice published a series of articles with Fortune 500 advisor, acclaimed author, speaker and World-renowned thought leader, B. Joseph Pine II. The interviews were so popular that we at that time started to get a lot of questions about when Joe Pine was coming to Europe. This resulted in MatchOffice deciding to host a Masterclass with Joe Pine customized especially for the serviced office industry. This Masterclass took place in Amsterdam in October 2015 where serviced offices operators from various countries in Europe participated.

We are reprinting our interview here in a new updated version for you to get all insights on how to optimize your business:

1. How to differentiate from your competition
2. How to prepare your business for future challenges
3. How to secure growth and stage great customer experiences





## 1. TODAY'S FOCUS IS SERVICED OFFICES. DO YOU HAVE ANY IMMEDIATE THOUGHTS ON THIS PARTICULAR BUSINESS?

The name "serviced office" says you are in the service business. What does that mean? It means that it is the activities you do that are important to your customers. One of the things going on everywhere around the world is that goods and services tend to be commoditized. That if you do nothing else, you become a commodity where you are bought on price, price, price. The problem is that if you lower your margins, it makes it more difficult to make money, but it also makes it difficult to differentiate yourself. So how do you differentiate yourself? How do you make our office not a mere commodity bought on price but something with enough value to provide higher margins?

There are three basic ways you differentiate yourself:

The first one is through **innovation**: Coming up with new and additional services that others do not have.

Two is by **customizing your service** to the individual office holder. You make things more personal for them. Understand their personal needs. Then you automatically differentiate because you have gotten down to the needs of this individual person that others do not know about.

The third way is to **go beyond the service and stage an experience**. Experiences are a distinct economic offering – as distinct from services as services are from goods. Where you are creating a memory. Where you are making something so engaging that people will remember it. A good phrase to think about here is that when you are staging an experience what you are providing is **"time well spent"**.

Time well spent – that is what a good experience is. That I value the time that I spent. I am not just renting an office where I am paying for the activities of you giving me the space, cleaning etc. I am paying for time well spent. So how do you make the tenants' time in the office better spent than it would otherwise be if they had gone to some place down the road that is not thinking in terms of experiences.



## 2. DO YOU SEE “TIME WELL SPENT” AS SOMETHING YOU PROVIDE LONG TERM OR IS IT SOMETHING YOU PROVIDE ON A DAILY BASIS?

Both. In other words you can think about it on a daily basis of how do I make this day “time well spent”? For an office person that may be thought of in terms of **productivity**. So when I rent from this company – am I then more productive than if I rented from that company? From a business perspective that would be “time well spent”.

For an individual person it may be that I enjoy it more. Because of – say – the senses. One of the easiest ways to engage people is through the five senses. So how do you do that? How am you engage the senses? Do I provide coffee? Is it “run of the mill” coffee you can get anywhere, or is it a very nice coffee that has a nice aroma? Am I grinding the coffee? Coffee is just one example, but it is great in the sense that it engages all five senses all by itself!

So think about how you engage people through the senses. What the **environment** is. Are the chairs I use more comfortable than other chairs? Do the chairs make me more productive? Can I customize the chair? Can I change the seat, arms and height? That is something that allows me to be more productive and enjoy it more because it is personal to ME. So all of these things are ways of making that daily experience “time well spent”.

You can also think about the arc of the **experience over time**. One thing I always point out is that when you stage experiences your work is theater. You need to understand that WHENEVER you have personal interaction with a client, you are “on stage”. So how do create that performance in what you are doing? What is it that you do – over time – that gets people to realize that they are having a great experience?

## 3. DO YOU SEE STAGING AS SOMETHING THAT SECRETARIES AND FRONT DESK PERSONNEL ENGAGE IN?

Yes! Absolutely!

Because the secretary and front desk service is something that the serviced office is providing. A person and a service they provide. That person is on stage – and actually great receptionists know that. They know that they are on stage. They know they are giving an impression and that the impression is not just to visitors, but also to people renting the offices. It is obviously not just a matter of being pretty – it is how you conduct yourself. Do you recognize people? Do you know their names? Do you understand their particular preferences? It is all important.

