



January 2014

## Raising the Bar: City Roundtables Report





# Raising the Bar: City Roundtables Report

# Report for Royal Institution of Chartered Surveyors

## Report written by:

**Occupiers' Journal Limited**

**James P. Ware, PhD**

Global Research Director

[jim.ware@occupiersjournal.com](mailto:jim.ware@occupiersjournal.com)

**Paul Carder**

Managing Director

[paul.carder@occupiersjournal.com](mailto:paul.carder@occupiersjournal.com)

## RICS Research team

**Dr. Clare Eriksson FRICS**

Director of Global Research & Policy

[ceriksson@rics.org](mailto:ceriksson@rics.org)

**Ms Amanprit Johal**

Global Research & Policy Project Officer

[ajohal@rics.org](mailto:ajohal@rics.org)

**Ms Pratichi Chatterjee**

Global Research & Policy Assistant

[pchatterjee@rics.org](mailto:pchatterjee@rics.org)

**Published by the Royal Institution of Chartered Surveyors (RICS)**

RICS, Parliament Square, London SW1P 3AD

**[www.rics.org](http://www.rics.org)**

The views expressed by the authors are not necessarily those of RICS nor any body connected with RICS. Neither the authors, nor RICS accept any liability arising from the use of this publication.

Copyright RICS 2014

# Contents

<b>Executive Summary .....</b>	<b>5</b>
A Dozen Challenges .....	6
Recommendations .....	7
<b>1.0 Introduction.....</b>	<b>9</b>
<b>2.0 Raising the Bar City Roundtables and Dates held .....</b>	<b>11</b>
<b>3.0 City Roundtable Summaries .....</b>	<b>12</b>
Amsterdam//The Netherlands.....	12
Chicago//United States.....	14
Guangzhou//China .....	16
Hong Kong//China.....	18
London//United Kingdom.....	20
Los Angeles// United States.....	22
New York City//United States.....	24
São Paulo//Brazil .....	26
Singapore//Singapore .....	28
Sydney//Australia .....	30
Washington, DC//United States .....	32
Zurich//Switzerland .....	34
<b>4.0 Comparative Analysis .....</b>	<b>37</b>
4.1 Commentary.....	37
<b>5.0 Recommendations.....</b>	<b>38</b>
<b>6.0 Acknowledgments .....</b>	<b>42</b>



## Executive Summary

The Facilities Management (FM) professionals who participated in the *Raising the Bar* Roundtables held around the world in 2013 are facing very similar challenges no matter where they are located or what industry they work in.

And the apparent barriers to ‘*acting more strategically*’ were consistent across both geographies and industry sectors. We have known for a long while that cost-focus is a problem globally. The FM industry seems determined to be killed off by its own ‘*race to the bottom*’, i.e. lowest cost, and lack of investment in developing added-value propositions.

In the November 2012 report, “*Raising the Bar*”, we opened with the statement, “*There have been many assertions, over the years by many commentators, that Facilities Management (FM) should be “more strategic”. We now have robust evidence that it can – and more importantly, for a high-performing organisation, should – be a strategic management discipline*”.

The 2012 report considered what “*being strategic*” really means, what stands in the way of achieving this, and the reasons why. We surveyed almost 400 FM professionals across six continents, supplemented by almost three dozen direct personal conversations. But, we felt it important to further test these findings with small groups of senior managers, via *City Roundtables*, similarly spread around the globe. We were particularly interested to learn how the reactions and responses would differ, in different economic regions around the world. These Roundtables were held in 2013, and this report summarises the outcomes.

After briefly summarising the 2012 study, each Roundtable posed the same **five specific questions**:

1. What issues and challenges are facility managers facing in 2013?
2. How should FM performance be measured and evaluated?
3. What does it mean for FM to be ‘strategic’?
4. What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?
5. What do facilities managers have to do differently to make FM a more valued and strategic resource?



## A Dozen Challenges

The FM market knows about its over-emphasis on cost reduction; that has been said ad nauseam (albeit seemingly the market has not yet acted on this issue). However, the following challenges, not about cost, were mentioned most frequently, although often with different emphasis, by every group of Roundtable participants:

- **Separate Worlds.** Business organisational leadership is too often divorced from, and disinterested in, FM.
- **FM Immaturity.** FM organisations and markets are often too immature to build effective bridges across the business functions.
- **FM's 'Brand'.** The image of FM is widely perceived across all geographies as that of a lowly job, and not a professional career. FM leadership is generally not strategically oriented, and the function is not attracting the future talent it needs to thrive.
- **Measurement.** There is an urgent need for FM to develop more effective metrics and to support premium FM services, not just promote lowest-cost commodity-like offerings.
- **Corporate Real Estate.** FM is the poor step-child of corporate real estate; it is generally led from above by transaction-focused real estate (property) professionals, who all too often do not understand the 'soft' (people) side of FM.
- **New Ways of Working.** There is a continuous need to better understand how people actually work today, and how that is likely to keep changing quickly for the foreseeable future. This has major implications for workplace design and strategy, including average densities and location commitments.
- **Workforce Productivity.** FM must enhance its knowledge of what makes people productive, creative, and generally effective; the profession remains overly focused on the efficiency of buildings while not focusing enough on workforce productivity.
- **Technology.** FM continues to be "bombarded" by new technologies – 'green' technologies, the 'Cloud', wireless power; BIM, building sensors, and more. What next? How can FM keep up, or, better, stay ahead and leverage these new capabilities?
- **Cultural Expectations.** There continue to be social and cultural demands for 'cool, trendy places' nearer to where people live. Wireless cloud-based technologies are becoming ubiquitous. And the demand to 'work smarter, not harder' is becoming common. All these developments have a direct effect on FM.
- **Politics.** The common restriction on foreign workers causes shortages of qualified people - especially, but not exclusively, in places like Singapore. There is a recognised but unmet need for globally recognised standards, training, and qualifications; so that 'local' people can do the jobs they are needed to do.
- **Education.** Formal management education for FM professionals is inadequate, hindering understanding of the 'core business' and the roles of other functions such as HR, IT and Procurement, and even Finance. Post-school education is also inadequate. There is a distinct lack of apprenticeships and in-service training programmes to attract people into FM, preventing FM professionals from working their way up through a well-structured career path.
- **Education of the C-Suite.** There is also broad recognition that the mirror image of FM's inadequate opportunities for business-oriented education is the need to educate senior executives in other functional areas about FM and its strategic impact and potential. While most MBA programmes, for example, offer courses in marketing, finance, production operations, and logistics to all students, there are few if any examples of general MBA programmes even mentioning FM as an important resource and function.



## Recommendations

We have suggested, below, specific recommendations for action, relating to the challenges listed above.

### FM and Business: Separate Worlds

We described this challenge in detail in the 2012 report. We believe it is largely the failure of FM leaders to communicate upwards to the senior executives within their own organisations. FM leaders must strive constantly for deeper and more coherent conversations with business leaders.

**Recommendation:** *To work with business and organisational leadership groups to raise the profile of FM, to define professional standards, and to clarify FM's role in helping to make organisations more effective.*

### FM's Market Immaturity

In the emerging economies, there is an understandable lack of market maturity. Examples include procurement, where managers lack the knowledge of how to effectively 'buy services'. In some regions, there is a perceived lack of definition concerning what FM actually does, or is. And the FM industry often experiences high staff turnover.

This does not excuse the continued lack of maturity in markets such as the UK or Europe, where integrated FM services have been marketed and delivered for over two decades. Yet feedback from the Roundtable participants in Europe included the observation that FM is "poor at demonstrating the benefits" to business.

In Los Angeles it was clear that Workplace Strategy must be fully embedded into corporate strategy; but it was questionable how often this integration was achieved and fully communicated?

**Recommendation:** *To work with FM leadership groups, from end-user and service-provider perspectives, to construct a maturity model that will identify the building blocks necessary to achieve FM market maturity, and bridge across to the most advanced organisations.*

### FM's 'Brand'

There have been endless discussions, arguing for changing the term 'FM' in order to elevate the function's status and credibility. However, we have not found any major economy in the world where Facilities (or Facility) Management is not known or referred to as such. The problem is not one of terminology. Rather, the problem is in "Brand FM". Those who need to know what FM is, know what it means; but their perception of FM is not where the industry wishes it to be.

Roundtable participants noted a "glass ceiling" for FM in business, caused largely by this perception that FM is not a professional career, and does not contribute to corporate strategy or capability. This view is not borne out by reality. However, Roundtable attendees were concerned that the industry is "not attracting FMs who aspire to senior corporate levels".

At least part of the problem is the "race to the bottom", where the pressure of delivering more for less, continuously driving down costs, has disillusioned and discouraged many skilled people from staying in FM.

**Recommendation:** *To build the perception of "Brand FM", as a professional career, often well-remunerated. We need to see more case studies and personal stories featuring some of the leaders of FM, what they are responsible for, and indicating income opportunities for senior FM professionals.*

### FM Leadership and Professional Education

The question of 'what is strategy?', and what it means to 'think and act strategically', was covered in some depth in the 2012 report. The criticisms of FM as not being strategic were borne out in practice, through the Roundtables, around the world.

One major concern, identified in the 2012 report, was supported by Roundtable attendees everywhere: 'operational matters' take up too much time. This pattern results in FM not having the time available to work on strategic issues; or to spend time working with business leaders in their organisation, to improve overall FM alignment with business needs.

One concern not covered explicitly in the 2012 report is that many facilities managers were not attracted to an FM career because they wanted to develop workplace strategy with their business leadership. They like getting 'stuck in' with operational matters; and there will always be far more facilities managers in the latter category. However, there is a need for development of 'strategic thinking' within FM leadership, and a need to attract these future leaders into the FM marketplace.

**Recommendation:** *To continue developing the route-maps to professionally qualified facilities management, building in the proven ability to 'think and act' strategically. And to do more to market these more strategic career routes to aspiring professionals.*

### Measurement and Evaluation of FM

Almost without exception, FM is being measured and evaluated on the basis of cost, and/or cost reduction over time. This continuing focus on doing more with less is indeed driving much of the tension and stress within FM departments. The focus on cost not only blinds senior business executives to FM's strategic potential, but it also produces disengaged and resentful FM professionals, who know there is more value inherent in what they do.

We believe this over-emphasis on short-term cost-cutting is a major contributor to employee attrition, and a reason that FM has such a difficult time recruiting qualified professionals. And this challenging issue, like others, is prevalent across the globe.

**Recommendation:** *To develop, and then advocate, a much more “balanced scorecard” for assessing the effectiveness of FM. We believe the time is ripe for a major initiative designed to capture not just best practices in measurement, but to create innovative new dimensions of measurement. The way to change the conversation about the strategic value of FM is to establish a new and more business-oriented framework for assessing FM’s business impact.*

### Achieving Strategic Alignment

Building effective working relationships with other functional areas is another critical step in ‘raising the bar’ for FM, and was discussed at length in the 2012 report. The need for more effective alignment – and the understanding that alignment begins with common goals, meaningful communication, and a willingness to work together – was once again widely recognised. However, we also detected varying degrees of sophistication in the search for how to achieve this universal goal.

**Recommendation:** *To encourage collaboration across the various infrastructure functions by identifying higher-order business goals and performance metrics which help alignment. We return to our earlier recommendation of developing a broader, more diverse set of performance metrics as a means of creating common ground.*

### Behaving Strategically

Our final, and most important question, at the Roundtables was “What do facilities managers have to do differently to make FM a more valued and strategic resource?”

Several groups recommended a ‘rebranding’ exercise for FM that many believed should include a relabeling effort as well, however, as pointed out above, we believe relabeling is a futile exercise. “Facilities Management” is such a widely used and recognised term that persuading organisations all over the world to begin using a different word or phrase strikes us as highly unlikely to succeed.

However, we do think a ‘rebranding’ effort could prove fruitful. It would be a long-term project, but if the various FM-related professions are serious about being perceived as a strategic resource, then we believe an initiative aimed at enhancing the image and broad understanding of the value that FM has to offer would be worth the effort.

A critical element of a focused campaign, to inform and persuade the business community in all regions and all industry sectors, would be education. This starts with educating both FM and non-FM professionals that the design of a facility has a direct impact on workforce productivity, engagement, and retention. And, this affects customer perceptions and, ultimately, business revenue.

**Recommendation:** *To develop and promote an aggressive campaign to change the public’s perspective on the value and role of facilities and the FM function. Seek to influence existing academic and professional development programmes as well as more general business school curricula. Build on the other initiatives to broaden the metrics used to assess FM performance by sponsoring benchmarking projects. Create fact-based awards and rankings that recognise and reward outstanding examples of innovative FM, highlighting the impact on the occupiers’ business performance and levels of workforce.*





# 1.0 Introduction

There have been many assertions, over many years, that facilities management (FM) should be “more strategic”.

