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Raising the Bar: From Operational Excellence to Strategic Impact in FM



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Contents

Preface	7
Executive Summary	8
Overview.....	8
Strategic Differentiation	9
A Complicated Label	9
The Delivery of Facility Management Services is Critical	9
Drive for Recognition.....	9
Six Strategic ‘Super Challenges’ Facing FM	10
Delivering Experience—and Impact.....	10
Need for Cross-Functional Team-Working	10
A Cost Centre Mind-Set	10
The War for Talent.....	10
Relationship Building and Soft Skills	11
Technology is Crucial	11
Redefining the Mission of Facility Management	11
1.0 Context – the Big Picture	12
1.1 The Fourth Industrial Revolution	12
1.2 Changing Organizations	13
1.3 The Changing Nature of Work	14
1.4 Changing Workplaces.....	15
2.0 Key Findings	16
2.1 2017 Demographics.....	16
2.2 Facility Management in 2012	16
2.3 Facility Management in 2017	17
2.3.1 Time Allocation of the Head of FM.....	17
2.3.2 Organizational Structure and Reporting Relationships..	18
2.3.3 FM Performance Metrics	19
2.3.4 Alignment with Other Groups	20
2.3.5 Mechanisms for Improving Strategic Alignment.....	21
3.0 Key Themes: Challenges and Strategies	23
3.1 “Super Challenges” for FM in 2017	23
3.1.1 Budgeting and Cost Management (16%).....	24
3.1.2 Organizational Factors (12%).....	24
3.1.3 Organizational Alignment	24
3.1.4 HR & Talent Management (11%)	24
3.1.5 Workplace (5%) + Space Management (4%) + Wellbeing (1%)	24
3.1.6 Asset Management/Aging Assets (8%).....	24
3.1.7 Technology (4%)	24
3.1.8 Other identified Challenges	25
3.1.9 Some Outlier Challenges	25
3.2 Barriers to Strategic FM.....	25
3.2.1 Understanding FM (lack of) – 9%	26
3.2.2 Perception of FM role – 9%	26
3.2.3 Organization – 6% & Company culture – 5%.....	27

3.2.4	Strategic plan (lack of) – 3%	28
3.2.5	Cost focus – 3%	28
3.2.6	Resources (lack of) – 3%	28
3.2.7	Promotion of FM (or lack of it) – 3%	29
3.2.8	A Few Outliers	29
3.2.9	FM Supply Chain Consolidation and Occupier Organization Inadequacies	29
3.2.10	Corporate planning	29
3.3	What does it mean for FM to be strategic?	30
3.4	Balancing Strategy and Operations	31
3.4.1	In-house Organization	32
3.4.2	Talent Management and Skill Shortages	33
3.4.3	Budget Restrictions and Cost Control	34
3.4.4	The Aging Portfolio	34
3.4.5	Workplace Experience	34
3.4.6	FM as Relationship Management	35
3.4.7	Management Information and Technology	36
3.4.8	International Comparisons and FM Maturity	36
3.5	What Aspects of FM Have the Potential to Add Strategic Value?	38
3.5.1	Workplace (18%)	38
3.5.2	Sustainability and Corporate Responsibility	39
3.5.3	Asset Management Planning (AMP)	39
3.5.4	Technology (10%) & Data (7%)	39
3.5.5	Strategic Planning (7%)	40
3.5.6	Organization (7%) + Alignment (5%)	40
3.5.7	Communication (5%)	40
3.5.8	Wellbeing (5%)	41
3.5.9	Access to Senior Management	41
3.5.10	Education of FMs	41
3.5.11	Understanding FM (and benefits of) and Value Creation	41
4.0	Recommendations for Action	42
4.1	Review of the 2012 “Raising the Bar” Recommendations	42
4.2	2017 Recommendations	43
4.2.1	General Recommendations	43
4.2.2	Recommendations for in-house Facilities Management Leaders	43
4.2.3	Recommendations for Service Providers	44
5.0	Conclusions	45
5.1	The Two Roles of FM	45
5.2	Organizational Challenges in 2017	45
5.3	Still Stuck in a Cost-Centre Mind-Set	45
5.4	Talent Management	46
5.5	Redefining the Mission of FM	46

6.0	Appendix	47
6.1	The “Raising the Bar” Research Programme	47
6.1.1	The 2017 Study	48
6.2	Methodology	49
6.2.1	The Global Survey	49
6.2.2	Executive Interviews	49
7.0	Case Studies	51
7.1	Case Study: Juniper Networks	51
7.1.1	Background and History	52
7.1.2	The REWS Organization	52
7.1.3	Transforming the Juniper Corporate Campus	52
7.1.4	Designing the New Corporate Campus	53
7.1.5	The Juniper Networks Labs	53
7.1.6	Putting it all in Perspective	54
7.2	San Diego County Health and Human Services Agency	56
7.2.1	The San Diego County Health and Human Services Agency	57
7.2.2	Coping with the HSSA Building Closure	57
7.3	Australian SME Case Study: Darren’s Story	59
7.3.1	The need for change	60
7.3.2	Planning for change	60
7.3.3	Strategic priorities	61
7.3.4	Progress to date	61
7.3.5	Impacts and benefits to date	62
7.3.6	An unknown future	62
7.4	Standard Chartered Bank: A Personal Story	63
7.4.1	About the Facilities Manager	63
7.4.2	Background	64
7.4.3	Realities of Modern FM	64
7.4.4	Define the Partnership Success Journey	64
7.4.5	FM and Leadership	65
7.4.6	Learning to Evaluate Your Own Effectiveness	66
7.4.7	What Next?	66
7.5	Survey Demographics	67
8.0	Related Publications/Resources	69
8.0	Acknowledgements	70
	About RICS	71
	About IFMA	71