Furthermore, you need to recognize that **the office is also a stage for the people renting the offices**. They have visitors. Now they are on stage! So how do you help them create a great experience? Obviously, greeting by the reception is one key piece of the experience, but how does the office and what you provide enable tenants to create great impressions with their customers?

Impressions are a key word. With an experience, you create impressions in people’s minds. Besides engaging the senses, you need to **harmonize your impressions**. Think about the total set of impressions.

I tend to believe that five is a good number – at most eight – of what you are trying to impart. You then harmonize the impressions together by having different elements that hit each one.



Ideally, it comes up to a common “theme”. The theme is what makes the experience compelling because it organizes everything. It is the **organizing principle**. A principle that allows you to determine, what is in the experience and what out of the experience.

A great example of that – one that would also work with offices as well – is “Joie de Vivre Hospitality” in San Francisco created by Chip Conley. When he got into the hotel business Chip decided to theme his first hotel after the “Rolling Stone Magazine”. It is a music magazine that is loved by baby boomers – and basically he just wanted to attract baby boomers. He knew that if he created the same impressions in his hotel that Rolling Stone created in their magazine he would naturally attract people that loved the magazine. It is not like there are giant guitars at the hotel – it is not like a Hard Rock café or inyourface.music. It is more subtle than that. What he did is that he looked at all the magazines and asked himself – what are the impression it gives me? He then decided that Rolling Stone was about being.

- Adventurous
- Hip
- Funky
- Irreverent
- Young at heart

Those were his five impressions and that is what he did with his hotel. He made his hotel adventurous, hip, funky, irreverent and young at heart – and it worked! It did attract baby boomers and in fact, it is THE place for rock musicians to stay when they play in San Francisco. Because it just has that vibe that they love.

Now Chip has twenty-something hotel in California and is growing. Ever hotel is themed after a different magazine to attract a certain clientele and each one has a different set of five impressions that allows him to differentiate his hotels.

The same can be done with offices. Not just office buildings but individual offices.

Another great hotel example is the Library Hotel in New York, which is theme after the “Devey Decimal System” – a classification system used in libraries. Therefore, every floor is a different sub category.

There is an art floor, a history floor, mathematics floor, philosophy, social sciences and so forth.

Every room is then a different sub classification and each room is fitted with both books from that sub category as well as artwork inspired by the category. There are 60 rooms in the hotel and each is different.

You could think about that in terms of offices. How do I **differentiate the offices or buildings** and naturally attract people that like that the theme. The impressions you crate are key if you wish to move from service to experience.

#### **4. THE FRAMEWORK FOR THIS BUSINESS IS THE SERVICE ECONOMY.**

**AS ANYONE IN THIS ECONOMY YOU STAND THE THREAT OF EITHER GOING PRODUCT – BEING BOUGHT ON PRICE – OR MAINTAINING YOUR POSITION AS A SERVICE. WHAT IS THE REAL DANGER WHEN YOU OPERATE IN THE SERVICE ECONOMY?**

The biggest danger is that other people **commoditize** you because they do something you are not.

They innovate, customize and they create an experience. They leave you behind.

A place like **seats2meet** is a place I would be concerned about.

Seats2meet in the Netherlands is an office place that sells meeting space – not offices but meeting rooms.



They provide a place for free agents who doesn't need a permanent office. Seats2meet then actually gives the meeting space away to the free agents. In return, they create a sense of obligation. One obligation is that the agents need to help each other. The second obligation is that whenever they learn of somebody who needs a meeting room – they say promote seats2meet.

The founder of the company – Ronald van den Hoff – says he actually got rid of all his marketing staff. All these free agent are now his marketing. They sell his space. He just has a website. And he actually makes more money than he did before when he charged for all the meetings.

Even though he is not charging the free agents – and you know I'm big on charging for things, right – even though he is giving away the space including coffee, tea and lunch – what is doing is that he is really charging is by "social capital". So when you come here, you are obligated to provide your own social capital to others. There is actually a board stating who is around at the time and what their skills, capabilities and background are. If you then have a question, you can always find someone to ask. There might be times when people are busy, but otherwise they are obligated to help you. It gets to be a reciprocity thing of help and it works both well and effectually.