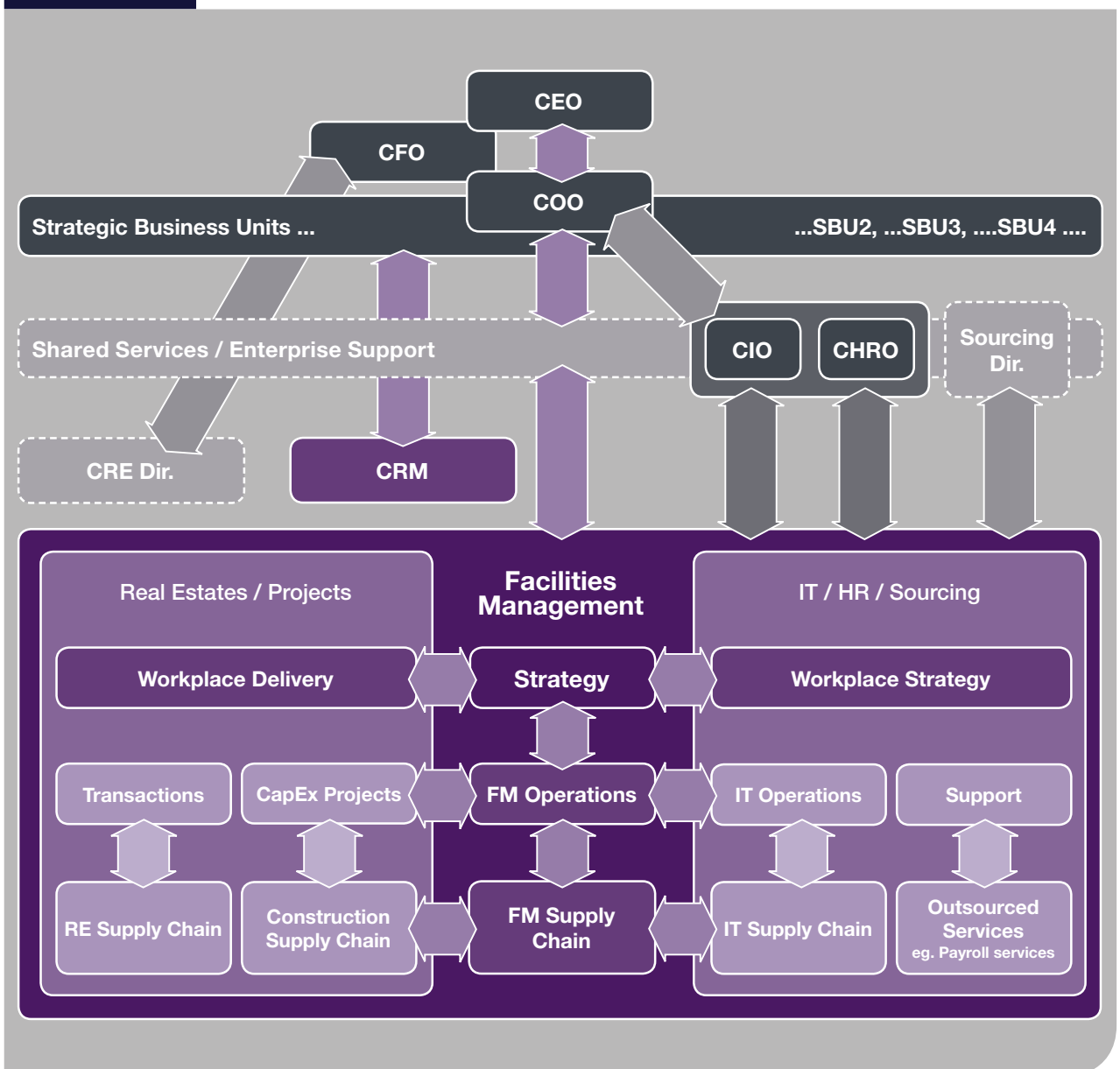
In 2012 RICS commissioned a global study of the current state of FM management. The report, “Raising the Bar: Enhancing The Strategic Role of Facilities Management” produced solid evidence that FM can—and more importantly, for a high-performing organisation, should—be a strategic management discipline.

The study was designed to review the current practices of the facilities profession, to identify critical facilities

management challenges, and to focus especially on the relationships between FM and other key functional areas such as corporate strategy, business unit leadership, Corporate Real Estate, Finance, HR, and IT.

The study included a survey of almost 400 FM professionals across six continents. Our insights were enriched by direct conversations with a selection of senior FM and Corporate Real Estate (CRE) executives, as well as leaders from academia and international professional associations.

**Figure 1** FM’s critical relationships



The survey produced responses from FM professionals in over 40 different countries. As might be expected, there was limited data from China, Japan, India and African and Latin American countries. The survey revealed that:

1. Facilities are increasingly being recognised as a strategic resource;
2. However, FM has had mixed success achieving strategic alignment with other elements of the business;
3. Large, global organisations face dramatically different challenges than smaller, more local businesses – and they manage their facilities very differently;
4. Financial metrics and cost control continue to dominate FM;
5. Heads of facilities are still buried in day-to-day operational concerns; and
6. FM career paths are undergoing significant change, and the FM profession faces a potentially serious future talent shortage.

The study made clear to us that, to be effective, FM leaders must work on a number of multi-disciplinary relationships across their organisations. They must 'look sideways' more, to their peers in other business units and functions: firstly, to gain (and maintain) a better understanding of the strategic imperatives of the organisation as a whole; and, secondly, to gain the buy-in needed to provide meaningful workforce support. To make more time for this effort, FM leaders need to be able to spend less time 'looking down' into the supply chain – and supply chain service providers must also raise their game.

However, we were left with two primary questions: How would current FM leaders react to the study's findings? And, would they accept and act on our recommendations? In addition we were particularly interested to learn how those reactions and responses would differ in different economic regions around the world.

*RICS convened twelve Executive Roundtables to address two questions: How would current FM leaders react to the 2012 study's findings? Would they accept and act on our recommendations?*

Thus, in 2013 RICS hosted roundtables of senior FM executives in twelve cities on five continents. After briefly summarising the 2012 study, we asked the roundtable participants five specific questions:

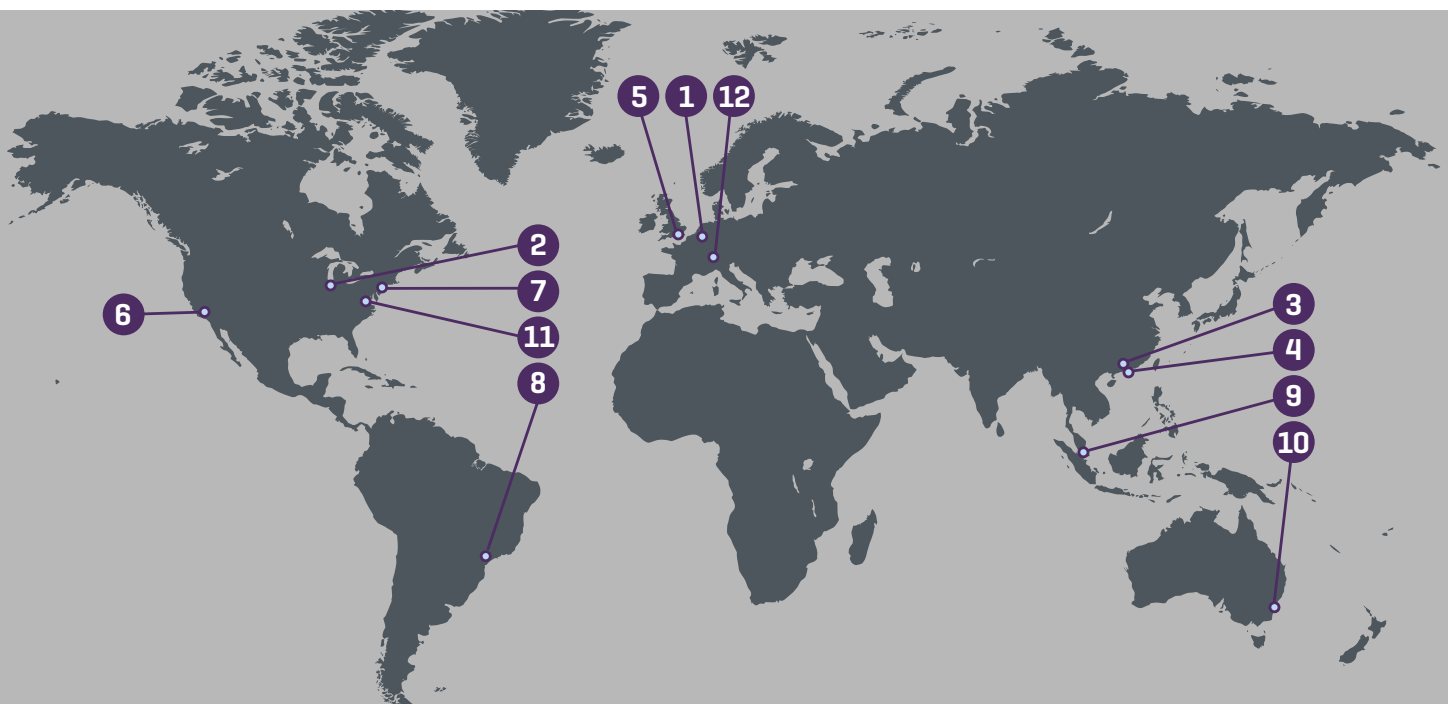
1. What issues and challenges are facility managers facing in 2013?
2. How should FM performance be measured and evaluated?
3. What does it mean for FM to be 'strategic'?
4. What are the barriers to more effective alignment between FM and other functional areas and how can FM achieve strategic alignment?
5. What do facilities managers have to do differently to make FM a more valued and strategic resource?

This report summarises the ensuing conversations in each of the cities where a RICS roundtable was held, followed by a summary comparison looking across all twelve roundtables. Finally, we offer our own interpretations and recommendations for moving forward.



## 2.0 Raising the Bar City Roundtables and Dates held

- 1 **Amsterdam** // Wednesday 6 November 2013
- 2 **Chicago** // Wednesday 27 March 2013
- 3 **Guangzhou** // Friday 22 March 2013
- 4 **Hong Kong** // Thursday 7 March 2013
- 5 **London** // Thursday 13 June 2013
- 6 **Los Angeles** // Tuesday 26 March 2013
- 7 **New York City** // Thursday 28 March 2013
- 8 **São Paulo** // Thursday 12 September 2013
- 9 **Singapore** // Friday 10 May 2013
- 10 **Sydney** // Thursday 12 September 2013
- 11 **Washington, DC** // Tuesday 30 July 2013
- 12 **Zurich** // Tuesday 3 September 2013



## 3.0 City Round Tables Summaries

### Amsterdam // The Netherlands

06 November 2013

The Raising the Bar roundtable, included about 20 senior FM professionals representing organisations such as Alterra, Cushman and Wakefield, CBRE, TG Europower B.V., Official Airline Guide (OAG), and International Card Services.



#### **What issues and challenges are facilities managers facing in 2013?**

- In The Netherlands the finance function is still very important. The Netherlands has a “Financial Cost Index”, which is a national facilities cost index, used as a benchmarking tool. This acute focus on costs covers many areas, sometimes resulting in closed offices and increased density. Such an approach, focussed only on cost reduction is not strategic.
- FM is not recognised as a strategic partner. The Board generally does not recognise that the FM can add value or understand how this added value can be delivered.
- The view in senior management is that FM leaders spend an insufficient amount of time on strategic matters.
- There is a problem with perception. FM is only viewed as a necessary service by CEOs, not as a function which contributes to the value-adding process. This makes it difficult for FM personnel to be recognised as professionals.
- Measuring the benefits that FM provides is complicated and fraught with major challenges.
- A common theme is that FM’s goal is supporting staff. However to date this view has been ignored and finance is seen as the dominant player. The balance of power needs to shift towards employees.
- It is not only FM professionals who must educate themselves. In particular general managers need to be educated; they are not able to direct FM due to a lack of knowledge and this means that business leaders are not able to guide the business effectively in matters concerning FM.
- Hiring organisations (e.g., end user occupiers) will often use a procurement process to engage with FM. However the business of FM is not well understood by the procurement function.
- Professional training for FM, especially senior leadership roles, is missing.
- Sustainability can encompass more than just “green issues. FM needs to work so that the staff are “sustained” in many ways; sustainability is not just about the physical operation of the business. The scope of sustainability can be widened to address employee issues e.g. ensuring staff are sustained.

#### **How should FM performance be measured and evaluated?**

- Cost and Cost Effectiveness are the most common metrics.
- Financial control is important but is probably over-weighted in the Netherlands.
- Client Satisfaction surveys are well used in mature markets, as are debriefs with clients.
- Comparisons with similar organisations are attempted but that is difficult.



## What does it mean for facilities to be 'strategic'?

- The successful delivery of complex workplaces by the current population of facilities managers helps to make the case for FM as a strategic function.
- The Board and the next level down need to be educated in order to achieve recognition for the strategic role of FM.
- Current FM professionals often position themselves as the "Fixers". They are very hands-on, but are not represented at the Board level. The Board subsequently pays attention to the Head of FM, and the FM function, only when there is a problem. So to be strategic, more time must be spent interacting with the Board over *business* challenges.
- The future of FM is not a Chief FM Officer but a Shared Services Solution, which is one person responsible for FM, HR, IT, Legal, Admin, etc. It is important to note that the details of this role will vary depending on the nature of the business – so a healthcare business might have a different grouping from, say, a financial services business.
- Outsourcing core FM operations is one way to become more strategic. However, in the Netherlands there is scepticism around outsourcing. For example the government's considerable outsourcing initiatives have not always been a positive experience.
- Outsourcing FM operations offers a way for FM leadership to become more strategically focussed. However, businesses have audited the costs of outsourcing contracts and found that costs are often higher than compared with the Netherlands national cost index. The concern with outsourcing is the reliance it generates on the service provider and the fact that it is by that point usually too expensive to bring back in house.
- A total FM solution provides a way to be strategic. The FM market has not however lived up to its promises. For example, security companies now offer catering and vice versa but few have provided a true total FM solution. Most service providers also have limited and piecemeal geographical coverage.