List of Figures

Figure 1	The Evolving Corporate Landscape.....	13
Figure 2	Allocation of Time by the Head of FM.....	17
Figure 3	FM Reporting Relationships	18
Figure 4	FM Performance Metrics (percent of respondents using each measure)	19
Figure 5	FM Alignment with Peer Groups	20
Figure 6	Importance of Processes/Activities in Helping Achieve Strategic Alignment	21
Figure 7	Insourcing and Outsourcing of FM Functions.....	31
Figure 8	Age Distribution of RICS FM Members in 2016.....	33
Figure 9	FM's Critical Relationships	35
Figure 10	CRE/FM Maturity Model	37
Figure A-1	The Real Estate and FM Maturity Model at Juniper Networks	54
Figure A-2	Survey Responses by Job Title	67
Figure A-3	Headquarters by Economic Region	68
Figure A-4	Respondents by Industry.....	68



Preface

Welcome to the third report in the RICS *Raising the Bar* research programme.

Since the publication in 2012 of the first instalment in this series, much has been said about the need for FM to be a strategic resource.

It is true to say that if FM is not authentically aligned to the corporate values and mission of an organization and its people, then it simply cannot deliver sustainable value.

This report examines the state of FM in 2017 and how it has moved on since 2012. It aims to provide insight and stimulate debate amongst professionals working in the built environment.

It is clear that in 2017 the world of FM is dynamic and evolving but also at a crossroads in its development. Rapid progress in technology, the environment, and the changing nature of work mean that the opportunities for the profession are almost limitless; this is explored and discussed in the report. However we must also recognize that FM career paths are undergoing significant change and the FM profession faces a potentially serious future talent shortage.

The critical skills needed for future FM leaders focus primarily around collaboration, interpersonal relationships, delegation, strategy formulation and implementation, and we must look to attract people with such skills.

Too much has been said of FM as a “Cinderella” profession and not enough about its ability to delight and inspire not only people but also the organizations they work for.

If FM is to take the next step to become part of the leadership function shaping and driving organizational corporate missions and values then it is not enough to simply believe in your strategic value. FM leaders must utilize data and technology to create compelling evidence on the impact FM can have and communicate this to their peers and senior business executives.

RICS recognizes the opportunities that exist in FM and our collaboration with IFMA is a really exciting development. It aims to transform FM through consistent, global professional standards and a unified profession. IFMA-RICS will define and standardize credentials, practice standards and professional development for the industry, uniting the global FM community to reduce inconsistency and fragmentation of strategy across the lifecycle of the built environment.

I would like to thank Jim Ware and the team at Occupiers’ Journal for their continued commitment to creating challenging and thought provoking insight.

We hope you find this report stimulating.

Paul Bagust

UK Commercial Property Director, Professional Groups, RICS

Executive Summary

Facility Management (FM) is facing a definitive moment in its history.

On the one hand, as its name implies, FM is focused on designing, building, and maintaining the physical environment and providing a wide variety of support services (landscaping, food service, fleet management, sometimes travel, and so on)– i.e., it manages facilities.

Yet there is a vocal and growing segment of the profession that is intensely focused on the impact that those facilities have on work and the workforce – those who define their roles around the workplace and its relationship with the business.

This report presents a comprehensive look at the current state of Facility Management; we believe the profession faces an exciting opportunity to broaden its remit, upgrade its status, and play a significant role in contributing to organizational effectiveness and business success.

Indeed, we believe that the evolution of FM is at a ‘tipping point’ that, if realized, will ‘raise the bar’ for the profession, leading to a much more widespread understanding of just how strategic the built environment can be.

Overview

This is the third report in the “*Raising the Bar*” research programme; it is the result of over five years of collaboration between Occupiers Journal and RICS, supported by over 2,500 insightful Facility Management professionals around the world.

In 2016, IFMA joined RICS as collaborator in the current study.¹ We have revisited the first (2012) study, conducting a virtually identical survey that provides us with an opportunity to begin tracking trends and changes in a time-series.

Over two dozen new executive interviews have been conducted, and this time we also prepared several in-depth case studies depicting successful Facility Management leaders wrestling with difficult business challenges. Moreover, with IFMA’s active assistance the survey sample has grown to over 1750 Facility Management professionals, with responses coming from all economic regions of the world.

¹ The global survey at the heart of the current study was conducted in the fall of 2016; the analysis and preparation of the report took place in early 2017. For simplicity, we are describing the entire current project as a ‘2017 study’.