Seats2meet is not the exact same business yet there are people who could go to seat2meet that could have gotten an office or meeting space. Perhaps they didn't go with your meeting space because this is available. You have to watch out for these other possibilities.

Obviously, the biggest competitor that serviced offices have are people staying at home and work out of their house. I do that myself – I don't rent from anybody. I built my house to have an office but I of course realize that many people doesn't have the luxury. But because it can be expensive to buy an office, many people that start their own business will work out of their house. That is competition.

The question therefore is: How do get people out of their house and into the office more quickly than they otherwise would?

So you are competing – not just against other offices out there – but with people paying nothing. Working out of their house or at places like seat2meet. This means that you HAVE TO create a value that these people recognize. In effect, you need to help them become better business people than they would if they did not rent from you.

There is this progression of economic value where you progress from "commodities", to "good", to "services" to "experiences". But you can go one more step to "transformations". An experience that actually changes somebody in some way. **Helping people achieve their aspirations.** Like a fitness center where we want to go "from flabby to fit", or a hospital where we want to go "from sick to well".

In the same way – and that is **probably the ultimate value you can revive** – is to **help me become a better businessperson.** Because I rent from you. Therefore, you need to think about what are my aspirations and what can I do to help you achieve those business aspirations.

You need to recognize that whatever office you are renting it is but **a means to an end.** People do not want the office because they want the office. They want it because they are want better business. Because they have this office instead of working from home or a place like seats2meet or another serviced office some place. They buy YOUR office space because they want better business. That is the end! If you sell the END rather than the MEANS, you will gain much more economic value as a result.



## FROM “OWNERSHIP” TO “ACCESS”!

**5. A LOT OF CLIENTS OFTEN WANT A PRICE QUOTE UP FRONT FROM THE SERVICED OFFICE. THAT USUALLY MAKES NO SENSE TO THE SERVICED OFFICE PROVIDERS. DO YOU HAVE ANY IDEAS AS HOW TO BRIDGE THE GAP BETWEEN WHAT THE CLIENT IS REALLY ASKING FOR AND THE SERVICE YOU WANT TO SELL THEM?**

Right. If that’s the first thing they want, what they are telling you is that you are a **commodity**. They tell you I want to buy you on **price**.

This can’t be done right away but if you do everything we talked about – over time you’ll gain a **reputation** and the people who rent from you will be your best salespeople telling other people about it and people will no longer come to you for a price quote. They will want to talk to you about what you do for them and the price quote will come later. It’s going to take a while to get to that point but that’s the **ideal situation** you need to think about.

**6. IN YOUR BOOK “THE EXPERIENCE ECONOMY” YOU DISCUSS THE ISSUE OF CUSTOMER SACRIFICE. COULD YOU GIVE US A BRIEF DESCRIPTION OF THAT AND HOW TO WORK WITH IT?**

Yes. **Customer sacrifice** is a key thing to measure when you want to customize your offers.

I just want to juxtapose “customer sacrifice” with “customer satisfaction”, which many companies measure. The latter – customer satisfaction – is the gap between what a person expects to receive and what they perceive to receive. The fundamental is that the measure is based on people’s **expectations**. Expectations have nothing to do with what people want or need – they are based on past interactions with other similar companies or with you.

Instead, you need to measure customer sacrifice. **Sacrifice is the gap what people truly want or need – even if they don’t know what it is or care particularly – and what they will settle for.**

The sacrifice gap is really geared around peoples own individual, particular needs. Therefore, if you can close that gap over time then you will “lock them in”, because you know more about them than anybody else does. So, if they go somewhere else, they have to start over again and have to teach the new place all of these things about them.