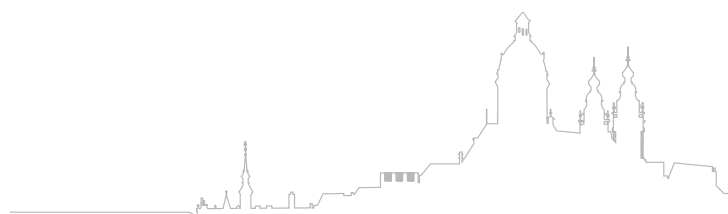
## What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- The language of the business must be used, as opposed to the language of FM. FM needs to become more effective in dealing with its clients.
- There is a trend that different departments meet with each other on an informal basis. So this is an opportunity for the Head of FM to be the facilitator, i.e., he can bring in the HR and IT functions and others. If he has presence it may be that others want to join to find out what is going on. FM heads should take the opportunity to facilitate inter-departmental meetings. This could generate interest among other staff around the activities of other departments.

- The cross-fertilisation of knowledge is important. For example, FM has to learn the language of IT and its challenges, and vice versa. There is a need to "educate" academic institutions about what to teach so that this cross-fertilisation is achieved while students are still at university.
- FM is emerging as the "voice of the user", so changes in management processes where the FM function is emerging create opportunities for important interface relationships with project managers.

## What do facilities managers have to do differently to make FM a more valued and strategic resource?

- The Head of FM has an overview of multiple departments. He or she needs to use this knowledge and position to make a positive difference to the business.
- To get FM on the agenda for the Board facilities managers need to demonstrate added value, and this should not always be centred on financial returns. Other kinds of value which are hard to measure must also be emphasised.
- The Netherlands government is far ahead of the market in treating FM as a strategic resource. In the last few years all government FM departments have been combined into a single entity. FM only works as a strategic resource when there is scale. The merger of government FM departments is a good example of increased scale, which means both added value and reduced cost can be delivered, and the result is easily recognised and understood.
- Facilities managers' biggest challenge is demonstrating added value. It is usually easier to see the strategic value in larger organisations. Case studies can be a useful addition to the argument.
- Managers need to attract the right people with the right qualifications and skills to understand the business.
- FM must change the language it uses. The Head of FM must report to the CFO in terms he or she wants to see and report to the CEO in terms of image, Corporate Social Responsibility, brand, and the well-being of staff.
- It is critical to learn from the past. Ten years ago the same questions were being asked, as reflected in the 2012 RTB study, and managers were unable to find meaningful answers. It seems that IT and HR have changed and moved on, but FM has not.
- FM must get access to senior executives to resolve conflicts and demonstrate the added value of the organisation's facilities and the FM function.



# Chicago // United States

27 March 2013

The Raising the Bar roundtable, included about 20 senior FM professionals representing organisations such as National Equity Fund; Dearborn National; Brinks Hofer Gilson & Lione, William Blair & Company, Mesirow International, Redbox, Levenfeld Perlstein llc, and TTX.



## What issues and challenges are facilities managers facing in 2013?

- FM must deliver more for less in terms of cost and staff.
- It is difficult to achieve alignment with IT and HR so that those functions along with FM can provide a more integrated service to end users.
- New technologies are changing the way FM is delivered.
- It is important but difficult to enable staff to work productively from home and other out-of-office locations.
- Facilities management has tied its future to corporate real estate – a transaction-based commodity that is measured by cost per square metre. That makes it very difficult to operate as a strategic resource.
- FM must make more efficient use of currently ‘dead space’ by understanding more completely how people actually work and what they need to be productive.

## How should FM performance be measured and evaluated?

- Today space is seen as a cost – a sunk cost. FM and senior management’s thinking needs to be shifted towards the revenue side. FM needs to demonstrate how facilities can contribute to the bottom line; that is where business executives live and it is how they think about value.
- It is questionable as to whether FM should be measured separately from the business. FM performance should be tied directly to corporate objectives. For example, in health care one business goal is cleanliness and FM needs to understand how it can contribute to achieving that.
- It is often difficult to operate as a strategic resource because FM is affected by economic cycles. It has to align with the business plan and be able to cut costs when that is what the business requires.

## What does it mean for facilities to be ‘strategic’?

- Space is not strategic; it should be reactive to the culture already there.
- Facilities managers, while working with senior partners, are focused on long-term challenges and solutions when negotiating 15-year leases. Long-term space, people configurations and their impact on the business’s capabilities and success must be considered when major commitments are being made.



### **What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?**

- Intra-company conversations about real estate and facilities and their impact on business strategy – let alone their alignment with other functional areas – rarely comes up unless there is a major lease renewal decision on the horizon.
- Vibrant facilities enable the recruitment and retention of top young talent. FM managers need to do a better job of articulating this kind of impact on the workforce across all business functions.
- The older senior executives in corporate America have traditionally wanted hard-wall offices. They do not like open plan, “hot” desks, or desk-sharing. However, FM leaders have to design workplaces for the next 15-20 years to enable talent acquisition and retention for the leaders of tomorrow. Hence they are caught between the business’s long-term strategic objectives and the immediate needs of senior executives.
- Staff should be empowered to move and configure their own space. FM needs to move beyond staff surveys. Surveys are just one tool as a part of on-going face time with end users. We should do much more to involve them actively in the design and redesign of the spaces they use.
- In the past senior facilities managers did not really devote resources to formal data gathering and analysis, but there is evidence that this is changing. The growing interest in “Big Data” will enable far more evidence-based decision-making.

### **What do facilities managers have to do differently to make FM a more valued and strategic resource?**

- Facilities managers need to improve their ability to sell their value-adding capabilities to senior managers. Unfortunately when facilities managers perform well they are often invisible.
- Moving from being reactive to proactive is a good strategy. Space is a reflection of the climate/culture so a change in culture can develop amazing space designs.
- Technologies are active and constantly changing, while buildings and space are usually very stable and passive. FM leaders should make space much more active and dynamic, rather than passive. They should encourage a sense of ownership among employees.



## Guangzhou // China

22 March 2013

The Raising the Bar roundtable, included about 17 senior FM professionals representing organisations such as China Telecom Corporation Ltd Guangzhou Branch, DTZ, Mayland Group Co. Ltd, Standard Chartered Bank and Asia Asset Property.



### What issues and challenges are facility managers facing in 2013?

- There is no time to be strategic, as facilities managers are constantly facing operational challenges that take up too much of their time.
- CEO's do not seem interested in real estate, so FM issues do not get attention in the Board Room.
- There is really no FM industry in China; there is only property management.

### How should FM performance be measured and evaluated?

- To be strategic FM should really look at how to add value to the physical asset. It is important to be as efficient as possible, but at the same time the workspace is supposed to generate returns for the organisation.
- Focusing purely on FM performance is not going to attract the attention of senior management. FM measurement should include business impact so it enhances the FM head's ability to draw connections between FM and business performance.
- The ability to turn your physical assets into a new stream of revenue will be seen as corporate achievements. It also helps to win awards and be accredited by national and international associations.

### What does it mean for FM to be 'strategic'?

- FM must translate business strategy into tangible targets and actions for FM. That means turning the workspace and physical assets into revenue-generating profit centres.
- It is necessary to understand the company/client's business strategies and ensure that FM strategies are formulated in accordance with company direction.
- The focus needs to shift towards strengthening the company's strategic positioning with customers, with employees (and prospective employees), and with the communities where the organisation is located and wants to do business.
- Driving the sustainability agenda is crucial as it is becoming a regulatory compliance issue for listed companies. It is important to report on FM's Environmental Social and Governance efforts.
- Re-allocate the way FM manages its time. Most FM managers spend too much time on daily operational issues. One way to create more time for strategic activities is to delegate and outsource.

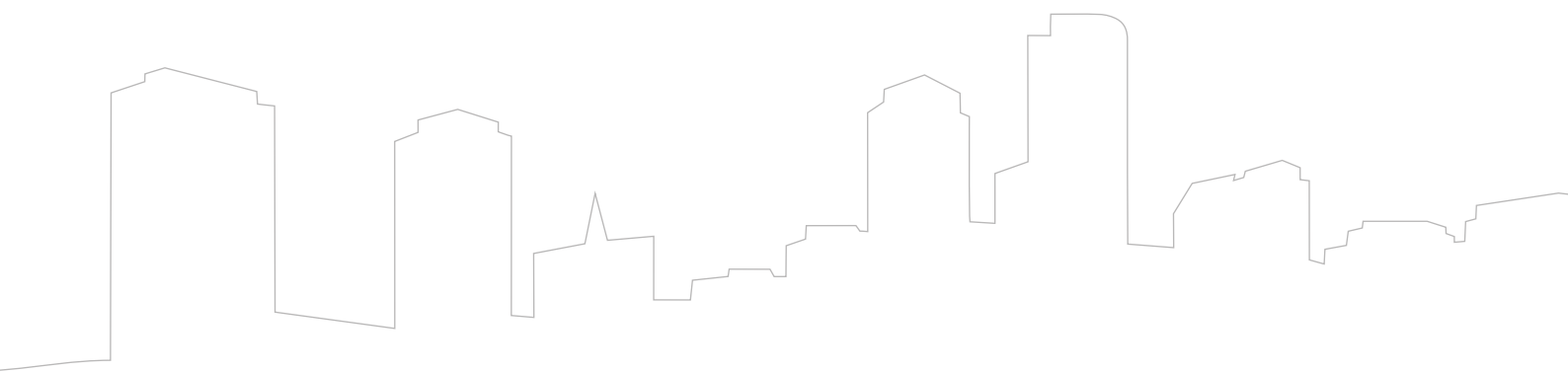


### **What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?**

- FM heads need to be able to communicate with the rest of the business units in order to align the department with company objectives as well as the objectives of HR, IT, Sales and Production. FM must abandon its jargon and adopt the language of business.
- There is a need for FM heads to be educated in “business”. This should not be limited to the real estate profession, but should extend to other functional areas, especially incorporating financial education.

### **What do facilities managers have to do differently to make FM a more valued and strategic resource?**

- FM leaders must make training on strategic thinking available for FM professionals at university level and during the course of their careers. The FM profession needs to influence the courses and certifications offered, as currently local universities only offer property management programmes.
- Heads of FM must educate the wider business about the importance and value of a strategic FM function.
- FM managers need to understand the business of real estate. Focusing only on facilities performance is not sufficient to bring FM issues into the board room.
- It is important for FM to pay attention to benchmarking business performance indicators, (such as staff turnover, productivity, revenue, asset valuation), as they are issues relevant to senior management.
- The name of the profession needs to be changed. It is not attractive enough to attract the talent we need to be more strategic. Efforts need to be made to improve the career path opportunities for FM professionals.



## Hong Kong // China

7 March 2013

The Raising the Bar roundtable, included about 36 senior FM professionals representing organisations such as Jacobs China Limited, Hong Kong Housing Society, Sunbase International Properties Management LTD, Savills Property Management LTD and Urban Property Management Limited.



### What issues and challenges are facility managers facing in 2013?

- The FM industry tends not to attract people who aspire to a career in senior corporate positions. There was a feeling among participants that the industry lacks status and fails to attract the best people.
- There is an over-orientation towards operational and process issues at the expense of strategic activities, and a failure to communicate effectively with senior executive colleagues.
- Property services in general are seen in terms of cost rather than as value-adding services. There is a need to change how FM is perceived.
- FM suffers from not having the correct “brand”, with the term FM conjuring up an image of a man fixing a broken photocopier or a leaky pipe. There is a lack of definition and understanding of FM as a profession, particularly in China, but also in Hong Kong.
- Heads of FM are often too busy managing the operational day-to-day issues to think about strategy. In addition, many FM staff are too heavily orientated towards operational and process issues; this outlook limits their progression through the corporate structure.

### How should FM performance be measured and evaluated?

- Clients are increasingly looking for value for money. It is important for Heads of FM to use clear, tangible examples to explain to clients how different levels of cost deliver different levels of services. This focus enables FM to make the link between cost, performance, and value.
- Measuring the value delivered by a service is much more difficult than simply tracking costs. While cutting costs may be relatively simple, value solutions are typically more complex and often require assistance from other departments.
- There is a need to develop metrics which senior management recognise. The FM head should use the right terms and language to communicate issues and progress to the leaders of the business.

### What does it mean for FM to be ‘strategic’?

- There is a need for Heads of FM to go back to basics and ask fundamental questions about why the business exists and how property services can help to meet core business needs.
- Heads of FM must clearly make the links between core business activities/needs and property services in terms of location, space, quality of the physical environment, sustainability, health and safety, and so on.

### What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- FM must perform in its “day job” to gain credibility with peer functions.
- FM needs to find out how other departments define value – what is important to them – and work out how it can help them to fulfil their goals.
- FM should introduce its own value proposition with ideas about how it thinks things in FM should develop, and be ready to present them to the other functional leaders.

### What do facilities managers have to do differently to make FM a more valued and strategic resource?

- The profession needs to be rebranded and re-labelled. Ideas for a more representative term than “Facilities Management” include: Director of Works (for the FM Head); Asset Management; and Corporate (real estate) Services.
- Tools exist to make daily, operational, FM more efficient, thereby freeing up the FM head's time to think about strategy.
- A fresh strategic perspective is required, where the approach taken is one of a strategic consultant who focuses on non-core activities and explains to senior management how they affect core activity.
- Research is needed to explore ways of clearly demonstrating how FM delivers business value.
- New approaches to training of staff are required to enable FM staff to think more strategically and to offer career opportunities to attract stronger, business-oriented staff.
- There is also a need to communicate FM's evolving role to government, clients, developers, and occupiers, including through education.
- Heads of FM need to be capable of carrying out two roles: technical/operational; and client facing/communicating effectively with senior corporate colleagues. These two roles require different skills; and the latter set is often lacking.

- The following solutions were suggested to address these skill shortages:
  - **Short term** – provide courses for mature students to enable FM heads with strong operational skills to develop the business and language skills needed to communicate with senior executives. The use of master classes for technical heads was also suggested; and
  - **Medium/long term** – rebrand the name and image of FM, and introduce new RICS-accredited courses that include training in business management and administration.



# London // United Kingdom

13 June 2013

The Raising the Bar roundtable, included about 10 senior FM professionals representing organisations such as The Financial Times, Yahoo, KPMG, GPU, Kings College, RBS, PWC, BBC, Lloyds Banking and Occupiers Journal.



## What issues and challenges are facilities managers facing in 2013?

- There has been a reduction in apprenticeships and people choosing FM as a career, leading to skills shortages and people challenges – one day a week often must be spent on people issues.
- FM staff have been discouraged by the drive to the bottom and the on-going demand to reduce costs.
- There is a 'glass ceiling' for FM professionals in business organisations. There is a poor perception of the profession, which is seen as only a service function.
- There can often be too many layers between senior FM staff and the CEO; overcoming challenges often comes down to personal contacts with the Finance Director.
- FM staff are poor at demonstrating the benefits the function has delivered. There is a need to raise its profile both internally and externally.

## How should FM performance be measured and evaluated?

- We should track "Moments of truth" – FM must track what makes a great customer experience, and how it delivers these for individuals.
- Understand how to improve customer service.
- Learn to demonstrate the impact on the business in the absence of its services– demonstrate to the business that FM does make a difference.
- Make efforts to understand the impact of FM on employee productivity, even though this is difficult.
- Ideally, IT and FM should collaborate to look at service levels together.
- The temperature of rooms is measured by FM but that is not necessarily used to examine the impact of temperature on productivity.
- FM service desk calls should be compared to IT service desk calls as a way to measure FM performance;
- A large proportion of feedback is informal – conversations with partners, directors etc.
- FM team bonuses should be linked to performance, including items like the percent of helpdesk calls closed within specific time frames. The entire team's bonuses should be reliant on this kind of metric.
- Percentage improvement and value added can also be part of the evaluation process – provided that these Key Performance Indicators, (KPIs), are thought through.
- As a profession FM should explore the possibility of standard industry scoring so performance can be benchmarked across the industry.



### What does it mean for FM to be 'strategic'?

- FM personnel struggle all the time between supporting/ implementing business strategy and fire-fighting.
- It comes back to qualifications – FM needs someone who thinks like a Managing Director, taking a broad overview of issues and opportunities - not like an engineer focussed on the details.
- It depends on how 'strategic activity' is defined – viewing customer satisfaction figures and reviewing catering contracts can both be seen as strategic.
- FM needs to be strategic but also retain a link to the operational side.

### What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- Alignment tends to be quite good at the top level but it is less clear on the ground.
- Alignment problems can occur between HR and FM. It is often difficult to obtain data from HR, e.g. head counts.
- HR, unlike FM, talks in concepts rather than operational practicalities.
- A good relationship with the department responsible for change management is often key to effective alignment.
- It is essential to see if policies across HR, IT, and FM can combine to create agile working environments and meet business imperatives.
- People could be seconded from other functions into the FM team to allow for a better understanding of staff needs.
- Shared services departments tend to include FM, Corporate Real Estate, finance, IT and operations. It can be very useful to set up some sort of internal infrastructure group that brings all these services together.
- FM, Corporate Real Estate, finance, IT and operations groups tend to only work well together on specific short-term projects or long-term planning; day-to-day issues in between are the problem.
- Personal relationships are key.

### What do facilities managers have to do differently to make FM a more valued and strategic resource?

- Effective time management is central to both strategy and day-to day activities.
- It may be better if the head of FM comes from a non-FM background, as then he or she is less likely to get involved in day-to-day issues.
- FM has to recruit the right people; it cannot place its entire emphasis on the technical side of work – and must look carefully at soft skills.
- Business and professional training is required for senior people in FM.
- FM personnel need training for dealing with outsourced providers and the commercial side of FM.
- Service providers should recognise themselves as large organisations. They must offer training in managing large multi-site contracts. There is also a need for more apprenticeships for service providers.
- Customer relationship management and more general relationship management are the most important skills.
- Training in FM's strategic potential needs to be developed for senior business people.



## Los Angeles // United States

26 March 2013

The Raising the Bar roundtable, included about 10 senior FM professionals representing organisations such as Environetics, Toyota, AECOM, and Ernst & Young.



### What issues and challenges are facilities managers facing in 2013?

- As workplaces evolve it is an on-going challenge to understand the remit of the facilities management service provision across technology, human resources, and other organisational amenities/perks.
- The increasingly blurred line between facilities managers and IT services makes things difficult. End users look to facilities managers for the space but also seek help with technology. IT departments cannot keep up: they have difficulty integrating technology into the many changes that facilities managers are doing.
- FM has trouble keeping up with end-user needs. It is difficult to ensure that the workplace is able to meet the demands of the occupiers.
- FM has to make sure that the workplace strategy is embedded into the corporate strategy and vice-versa.
- It is vital that managers break the silos between HR, IT, and FM; and overcome the perceptions of threat among these functional areas.
- The biggest challenge is bringing the head of FM into a true business leadership role. The question remains open as to whether there should be a new descriptor for the role – such as ‘chief facilities manager’.
- FM departments must think long-term, in the context of a globalising world. Organisational culture is so deeply ingrained that overnight change is not feasible. Senior management expect FM to accomplish major changes almost immediately, which is not realistic.

### How should FM performance be measured and evaluated?

- What really matters is workforce effectiveness – a combination of attraction/retention, revenue, and profitability; those are easier to measure than other attributes.
- Measurement should include externally audited quantitative data rather than self-reported qualitative judgments. Measurement of FM should be varied according to the sector or the tasks being supported (e.g. sales, call centres, engineering, etc.)
- Use a 360-degree survey for people to rate the service – an end-user survey.
- Develop objective metrics such as energy consumption, which are physical and measurable.
- FM is currently measured by the bottom line and is financially-based. Any correlation between knowledge, work, and productivity is too difficult to demonstrate effectively.



- The only way business owners know how to measure FM resources is by cost. They must be educated about value-adding appraisals.
- FM should build a platform on the total cost of ownership of its facilities. A well-respected model of total cost of ownership should look at the component parts and help senior executives understand the bottom-line impact.
- In a knowledge economy, productivity in the workplace should be considered in “factory terms” – developing measureable statistics about the impact of the workplace on the business. The key idea here is to link FM performance to business performance.

### **What does it mean for FM to be ‘strategic’?**

- FM is still seen in many organisations as the back office; but in the past 10 years across businesses there is now a more complex mix of choices and options for ‘space’, and it can have a very powerful impact on business performance.
- Today many businesses operate through interconnected teams. FM can be strategic by organising workplaces around team decision-makers and mapping the space for more effective and more efficient decision-making.

### **What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?**

- FM does not look at work in a holistic fashion. The primary reason for desk sharing is usually cost reduction, but doing that usually makes life more difficult for HR and IT with the use of laptops, working from home etc. There are often increases in the IT budget short-term (but reductions over the long term) that can cause conflict and differing views between IT and FM.
- Internal accountancy rules get in the way; transfer pricing (charging between business units for shared risks/services) has historically been a major issue in all large organisations. Different business groups have different goals and success metrics. It may be the case that there is an overall budget but every department has an individual budget, and it can be difficult for FM to recover its own costs from other departments.

- There are many turf wars, creating unwillingness to share and an inability to work collaboratively towards a corporate goal. At the top level the goals may be common, but lower down the common good often gets lost as a result of individual competition.

### **What do facilities managers have to do differently to make FM a more valued and strategic resource?**

- Leadership has to flow from FM departments. Employees are often not afraid to share their problems with facilities managers, and so FM can be a good source of insight and important information about the staff for senior executives. Those opportunities should be leveraged.
- FM leaders must articulate the link between good workplaces and staff recruitment and retention. If the expense of attracting and recruiting and getting up to speed for a new employee is factored in, then FM and its facilities can contribute to organisations becoming more competitive.





## New York City // United States

28 March 2013

The Raising the Bar roundtable, included about a dozen senior FM professionals representing organisations such as Barclays Bank, Cushman & Wakefield, Credit Suisse, Savills, and Jones Lang LaSalle.



### What issues and challenges are facility managers facing in 2013?

- Cost-efficient quality of service is a challenge for both internal and external clients: this means delivering the same level of comfort and expectations within a tighter budget.
- The sustainability aspect of work – comfort, cooling, lighting, etc. It is getting more and more difficult to justify the cost of sustainable features in a retrofit when state and federal grants for sustainable retrofit are drying up.
- A major issue is being able to adapt to disruptive and on-going change. While a company may be undergoing overall global growth it can also be shrinking in some markets. This reality requires constant locational rebalancing and underpins the need for the profession to master constant change.
- There is a major talent and workforce challenge – recruitment of the changing workforce. “Cloud” computing and data accessibility is having a big impact on workforce strategy and engagement. Staff do not need to be housed at their desks; they can access company information and communicate with their colleagues from almost anywhere.
- Tenants want to be in particular locations; FM is still location-driven, and its focus has to flow from that reality. Key clients will pay whatever it costs for certain locations.
- Wireless power is now being looked at and along with wireless telephony it will enable even more flexibility and agility. The question is whether that will mean that leases will become even shorter, with more “just-in-time” lease arrangements.
- There will also be a different user profile as patterns change; the workplace will become more like a “hospitality” environment, versus a facility where people are at their desks 90% of the time.
- The tech sector does not want to move into traditional new buildings; they want cool, ex-industrial, trendy places outside Central Business Districts, in order to attract and retain top talent. This is not necessarily logical, but it is the reality FM has to consider.
- Building Codes can present challenges when planning space. More flexibility in the codes would allow more precise spatial configurations designed to meet occupiers’ evolving needs.
- Some clients are spending significantly more per square foot in technology-dense space, but occupying less of it. From a data/telephony perspective there is a very different FM requirement in that case. Simplification of the workspace will enable FM to become more streamlined.



## How should FM performance be measured and evaluated?

- It would help if there were a single best-practice global development/space optimisation standard.
- Cost is a real challenge, but FM should focus on the value proposition. When moving people from one building to another there is a hurdle rate in terms of overall profit/loss that requires FM to meet business ROI expectations.
- The ratio of support staff for every revenue producer is a key issue for financial services real estate advisers. Ratios change over the 10-year lease as technology evolves. This factor also places additional expectations on the increased number of revenue producers.

## What does it mean for FM to be 'strategic'?

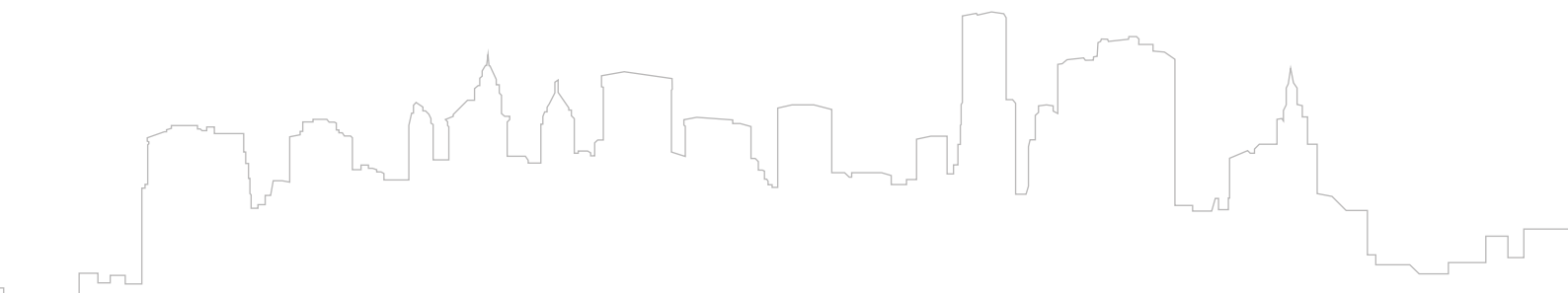
- It is questionable whether much of the time spent on day-to-day operations is strategic. FM leaders need to outsource more, enabling end-user occupier executives to operate more strategically.
- Real estate is not as outsourced as other industries. The outsourcing service providers need to earn the trust of their clients.
- It is imperative to be certain of the next 10-15 year strategy defining where people need to be located and why. FM needs to learn to split high-cost and low-cost employees (perhaps locating them in different places according to their needs, their tasks, and where they live – to enhance recruiting/retention rates, for example).