That is why Amazon gets so much of my business. They know my name, they know my credit card, and they know my address. They know the address of my girls that I send gifts to, as well as business colleagues. They remember all my **preferences**. They know I have two different credit cards – one for personal and one for business. They know what books and other things I bought in the past and make recommendation based on that, so they are eliminating a lot of sacrifice for me. In the same way: How can you get to know your customers SO well that you eliminate that sacrifice – recognizing it’s going to be different for different people.





Simple example: We just went to the hotel lobby to have a little service there, but there was only coffee and I like tea. So, if you have an office that only has coffee and doesn't serve tea drinkers, then you have sacrifice. If you don't have the particular tea that I like you'll have sacrifice. If you have Earl Grey and I want English Breakfast – well I'll drink it, but it's not exactly what I want.

So the question is; how can figure out exactly what they want including different blends of tea or different kinds of coffee, or where the waste basket is in the office, or what the shades should be like and that sort of things. All those are dimensions of sacrifice that if you can figure them out for each individual customer you can effectively get them to always want to buy from you.

## **7. WOULD THAT BE A JOB FOR FRONT DESK PERSONNEL TO BE AWARE OF THESE THINGS?**

Well basically **every personnel**. The **front desk** is the primary interaction, so they should constantly have an eye out for the ways in which people are sacrificing and then develop ways of overcoming that. But also look at your janitorial staff. Suppose you have an office standard that the wastebasket always goes in a certain place and every time you come in this one office and the wastebasket is always over there. Well leave it over there! Stop moving it! Because that's where they want it.

It happens to me all the time in hotels. I put my toiletries in certain places, I come back, they moved them around, and I put them back! You are making me sacrifice by moving this stuff all the time! To a degree, all you need to do is to **observe the differences people specify and then cater to that difference** – and to **remember it for each individual**. Every interaction you have with a customer is an opportunity to learn something about that customer!

What you then get is a virtuous cycle: So the more I interact the more I learn – the more I learn the better I customize – the better I customize the more they benefit – the more they benefit the more they are willing to interact – the more they interact the more I learn. You get this loop around them that creates a learning **relationship** that grows deeper over time.

## **8. I DON'T KNOW IF THIS IS TRUE IN THE US, BUT SOMETIMES THE ROLE AS FRONT DESK PERSONNEL OR SECRETARY IS NOT VIEWED NECESSARILY AS AN IMPORTANT TASK, SO YOU MIGHT NOT ATTRACT THE RIGHT PEOPLE. WHAT CAN YOU DO TO RE-CAST THE JOB AT THE FRONT DESK BASED ON THE FACT THAT IT'S ACTUALLY AN EXTREMELY IMPORTANT POSITION IN THIS BUSINESS?**

Exactly! **Casting** is a good word – it's a theater term. **You are casting this person for a role on your stage**. And yes – if you believe this and believe that you can benefit from learning more about your customers then that's a very important role. Because they constitute the main personal contact, you have with you customers – the 6main opportunity to learn something about them.

In addition – if your company has multiple office buildings and somebody needs to move from one building to another – because they need more space for example – you already have all their preferences. You can start of day one by knowing more about them than anybody else could. The chance that they buy this bigger office from you is already increased.



**9. A LOT OF THE CLIENTS ARE USUALLY SMALL BUSINESSES. IS THERE ANYTHING YOU MIGHT CONSIDER TO HELP OUT SMALL COMPANIES ESPECIALLY?**

Sure. Number one: **Make the small companies look big!** That's one reason you're buying an office that already have a reception – you can share resources. So, what other resources can you share? I bet they already do some things; like package shipping and the janitorial staff. So, what other things are there?

One is other kinds of **meeting space**. You may have a conference room, but perhaps that conference room is not big enough for what I want to do. Do you then have another building with a bigger conference room that I can rent? If you go "no, you're just this building – that's it" – then you force people somewhere else like a hotel somewhere. Do you then have relationships with hotels for when they have people visiting that they can say we have enough volume to get a discount or give you better service at this particular hotel?

Think in terms of shared resources – also **outside of the confines of your building**. How can you go deeper into what clients want to provide things and provide things that others would provide as well? Be open to wild and crazy requests – things you don't do now. There is an **opportunity**. It isn't that you have to give all these things away for free. Some will be free, but some you will be able to charge for because of the value you provide.