## What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- IT is leading the way because technology is still the driver of change for business. FM and HR will increasingly be service lines within IT as corporate requirements are more about technology than about static space. For example, video conferencing is more about IT than it is about real estate workplace management.
- The business seems far more focused on technology than on facilities. That makes it difficult for us to align strategies effectively.

## What do facilities managers have to do differently to make FM a more valued and strategic resource?

- "Facilities Management" is a disparate term that challenges FM professionals on how we define ourselves. FM should re-label and rebrand itself. Options include "Corporate Services," "Space Optimisation," "CRE" and "FM."
- Business is frequently experiencing substantial change. This means that outsourcing can enable an enterprise to be more agile by focusing on its core business processes. A strategic role for FM is focusing on the future, which will enable it to continue to evolve as a profession. Outsourcing enables FM to reduce daily distractions and stay closer to the business's strategic needs.
- People in the next-generation talent pool want to live closer to where they work; commuting is going to continue to decline. The notion of lifestyle prioritisation has major implications for locating and planning workplaces, and it offers FM professionals an opportunity to be at the forefront of change.
- FM has to reflect brand values/principles. There may be 8-10 different kinds of work spaces/settings per floor in some organisations. FM wants to over-allocate space and deal with congestion rather than under-utilisation. For example, one group may need to have an on-going full-time presence; but another has a different role with different job tasks and accountabilities, and thus requires a very different workplace layout. FM can become a more valued strategic resource by acknowledging these differing needs and supporting them appropriately.



## São Paulo // Brazil

12 September 2013

The Raising the Bar roundtable included eleven senior FM professionals representing organisations such as Grupo Brasanitas, Jones Lang LaSalle, Proativa Consultoria, Cushman & Wakefield, Takasago, CBRE, TV Globo, and Hines.



### What issues and challenges are facility managers facing in 2013?

- In South America a significant proportion of the head of FM's time is spent on operational matters, vendor management and managing client expectations. That does not leave much time to focus on long-term and strategic issues.
- The big problem for FM is recognition – it is hard to be considered a professional when you are not recognised by the CEO as a contributor to added value. It is also a problem of perception: the CEO sees FM as only providing a necessary service for the business.
- The FM service provider is not recognised as a strategic partner to the business. Clients hire the provider of FM services but they do not know what to expect. This problem is most acute when the salesman sells something different than what is subsequently provided.
- Maturity is low. The market is not sophisticated enough to accept “outcomes and productivity”. What end users like is the comfort of knowing that they will see x number of people on a site/job. They can count the people and this provides an easy measure.
- End users have no real knowledge of FM.
- The most serious problem is that procurement staff, who oversee service provider contracts, do not understand FM.
- Knowledge and education is a major challenge: few people go to university, so business knowledge is poor. Professional training is missing. Technical training is good; there are plenty of people who can fix HVAC systems, conduct maintenance, and so on. The individual who works his way up through this system is likely to be technically very competent but not good at managing expectations/client relationships, and so on.
- Metrics is also a challenge. At present there are no benchmarks, no systems for measuring the performance of FM. Some service providers use internal benchmarks but they still face challenges when managing a global contract.
- In Brazil FM does not include Property Management; there is a feeling that these two areas need to be linked. On the global stage this confusion is less apparent because there is already a link between FM and Property Management.
- Many occupiers are changing their workplace strategy. It is difficult to conduct change management processes, and how it is done depends on the industry. For example retail may have simple demands when looking at workplace needs for staff. These variations create difficult conditions for FM to cope with.
- FM is now being seen as an important part of the change process and so it is important for it to change and to enable change.

### How should FM performance be measured and evaluated?

- An efficient tool is required that shows the main results of the FM department.
- Financial control is really important. It has to be the primary task. This includes tracking how much is spent on services, and where money is being spent.
- Client satisfaction surveys can be used as an evaluation method. Some service providers survey client staff to gauge their response.
- However, staff surveys are not really very common in Brazil.
- Service Level Agreements, (SLAs), and Key Performance Indicators (KPIs) are commonly used as tools to measure performance. However, there are no “market comparables” so whilst a company’s trend can be measured and tracked from one month or quarter to another, there is nothing available to carry out comparisons across the market.

### What does it mean for FM to be ‘strategic’?

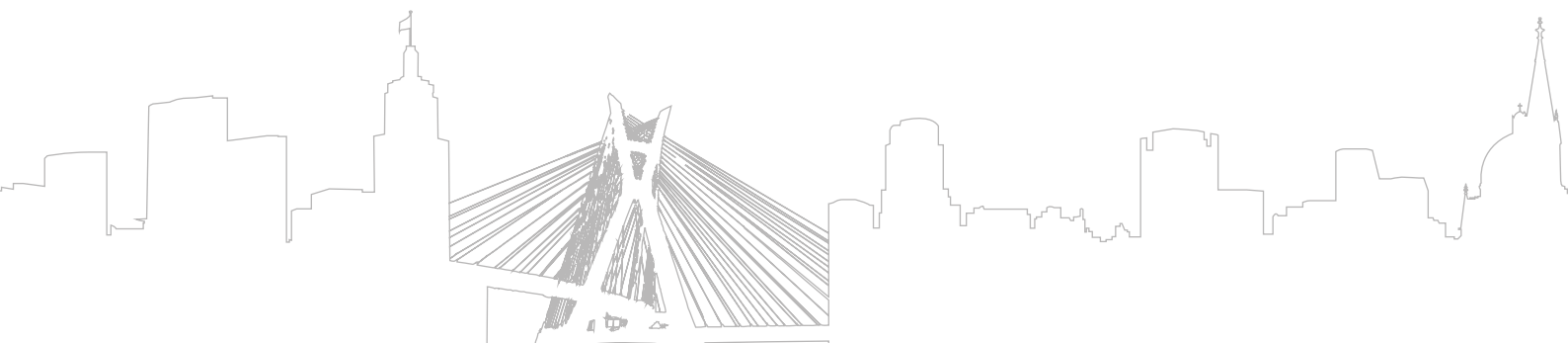
- It is unclear what the real role of the FM is. The CEO and other senior executives do not have a defined vision on this front.
- When FM is strategic it is seen as a vital part of the process that enhances the company’s result at the end of the year.

### What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- There is a need to talk to Finance on a regular basis regarding insurance and other financial issues.
- FM should also talk to HR regularly regarding space layout and staffing needs; this is a way to achieve HR’s buy in regarding the legitimacy of FM.
- Cross-functional communication does occur, but it is very patchy and there are huge variations across organisations.
- FM is emerging as the “voice of the user”, so in change management processes FM is beginning to serve as an important interface with project managers.
- To improve alignment, FM needs to speak the language of the business, – not the language of FM.
- The Head of FM has an overview of many different departments. He needs to use this knowledge to make a positive difference to the business.

### What do facilities managers have to do differently to make FM a more valued and strategic resource?

- Facilities managers must work more independently, and demonstrate the added value they produce.
- Managers must attract the right people with the right qualifications and skills to understand the business.
- Managers need to obtain access to senior executives to resolve conflicts and demonstrate FM’s added value.
- Highlight the real benefits of FM – demonstrate where they appear in the process and where the critical point for efficient facilities is.
- “Segment the communication” for the different areas of the business. Emphasise the importance of FM and how it can improve business results.



# Singapore // Singapore

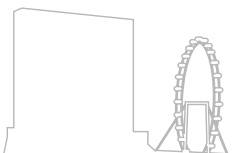
10 May 2013

The Raising the Bar roundtable, included half a dozen senior FM professionals representing organisations such as Gardens by the Bay, MOH Holdings Pte. Ltd, FMS Associates Asia Pte Ltd, Singapore Infrastructure Project Division, Verifone, DBS Bank, and British Petroleum.



## What issues and challenges are facility managers facing in 2013?

- There is a shortage of skilled resources at the technical/operational level. Those possessing a certificate/diploma level qualification and 3-5 years' experience are in very short supply.
- The skills shortage is leading to continual increases in salary costs, exacerbated by the Government's tighter restrictions on foreign workers.
- A major challenge for FM professionals is how to demonstrate that FM professionals deliver value for money. Most senior executives still see FM as adding cost rather than adding value.
- There is a stronger push at Board level for FM professionals to 'go green' (green building/green office); but the professionals are failing to properly explain to senior executives the long-term savings opportunity for investing in LEED, GreenMark etc.
- Many organisations still do not have a dedicated FM function that reports into the Board – it still sits under the Corporate Real Estate function, HR, Finance and other business lines.
- Cost reduction is still the single biggest concern when the Board thinks about FM – the constant pressure to reduce FM costs year-on-year without any real forethought about the impact of those reductions on business performance.
- On the contractor/consultancy side, the main issues facing the industry in Singapore are (a) procurement challenges – tender bidding wars impacting on process; (b) the need for FM professionals to continue to coach and guide procurement staff, especially those who have no experience in FM procurement; (c) there is a constant need to mentor the FM service providers due to staff inexperience; and (d) staff turnover within service provider organisations continues to have a big impact on continuity of service.
- FM professionals still struggle for recognition of their 'value-add', and many do not know how to fully demonstrate their value to their CFO/CEO.





### How should FM performance be measured and evaluated?

- The only way to translate business strategy into tangible FM targets and actions is to focus more on Key Performance Indicators (KPI's) that demonstrate added value to the business of its facilities, rather than Performance Indicators that focus only on cost. That shift in mind-set will show the business how FM strategy can be aligned with business goals.

### What does it mean for FM to be 'strategic'?

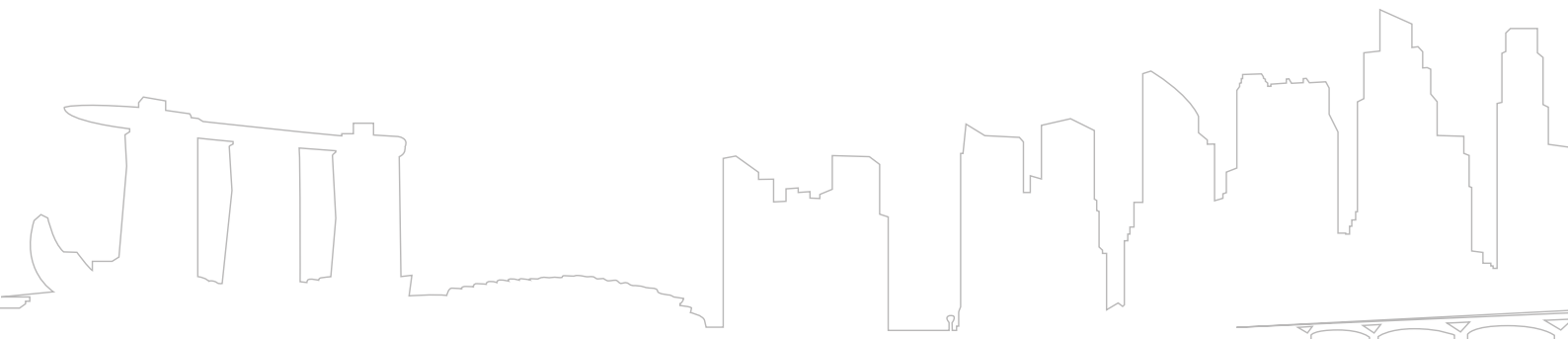
- FM professionals need to do more to demonstrate to the CFO the long-term life cycle costs of green solutions, and not just focus on energy management plans that focus on short term savings.
- The only way to translate business strategy into tangible FM targets and actions is to focus more on KPIs that demonstrate added value to the business of its facilities, rather than Performance Indicators that focus only on cost.

### What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- All agreed that Heads of FM should be playing a stronger coordinating role across Corporate Real Estate – Space (maximise space); Finance – budget approval, cost allocation; HR – staff retention (creating environment for staff to work in), and IT, given that all of them have to rely on FM for delivering quality themselves.
- In some organisations FM serves as the 'project management office' lead for CRE, HR, IT etc. That helps achieve the required alignment.

### What do facilities managers have to do differently to make FM a more valued and strategic resource?

- The facilities manager job title must be changed. Alternatives might include "BEM" – Built Environment Manager; or Asset Manager.
- The value of FM is still not recognised; salaries are too low to attract/retain quality staff.
- FM is poorly covered in Polytechnic and University courses. Even degree courses do not provide enough learning to allow FM professionals to think or act strategically. Ideally some form of internship with companies could address this by putting quality students into key FM positions as they complete their degree courses.
- All FM professionals should have basic financial training (Life Cycle costing). The lack of adequate financial training is another gap in current degree courses.



## Sydney // Australia

12 September 2013

The Raising the Bar roundtable, included about half a dozen senior FM professionals representing organisations such as Intel, CBA, FM scope and AMP Capital.



### What issues and challenges are facility managers facing in 2013?

- FM is still seen as a distraction for commercial management.
- Organisations are happy to promote their brand externally, but not internally. FM is usually left in the latter category.
- FM's biggest challenge is determining how to move from being a 'distraction' to being part of the core business of the organisation.
- Unfortunately, there is no sound definition as to what FM is. Many people know the definition of HR, but not of FM. A job description for FM can run for many pages. There is no clear concise understanding of the role.
- FM needs to have better executive representation within organisations.
- There are serious misconceptions about the role of FM. Some view it as a purely maintenance/custodial function, thereby hindering the ability of FM to think strategically. Others within the organisation misunderstand the role and then interfere with the administrative aspects of FM.
- FM is a service that people only notice when it's not working well in their organisation. FM needs to emphasise a greater level of proactivity and promote the necessity of the function for maintaining the continuity of business.
- FM has the continual challenge of establishing and rebuilding relationships as senior executives move on. The level of stability among senior executives varies from one organisation to another.
- There is no singular or consistent path to becoming an FM professional. Australia lags in appropriate tertiary education for the FM discipline.
- FM is personality-driven; it focuses on servicing the client. But some people within the sector have poor people skills.
- FM needs to be more communicative with clients. It needs to say "Help us help you".



### How should FM performance be measured and evaluated?

- The general consensus is that measuring productivity is nearly impossible.
- FM should strive for negative customer impact; i.e. satisfaction with the facilities.

### What does it mean for FM to be 'strategic'?

- FM is poorly named; the name creates a sense of irrelevance about our role. The profession needs a new name for FM, such as "Infrastructure governance". That would help the function be seen as strategic and central to business success.

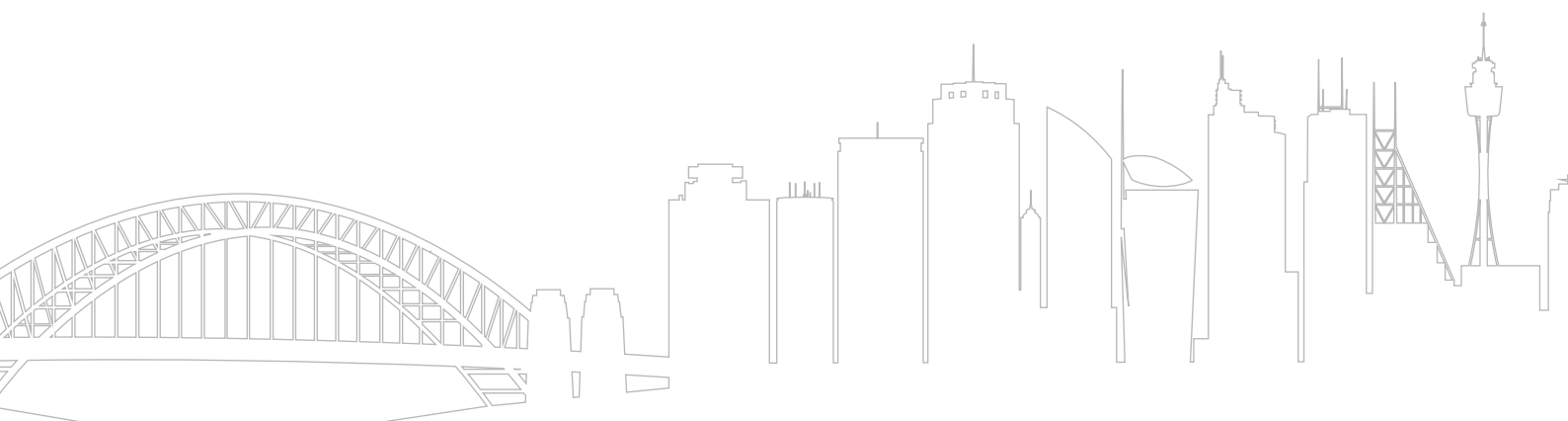
### What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- No comments; not discussed.

### What do facilities managers have to do differently to make FM a more valued and strategic resource?

- Greater empowerment is necessary. However empowerment needs to be earned. FM should take the time to understand what the business is about, and its role within the market.
- Organisations and companies need to stay competitive and FM should be aware of this and fit this reality into the agenda.

- Managers must bridge the divide between FM and other units.
- FM managers should seek short-term secondments to other business units. That can significantly broaden the perspectives of FM professionals. It has been a highly successful approach at several organisations.
- FM should find or build a 'nursery' for talent. Schools/ high schools/ universities can create a pipeline of talent.
- Provide incentives to raise the profile of the role – i.e., internal awards nights. This approach has been used with great success by property investors. It also encourages employees to take much greater pride in their work. Other suggestions included allowing employees of outsourcing service providers to use their client's name and logo in their email signatures to create greater identification with the end user organisation.



# Washington DC // United States

30 July 2013

The Raising the Bar roundtable in Washington, DC, included 13 senior FM professionals representing organisations such as Google, Deloitte Consulting, Jones Lang LaSalle, Jacobs Global Buildings and the World Bank.

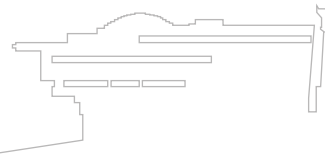


## What issues and challenges are facility managers facing in 2013?

- The definition of facility management is not cohesive enough; there is a need for a more specific definition to better differentiate the market.
- FM professionals find it difficult to raise their profile in most organisations because they are viewed as order-takers; and with long 'to-do' lists, this perspective can make it very difficult to have more sophisticated conversations that go beyond the basic nuts-and-bolts.
- In recent years in particular facilities managers have striven to avoid being seen as a cost centre; they are working hard to demonstrate the added value of their work to the business.
- Cooperating more effectively with the IT and HR functions is a common challenge; increased collaboration is necessary but difficult.
- It is difficult to keep up with new technologies and to respond to the flexible and sustainability-focused priorities of the millennial generation in the workforce.
- FM leaders can also be overlooked or undervalued because of corporate structures; there is a very real disconnect between FM and IT and HR. FM leaders must do a better job of expressing their added value to senior managers and collaborating with these departments.

## How should FM performance be measured and evaluated?

- An effective universal office productivity measure does not exist. Performance against budget is the ultimate and absolute bottom line.
- The question was raised whether FM should be measured based on its independent performance, or on core company performance and on how intertwined the two are. If that interconnection between FM and company performance is established in the minds of senior business executives, then FM could be viewed as successful.





### What does it mean for FM to be 'strategic'?

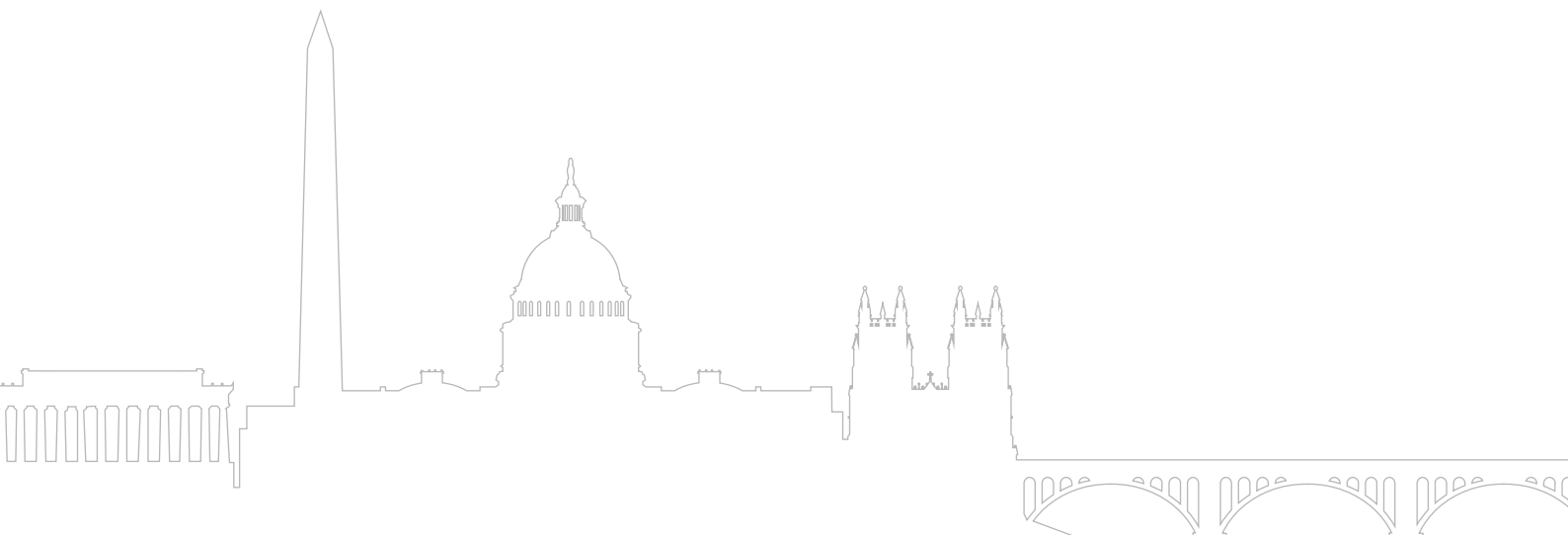
- The definition of what is strategic differs at different levels in an organisation.
- If there is more of a symbiotic relationship with human resources and IT – more communication and strategic cooperation – then FM is operating in a strategic mode.
- Strategic sourcing can create relationship-building that goes beyond contractual boundaries.
- Topical concerns like working space, workplace strategy, site selection, and recruiting and retaining talent (particularly among the younger generation) are all FM activities that suggest creative ways for FMs and corporate strategy to align more closely.

### What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- Regarding the debate about “in-sourcing” vs. outsourcing, when some companies outsource, employees might not be as invested in overall performance (of the end-user company). The question is whether a reduction in cost is worth lower performance and more transferred risk?
- More in-house conversation between real estate/facilities and IT is preferable because it is critically important for initiative and strategy to come from facilities managers in the context of new technologies.

### What do facilities managers have to do differently to make FM a more valued and strategic resource?

- FM leaders are frequently called on to moderate generational conflict and related discrepancies in the workplace – usually more often than HR.
- FM leaders must keep up with changing technology and human resources in order to attract and retain talent, both within FM and across the company more generally.
- FM managers must bear in mind the means to improve business value – such as site selection, health and safety, design sensitivity, sustainability, contract and management skills.
- FM leaders should spend more time on strategy and “leaning forward”, and less on day-to-day operations and project management.
- FM professionals must learn to better vocalize what exactly it is they do, and how they create value for the company and its customers (and employees).
- FM professionals should branch out beyond FM per se to acquire different contract and management skills.
- There is a general consensus that it is advantageous for companies and FM leaders to be more focused on sustainability and social responsibility, especially in the context of the increasing priority for a “green culture” within the younger generation.
- Keeping up with ever-developing technology was another recurring theme.



# Zurich // Switzerland

3 September 2013

The Raising the Bar roundtable in Zurich, included 28 senior FM professionals representing organisations such as RESO Partners, HOCHTIEF Facility Management Schweiz AG, Bougues E&S FM Schweiz, Abteilung Immobilien, AFIAA, AXA Investment Managers Schweiz and Jones Lang LaSalle.



## What issues and challenges are facility managers facing in 2013?

- There are a number of critical topics that FM managers face:
  - Sustainability. The sustainability certificates are becoming more popular.
  - Impact of Workplace management, designing new workplace concepts, using less space.
  - Impact of new ways of working. Sustainability initiatives also need to take into account factors such as travel times for staff.
- There is a lack of adequate management knowledge in the early phase of projects. That is the time in which investors' money can be saved. Regarding space management and Workplace Management, these should not be separated; and their leaders should be working together with investors.
- People have already realised that FM needs to invest in the future, but now it really needs to invest in Space Management, Supply Chain and Hospitality functions.
- There are more projects in the public sector and cost management is a major problem. The last couple of years have been different from the past and have seen a willingness emerge within the public sector to do things more effectively.
- Facility managers suffer from a lack of valid data, which could provide good arguments to support the business case. There is a whole raft of information and data management that is missing.
- The lack of well-defined KPIs prevents good data from being captured.
- Differing space standards make data comparisons difficult.
- It would be very interesting to know if the FM industry is behind, and whether there should be more discussions among industry personnel.
- A large proportion of staff desks are generally not occupied at any given time. That is not a very efficient way of doing business. If the weekends, as well as Mondays and Fridays, are factored in, and mobile working is accounted for, the degree of utilisation of desks is significantly lower than most executives believe.
- FM has to prove to Investors that it adds value.
- In the UK and USA, FM is already well established as a management function. In Switzerland it still has an image challenge. FM has become a widely adopted generic label, making it hard to discern if one is receiving high-end or low-end products or services.
- The Swiss FM market is reasonably mature. Innovation is common.

- The cost focus is a serious problem; FM is becoming a commodity.
- FM industry professionals do not talk to one another enough. There is a need for case studies to demonstrate best practice.
- As a relatively new profession, the term FM is not well-recognised or appreciated. This is because FM has concentrated on the delivery of services, not on the delivery of added value to the business.
- The term “Head of FM” can be misleading. For example it could refer to someone in charge of a small cleaning team. Hence recognition inside and outside the industry is poor, adding to the feeling of a disjointed sector.