**10. ONE OF THE DIFFICULT THINGS ABOUT STAGING EXPERIENCES IS HABIT. YOU KNOW THIS FROM HOME: THERE IS THIS SPOT THAT NEEDS PAINTING AND THAT THING IN THE KITCHEN THAT DOESN'T WORK, BUT YOU'VE GOTTEN USED TO IT. HOWEVER, IF SOMEONE COMES VISITING THE FIRST THING THEY SAY IS "DON'T YOU NEED TO PAINT THAT AND WHAT'S THE THINGS IN THE KITCHEN"? HOW DO YOU OVERCOME THIS PARTICULAR CHALLENGE? HOW DO YOU CONSTANTLY STAY AWARE?**

My house is that way! One way is to teach your people to be aware of these things. Two is to make it easy for your clients to express when things needs fixing. Don't make them feel like there's a big block there that they can't tell you anything – be very open about it. The more you fix things that they mention the more they will mention. The more they mention, the more you fix things, the less things needs to get fixed. That is **just another level of sacrifice**.

In addition, you can have people with fresh eyes come in. It doesn't matter whether it's once a month, once a week, once a day – it's just a chance to look for things that aren't quite right. You need somebody who isn't there all the time.





## 11. WORKING WITH EXPERIENCE ECONOMY, YOU USUALLY ADHERE TO “BEST PRINCIPLE” INSTEAD OF “BEST PRACTICE”. HOW CAN YOU WORK WITH THAT AS A SERVICED PROVIDER?

Well, “best practice” is basically copying what somebody else does. **Best principle** is looking at the ways someone else is attacking their business and their situation, and then **extracting** that principle and take it into your business and figure out what that means.

Like the rolling stone magazine. We are not copying the magazine. We are extracting the principles and the impressions, and then apply them to our business.

Same thing with theater as a model. We don’t expect secretaries or people at the front desk to stand up every morning and say: “To be or not to be – that is the question”! However, recognizing principles such as **on stage** and **back stage** is important. You don’t expect actors on stage to discuss what they’re going to do after work that day, but if you go into an office you might hear a receptionist doing just that. That is off stage activity! Make sure you keep “off stage” what is off stage, and “on stage” what is on stage. It’s a theater principle you can apply.

So, you can basically go to any business and extract out the principles – in fact I often take people out on an experience expedition to go out an experience different things. You can go to an amusement park like Tivoli in Copenhagen to see what it is that they do to make it a great experience. You can go into an Apple store and see what they’re doing. Go to a coffee shop that’s doing a great job, and then find and extract the principles and apply to your own business.

It could be a thing you do with front desk personnel. Give them time to go explore. To look and things together and talk about it afterwards. What can we learn? What can we do? You really want to think of front desk personnel as not just people that hold that position. You want them to keep thinking about how you can do a better job for your customers.

## 12. THERE IS A CURRENT MEGA TREND GOING FROM “OWNERSHIP” TO “ACCESS” THAT THE SERVICED OFFICES TAP INTO. WORKING WITH BUSINESS DEVELOPMENT, DO YOU SEE ANY OTHER TRENDS THAT WOULD POSE A POSSIBILITY OR A THREAT TO THIS KIND OF SERVICE?

Well we already talked about people working from home – even people in larger companies working at home. Actually, when I worked at IBM I was one of the first telecommuters they had. That’s 20 years ago. Now it’s normal.

You need to think about the **granularity** of what they are selling. Many big companies own entire buildings. Their **level of granularity** is “I got the building”. Smaller companies might want a floor. Even smaller companies might want an office. How do you get more granular than an office?

Well, you can have multiple people in one office. Or timeshare that office – I only want that office once a week. Or I may want it every Monday. Or I may want it when I want it! And I’ll tell you when I want it! So, be able to have and handle that level of granularity and be able to timeshare it over time.

I think that’s a key thing we will see more and more. If you look to only lend an office for 3 months that could be a threat. You might just need an office for a portion of a day. So how do you handle that?