### **How should FM performance be measured and evaluated?**

- Optimised cost.
- The Workplace is not the whole package; employee well-being is critically important and should be polled in staff surveys. The significance of “total well-being” is increasing as staff demand good working systems.
- Vacancy rates.
- Brand position.
- Customer surveys. Some organisations are doing this already.
- A greater emphasis on measuring sustainability.
- A common method in other regions is to ask for feedback on an annual basis, but there are some Swiss companies who do not want to implement this kind of process.
- Performance is often measured with surveys and self-assessments. It is important to collect data prior to escalating issues.
- It is vital that FM measurement be aligned with corporate measurement.
- KPIs offer a means to measure performance. Although multiple KPIs can be used, an excessive amount makes them difficult to follow.
- Standardisation and benchmarking across industries and countries is necessary.

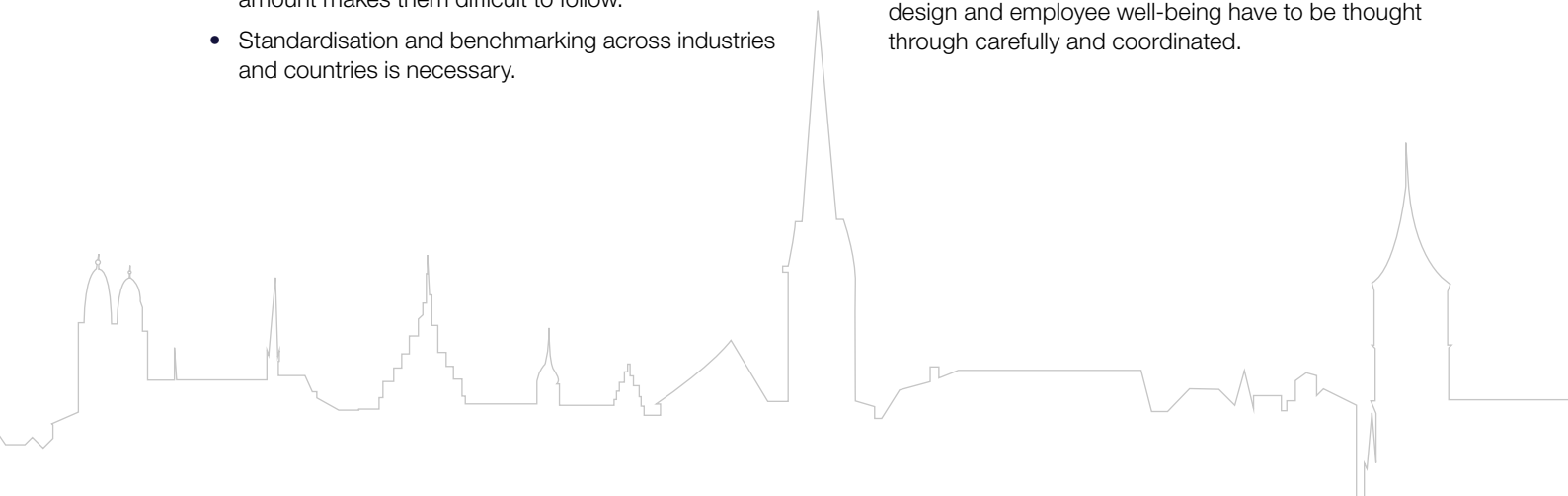
- Sustainability and whether FM adds to the organisation's Brand can serve as measures. Some service providers measure quality very carefully; certain environments, such as food production with its very high standards of cleanliness and quality, are very demanding. In such cases it can help to have an internal auditor.

### **What does it mean for FM to be ‘strategic’?**

- No comments available.

### **What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?**

- This is essential, and it is important to work as a complete team. The heads of all related departments must communicate openly. There should be focus on process optimisation. For example, FM often needs more funding at the “front end” to save the company money on a longer term basis.
- Support units are often competitors. For example, HR, IT and FM may be competing for the same limited budget, and their disputes are often exaggerated as a result of business hierarchy. HR, IT, FM etc., usually have different goals, which are sometimes in conflict. At a minimum their alignment needs to be such that they help and support each other. Often the problems stem from the fact that these different departments do not understand each other and cannot speak each other's language.
- When FM directs its efforts towards achieving alignments with business goals, barriers with other areas usually drop.
- FM managers are often not so well trained in Finance. Knowledge of finance offers one way to relate more effectively to other functional areas.
- When FM provides bundled services these need to be aligned. Often there are no meaningful interfaces. Workplace management and well-being really need strong alignment. In new projects both workplace design and employee well-being have to be thought through carefully and coordinated.



- Stakeholder analysis is really important. FM needs to identify what it wants to achieve and share these objectives across teams, e.g. HR, IT, Finance etc.
- FM needs to speak the language of the business.
- One potential value of FM is that it has an overview, giving it the potential to be an interface to help with functional alignment in other areas.
- Business processes are becoming more integrated. Work demands are changing and cross-functional alignment is critical to enabling the workforce to be productive.

### **What do facilities managers have to do differently to make FM a more valued and strategic resource?**

- FM managers need to know what their targets are and how those targets align these with corporate ones. They need to know how they fit into the organisational structure.
- FM education should have a greater degree of focus on the strategic level - the language the CEO and CFO use. FM managers need to talk and think in “MBA speak”.
- FM needs broader recognition as a valuable resource – RICS membership can help here.
- FM professionals need project management skills – an ability to deliver across different areas, enabling them to be “facilitators”.
- FM must learn to speak the language of the business – not the language of FM.
- FM has an overview of many different departments – the Head of FM should use this knowledge and position to make a positive difference to the business.
- Some organisations have internal training schemes. Perhaps FM should grow an in-house training package.
- All facilities managers must have good communication skills.
- Facilities managers need to market themselves more effectively.
- The Head of FM must be visible in the business hierarchy and demonstrate how FM contributes to the objectives by providing a support function.
- The profession must be more reliant on qualifications. Leaders should demand BSc and Master's degree graduates.
- Most available education is tactical and not strategic. What FM professionals need is not more technical FM knowledge but general business knowledge and the ability to communicate in the language of business. At present this strategic level knowledge and qualification is missing – RICS membership does help fill the gap.
- FM does not engage in enough networking. In Switzerland that concept is only just developing. Individuals must be encouraged to speak to their peer groups more often. FM personnel need to network with other staff from other professional services in order to raise their awareness.
- More should be done to promote an awareness of the FM profession as a good field to work in. Social media and YouTube can be platforms for such initiatives .



## 4.0 Comparative Analysis

The FM leaders and professionals who participated in these twelve city Roundtables around the world are facing very similar challenges no matter where they are based. Responses to our questions about current challenges and barriers to acting more strategically were, perhaps unsurprisingly, very consistent across both geographies and industry sectors.

The following broad challenges were mentioned most frequently, although often with different emphasis, by every group of roundtable participants:

- **Separate Worlds.** Business organisational leadership is too often divorced from, and disinterested in, FM.
- **FM Immaturity.** FM organisations and markets are often too immature and unsophisticated to build effective bridges across business functions.
- **FM's 'Brand'.** FM's image lacks the status of a professional career. FM leadership is generally not strategically oriented, and the function is not attracting the future talent it needs to thrive.
- **Cost-Focus.** The FM industry seems determined to 'die young' – killed by its own "race to the bottom" (lowest cost) and a lack of investment in developing added-value propositions.
- **Measurement.** There is an urgent need for FM to develop more effective metrics and to support premium FM services, not just lowest-cost commodity-like offerings.
- **Corporate Real Estate.** FM is the "Cinderella" (or poor step-child) of corporate real estate; it is generally led from above by transaction-focused real estate (property) professionals, who all too often do not understand the 'soft' (people) side of FM.
- **New Ways of Working.** There is a continuous need to better understand how people actually work today, and how that is likely to keep changing quickly for the foreseeable future. This has major implications for workplace design and strategy, including average densities and location commitments.
- **Workforce Productivity.** FM must enhance its knowledge of what makes people productive, creative, and generally effective; the profession remains overly focused on the efficiency of buildings while not focusing enough on workforce productivity.
- **Technology.** FM continues to be "bombarded" by new technologies – 'green' technologies, the 'Cloud', wireless power; BIM, building sensors, and more. What next? How can FM keep up, or, better, stay ahead and leverage these new capabilities?
- **Cultural Expectations.** There continue to be social and cultural demands for 'cool, trendy places' nearer to where people live. Wireless cloud-based technologies are becoming ubiquitous. And the demand to 'work

smarter, not harder' is becoming common. All these developments have a direct effect on FM.

- **Politics.** The common restriction on foreign workers causes shortages of qualified people - especially, but not exclusively, in places like Singapore. There is a recognised but unmet need for globally acknowledged standards, training, and qualifications; so that 'local' people can do the jobs they are needed to do.
- **Education.** Formal management education for FM professionals is inadequate, hindering understanding of the 'core business' and the roles of other functions such as HR, IT and Procurement, and even Finance. Post-school education is also inadequate. There is a distinct lack of apprenticeships and in-service training programmes to attract people into FM, preventing FM professionals from working their way up through a well-structured career path.
- **Education of the C-Suite.** There is also broad recognition that the mirror image of FM's inadequate opportunities for business-oriented education is the need to educate senior executives in other functional areas about FM and its strategic impact and potential. While most MBA programmes, for example, offer courses in marketing, finance, production operations, and logistics to all students, there are few if any examples of general MBA programmes even mentioning FM as an important resource and function.

### 4.1 Commentary

The subtle differences in how these challenges are understood and experienced in different regions could usefully be summarised by a maturity model, with developing economies (like China and Brazil) having lower sophistication of FM practices, through to the 'mature' markets that exhibit generally more sophisticated and more complex FM practice.

We find the concept of management maturity, and the varying experience it reflects, a useful perspective for sorting out the differences we perceived across geographical regions.

*Different regions reflect differing degrees of "management maturity" regarding how FM is managed and understood*

For RICS, and for other associated FM-related professional bodies, there is opportunity inherent in this notion of a 'maturity model'. The advanced, mature economies, could offer experience, knowledge, and solutions that would very much enhance emerging markets. RICS and others may want to provide a conduit to that development of knowledge, through regional membership groups, professional development programmes, and other activities.

## 5.0 Recommendations

### FM and Business: Separate Worlds

We described this challenge in detail in the 2012 report; why would the leadership of an organisation be interested in FM? Why are we surprised that they are not? Most of the 'development issues' covered below have some effect on business leaders' views; added together, they form a dangerous cocktail of disinterest; or, at worst, divorce.

*What we've got here is... a failure to communicate.*

To quote from the 1967 film *Cool Hand Luke*, "**What we've got here is ... failure to communicate.**"<sup>2</sup> But we believe it is largely the failure of FM leaders to communicate upwards to the senior executives within their own organisations. It does no one any good to complain or whine about not being understood; it is incumbent upon FM leaders to focus on what they can control, and to strive constantly for deeper and more coherent conversations with business leaders.

**RICS challenge:** *To work with business and organisational leadership groups to raise the profile of FM, to define professional standards, and to clarify FM's role in helping make organisations more effective.*

### FM's Market Immaturity

Roundtable participants in Singapore and Brazil reported experiencing procurement managers as lacking the knowledge of how to effectively 'buy services'; as procurement professionals they are trained to develop specifications and purchase at lowest cost almost independently of business impact.

In China and Hong Kong, there is a perceived lack of definition concerning what FM actually does, or is.

And the FM industry often experiences high staff turnover, which can be related to lower perceived value and lack of structure, which in turn and in combination lead to lower job satisfaction. In Hong Kong, FM was perceived to be closely tied to property management, which was seen as "a cost, rather than a value-added resource". Other city Roundtables included very similar observations.

*FM needs a maturity model to reflect differences in the way the function is viewed, managed, and understood.*

This reality does not excuse the continued lack of maturity in markets such as the UK or Europe, where integrated FM services have been marketed and delivered for over two decades. Yet feedback from the Roundtable participants in London included the observation that FM is "poor at demonstrating the benefits" to business. Amsterdam participants voiced similar concerns.

In Los Angeles it was clear that Workplace Strategy must be fully embedded into corporate strategy; but how often is this integration achieved, and fully communicated?

**RICS challenge:** *To work with FM leadership groups, from end-user and service-provider perspectives, to construct a maturity model that will identify the building blocks necessary to achieve FM market maturity, and bridge across to the most advanced organisations.*

### FM's 'Brand'

There have been endless, inward-focused discussions over many years, arguing various cases for changing the term 'FM' and/or the word 'facilities' in order to elevate the function's status and credibility. However, in our view, that horse has probably bolted; the fact is that we have not



<sup>2</sup> Source: <http://www.imdb.com/title/tt0061512/quotes?q0303196>



found any major economy in the world where Facilities (or Facility) Management is not known or referred to as such. The problem is not one of terminology.

The problem is in “Brand FM”. Those people who need to know what FM is, know what it means; but their perception of FM is not where the industry wishes it to be. In London, where many EMEA real estate operations are based, in a mature FM market, there is still a perceived need to “raise the profile”.

*FM would benefit from a rebranding effort to enhance its image, reputation, and attractiveness to capable professionals.*

Many Roundtable participants also noted a “glass ceiling” for FM in business, caused largely by this perception that FM is a lowly job, not a professional career, and does not contribute to corporate strategy or capability. This view is not borne out by reality; FM leaders (at least in developed economies) often earn good six-figure incomes, and have wide geographical and management responsibilities.

In Hong Kong, an FM market that is arguably mid-way in development terms between Northern Europe and newer economies like Brazil and China, the Roundtable participants still believed that FM “lacks status”. The people being attracted to FM are too often not the kind of professionals needed for a future developed market. Roundtable attendees were concerned that the industry is not attracting personnel who aspire to senior corporate levels.

At least part of the problem is the “race to the bottom”, discussed in some detail at the London Roundtable, where the pressure of delivering more for less, and continuously driving down costs, has disillusioned and discouraged many skilled people from staying in FM.

**RICS challenge:** *To build a perception of “Brand FM”, as a professional career, often well-remunerated (in comparison to most professional and technical career routes). More case studies and personal stories are needed featuring leaders of FM, and their responsibilities, and indicating at least ballpark income opportunities for senior FM professionals.*

## **FM Leadership and Professional Education**

The question of ‘what is strategy?’, and what it means to ‘think and act strategically’, was covered in some depth in the 2012 report. Through the Roundtables, we wanted affirmation that the criticisms of FM as not being strategic were in fact borne out in practice, around the world. In brief, they were.

There was one major concern, exposed in the 2012 report, and supported by Round Table attendees everywhere: the fact that ‘operational matters’ take up too much time. This pattern results in FM not having the time available to work on more long-term strategic issues; or to spend time working with business leaders in their organisation to improve overall FM’s alignment with business needs. The term “fire fighting” is a common one in FM.

*FM leaders continue to be trapped by operational “fire-fighting” that makes it difficult to focus on strategic issues and opportunities.*

Another concern not covered explicitly in the 2012 report was that many facilities managers are strongly orientated towards operations and ‘processes’. Put another way, they were not attracted to an FM career because they wanted to develop workplace strategy with their business leadership. They like getting ‘stuck’ with organising moves and changes, supervising fit-outs, checking up on their service providers, and so on.

We recognise that there will always be far more facilities managers in the latter category, enjoying day-to-day operations and detailed supervision of FM activities – with a focus on problem-solving and even fire-fighting. But there is a strong need for the development of ‘strategic thinking’ within FM leadership – and the need to attract these future strategic leaders into the FM marketplace.

**RICS challenge:** *To continue developing the route-maps to professionally qualified facilities management, building in the proven ability to ‘think and act’ strategically. And to do more to market these more strategic career routes to aspiring professionals.*

### Measurement and Evaluation of FM

Discussion of how to measure and evaluate the performance of FM was reasonably consistent across the twelve Roundtables. And this was a topic that was covered in some detail in the 2012 report.

The bottom line is that almost without exception FM is being measured and evaluated on the basis of cost, and/or cost reduction over time. We believe this continuing focus on doing more with less is indeed driving much of the tension and stress within FM departments. The focus on cost not only blinds senior business executives to FM’s strategic potential, but it also produces disengaged and resentful FM professionals, who know there is more value to what they do than is generally recognised.

*The only way to get beyond cost-focused measurement is to devise new performance metrics that link FM to business goals and objectives.*

We believe this over-emphasis on short-term cost-cutting is a major contributor to employee attrition and a reason that FM has such a difficult time recruiting qualified professionals. And this challenging issue, like others, is prevalent across the globe. It is, unfortunately, becoming a vicious downward spiral. Focusing exclusively on cost drives strategic thinkers out of FM, which consequently further reduces strategic thinking, reinforcing even more the focus on cost-cutting.

**RICS challenge:** *To develop, and then advocate, a much more “balanced scorecard” for assessing the effectiveness of FM. We believe the time is ripe for a major initiative designed to capture not just best practices in measurement, but to create innovative new dimensions of measurement. It has been said many times that “If you can’t measure it, you can’t manage it.”<sup>3</sup> The way to change the conversation about the strategic value of FM is to establish a new and more business-oriented framework for assessing FM’s business impact.*

### Achieving Strategic Alignment

Building effective working relationships with other functional areas is another critical step in ‘raising the bar’ for FM. The best way to achieve strategic alignment with HR, IT, Finance, and Corporate Real Estate is to foster two-way communication and continual collaboration with those functions.

The need for more effective alignment – and the understanding that alignment begins with common goals, meaningful communication, and a willingness to work together – was widely recognised.



<sup>3</sup> This phrase is often attributed, incorrectly, to Peter Drucker, who often spoke about measurement but never made this exact statement. However, the author of this report has personally heard the statement made many times by David Norton, the co-creator of the Balanced Scorecard® and co-author of “The Balanced Scorecard: Translating Strategy into Action” (Harvard Business Review Press, 1996).





*Achieve alignment by emphasising common higher-order goals and fostering open conversations.*

However, we also detected varying degrees of sophistication in the search for how to achieve this universal goal. For example, in more developed regions like the United States and Northern Europe, solution ideas included rethinking transfer pricing practices to create meaningful common goals, while in some other regions the recommendations generally focused on broad concepts like “improving communications” or blaming other functional areas for their perceived unwillingness to collaborate.

**RICS challenge:** *To encourage collaboration across the various infrastructure functions by identifying higher-order business goals and performance metrics that help those functions to recognise the value of alignment and collaboration. We return to our earlier recommendation of developing a broader, more diverse set of performance metrics as a means of creating common ground.*

## Behaving Strategically

Our final, and most important question, at the Roundtables was “What do facilities managers have to do differently to make FM a more valued and strategic resource?”

Several groups recommended a ‘rebranding’ exercise for FM that many believed should include a relabelling effort as well. However, as pointed out above, we believe relabelling is a futile exercise. “Facilities Management” is such a widely used and recognised term that persuading organisations all over the world to begin using a different word or phrase strikes us as highly unlikely to succeed.

However, we do think a ‘rebranding’ effort could prove fruitful. It would be a long-term project, but if the profession, led by groups like RICS, IFMA, BIFM, and

others, wants seriously to be perceived as a strategic resource, then we believe an initiative aimed at enhancing the image and broad understanding of the value that FM has to offer would be worth the effort.

Such an effort should include direct communication with the universities and colleges that offer degree and professional certification programmes in facilities management. Initiatives might cover reach-outs to deans, department chairs, and individual faculty members; include articles and white papers in the professional journals; and sponsor research programmes.

*Launch a broad PR and educational campaign to persuade senior business executives and other functional areas that “buildings matter”.*

A focused campaign to inform and persuade the business community in all regions and all industry sectors that “buildings matter” might be a useful rebranding exercise. It is important to educate both FM and non-FM professionals that the design of a facility has a direct impact on workforce productivity, engagement, and retention – to say nothing of customer perceptions and, ultimately, business revenue.

**RICS challenge:** *To develop and promote an aggressive campaign to change the public’s perspective on the value and role of facilities and the FM function. Seek to influence existing academic and professional development programmes as well as more general business school curricula. Build on the other initiatives to broaden the metrics used to assess FM performance by sponsoring benchmarking projects. Create an awards and ranking programme that recognises and rewards outstanding examples of innovative facilities, highlighting them not just for their designs but for the impact they have on the occupiers’ business performance and levels of workforce satisfaction.*

## 6.0 Acknowledgements

The body of this report was prepared by James Ware, PhD, and Paul Carder of Occupiers Journal Limited, under the expert guidance of Clare Eriksson and Johnny Dunford of the Royal Institution of Chartered Surveyors (RICS).

However, the report is clearly a global collaborative effort, in that it reflects the insights and experiences not only of the many facilities management professionals and RICS members who participated in the City Roundtables, but also the competent administrative support of many RICS staff in London and elsewhere who organised the Roundtables, invited participants, and ensured that the events proceeded smoothly.

In addition, the RICS research staff, in particular Amanprit Johal and Pratchi Chatterjee, compiled and organised our many notes, challenged our generalisations, and orchestrated the final report production. They were masterful at turning the initial drafts into this highly polished report you now have in your hands.

Finally, the authors are particularly grateful to the facilities management professionals who took part in the different roundtables that RICS held in the 12 global cities. Without their time, expertise and interest this report would have not been possible and therefore we thank them for the vital role they played in deepening our understanding of the challenges facing the industry. In particular we appreciate the thoughtful leadership provided by the roundtable moderators and speakers listed below. They not only led the roundtable conversations but some generated summary notes that informed our analysis and recommendations.

- Andrew Watt, CBRE
- Arnald Ng, Standard Chartered Bank
- Bill Jones, RICS
- Diane Macknight, MacKnight Associates
- FuWah Lee, DTZ
- Jim Ware, Occupiers Journal
- Johnny Dunford, RICS
- KK Wong, Zeppelin Property Development Consultant
- Martin Leitch, FM Scope
- Nelson Ho, Hong Kong Science and Technology Parks Corporation
- Paul Carder, Occupiers Journal
- Scott McMillan, IMF
- Stefan Jäschke, ZHAW
- Tom Pienaar, RICS

Finally, Occupiers Journal would like to express thanks to Dr Clare Eriksson, Director of Global Research and Policy; and Johnny Dunford, Global Commercial Director, both at RICS who helped to ensure that this initiative drew on the expertise of key FM professionals in all the city roundtables and offered their global resources to help promote the research and share its findings and recommendations with RICS members and other FM professionals around the world.







## RICS HQ

Parliament Square, London SW1P 3AD  
United Kingdom

### Worldwide media enquiries:

**e** [pressoffice@rics.org](mailto:pressoffice@rics.org)

### Contact Centre:

**e** [contactrics@rics.org](mailto:contactrics@rics.org)  
**t** +44 [0]24 7686 8555  
**f** +44 [0]20 7334 3811

## Advancing standards in land, property and construction.

RICS is the **world's leading qualification** when it comes to professional standards in land, property and construction.

In a world where more and more people, governments, banks and commercial organisations demand greater certainty of **professional standards and ethics**, attaining RICS status is the recognised **mark of property professionalism**.

Over **100 000 property professionals** working in the major established and emerging economies of the world have already recognised the importance of securing RICS status by becoming members.

RICS is an **independent** professional body originally established in the UK by Royal Charter. Since 1868, RICS has been committed to setting and upholding the **highest standards of excellence and integrity** – providing **impartial, authoritative advice** on key issues affecting businesses and society.

RICS is a **regulator** of both its individual members and firms enabling it to **maintain the highest standards** and providing the basis for **unparalleled client confidence** in the sector.

RICS has a worldwide network. For further information simply contact the relevant RICS office or our Contact Centre.

### United Kingdom

Parliament Square  
London SW1P 3AD  
United Kingdom  
**t** +44 [0]24 7686 8555  
**f** +44 [0]20 7334 3811  
[contactrics@rics.org](mailto:contactrics@rics.org)

### Europe

(excluding United Kingdom and Ireland)  
Rue Ducale 67  
1000 Brussels  
Belgium  
**t** +32 2 733 10 19  
**f** +32 2 742 97 48  
[ricseurope@rics.org](mailto:ricseurope@rics.org)

### Asia

3707 Hopewell Center  
183 Queen's Road East  
Wanchai  
Hong Kong  
**t** +852 2537 7117  
**f** +852 2537 2756  
[ricsasia@rics.org](mailto:ricsasia@rics.org)

### Americas

One Grand Central Place  
60 East 42nd Street  
Suite 2810  
New York 10165 – 2811  
USA  
**t** +1 212 847 7400  
**f** +1 212 847 7401  
[ricsamericas@rics.org](mailto:ricsamericas@rics.org)

### South America

Rua Maranhão,  
584 – cj 104  
São Paulo – SP  
Brasil  
**t** +55 11 3562 9989  
**f** +55 11 3562 9999  
[ricsbrasil@rics.org](mailto:ricsbrasil@rics.org)

### Africa

PO Box 3400  
Witkoppen 2068  
South Africa  
**t** +27 11 467 2857  
**f** +27 86 514 0655  
[ricsafrica@rics.org](mailto:ricsafrica@rics.org)

### Ireland

38 Merrion Square  
Dublin 2  
Ireland  
**t** +353 1 644 5500  
**f** +353 1 661 1797  
[ricsireland@rics.org](mailto:ricsireland@rics.org)

### Oceania

Suite 1, Level 9  
1 Castlereagh Street  
Sydney, NSW 2000  
Australia  
**t** +61 2 9216 2333  
**f** +61 2 9232 5591  
[info@rics.org.au](mailto:info@rics.org.au)

### Middle East

Office G14, Block 3  
Knowledge Village  
Dubai  
United Arab Emirates  
**t** +971 4 375 3074  
**f** +971 4 427 2498  
[ricsmenea@rics.org](mailto:ricsmenea@rics.org)

### India

48 & 49 Centrum Plaza  
Sector Road  
Sector 53,  
Gurgaon – 122002  
India  
**t** +91 124 459 5400  
**f** +91 124 459 5402  
[ricsindia@rics.org](mailto:ricsindia@rics.org)