Strategic Differentiation

In this report we discuss **two roles of Facility Management** – the ‘facilities professionals’ who make the buildings work, and the ‘workplace professionals’ who focus more directly on ensuring that those facilities serve the needs of the business and the workforce.

Both roles are core to FM, and their successful execution requires both operational excellence and strategic impact – that is, the alignment of facilities with business strategy. High-quality, cost-effective facilities and related support services are an essential foundation for any business; but a workplace that has a demonstrable impact on measures of organizational effectiveness like workforce attraction and retention and business productivity is also vital in communicating the value of FM in the corporate world.

If Facility Management is to realize its full potential, we need excellence in *both* the management of the facilities themselves and in the alignment of those facilities with business strategy.

Delivering a high-quality physical environment in a cost-effective manner is increasingly being supplied by outsourced service providers. The ‘supply side’ of the FM industry sector has grown rapidly over the past five years, and is increasingly dominated by large, global providers, who are equipped to use their deep appreciation and understanding of the built environment, including design, construction and emerging technologies, to deliver services that enable FM to offer integrated strategic life cycle solutions.

In parallel, the emerging workplace management profession is typically led by senior professionals who often remain within ever-smaller in-house teams. Yet there is also a growing service provider sector in this area as well – architects, interior designers, workplace strategists, and collaborative technology specialists.

The in-house workplace specialists generally engage in corporate strategic planning, relationship management, designing and supporting the workplace experience, developing strategic impact metrics, and overseeing the outsourced delivery of the physical environment.

Realistically, however, these two aspects of Facility Management, on their own, speak different languages, and they require significantly different skills. Each is necessary but not sufficient for a complete delivery of facilities services that have a positive strategic impact on the business.

We believe that distinguishing, **differentiating** and elevating the two roles, with effective alignment, accountability, and communication processes, is a more effective approach than expecting the same people to fill both roles.

We have been highlighting for many years the need for these two aspects of FM to work in harmony.

A Complicated Label

The focus on operational efficiency within FM continues to dominate management perceptions of FM’s role and often fails to identify its strategic potential to affect business outcomes.

The term “Facility Management” continues to be a complicated label. Its perceived focus on the physical environment itself detracts from its impact on the most important organizational resource: the people who use the workplace to produce value for the business.

Re-defining the boundaries between in-house activities and outsourced activities and encouraging greater innovation will reduce the unhelpful and inefficient silos that we still see throughout the industry.

The Delivery of Facility Management Services is Critical

In producing high-quality Facility Management services for occupier organizations, the service-chain provisioning of the physical environment (doing things right) and the strategic alignment of those facilities with business priorities (doing the right things) are equally important – and **both are strategic**. They are different activities that require different but complementary skillsets, and they are both necessary for ultimate success.

Let there be no doubt: we consider the delivery of a consistent, high-quality, cost-effective built environment and associated services as ‘table stakes’ in today’s economy. Whether facilities are managed in-house or by a contracted service provider, they **are** a strategic business resource, and must be managed as such.

Both FM operations and FM workplace resources are critical to business success; the challenge facing the FM function is to **build that recognition and understanding within the C-suite**, among other business leaders, and with related infrastructure groups.

Drive for Recognition

The challenges facing Facility Management in 2017 are not just limited to cost-reduction. Despite growing recognition that workplace management is becoming both more complex and more central to business strategy, Facility Management is still not widely recognised as a strategic resource area in the same way as some other corporate functions.

Heads of Facility Management rarely get a seat at the strategy table. But many have developed an understanding of how Facility Management could operate as a strategic resource, having an impact on critical dimensions of business performance like talent attraction and retention, employee engagement, workforce productivity, and even overall organizational effectiveness.

Six Strategic ‘Super Challenges’ Facing FM

Perhaps the most important question in the global survey was this open-ended question:

“What do you consider the top issues/challenges facing senior facilities executives in 2016?”

We received 1013 completed responses to this question, producing 4458 discrete ‘comments’. Those 4458 discrete comments gave rise to six ‘Super Challenges’ representing just over 58% of the results, which ranked as follows:

- Budgeting and Cost Management (16%)
- Organizational Factors (12%)
- HR & Talent Management (11%)
- Workplace and Space Management (9%)
- Asset Management/Aging Assets (8%)
- Technology (4%)

Note that these challenges were identified by FM practitioners who responded to the survey; they do not at all reflect our own views of what is most important (for example, Technology is already disrupting FM in dramatic ways and deserves far more attention). We discuss these Super Challenges and our recommendations in significant detail in the body of the full report.

Delivering Experience – and Impact

As we have noted, a growing segment of FM is focused intensely on the *impact* that facilities have on work and the workforce – those who define their roles around the **workplace** and its relationship with the occupier organization. Unless someone takes on the strategic challenge of championing workplace effectiveness, workforce productivity and wellbeing, FM as it is seen today risks being marginalised as a tactical after-thought within the C-suite.

And, in common with other corporate and consumer activities, Facility Management must deliver an *experience*, not just a process. Workplace Management (WM), as we define it herein, opens up a path to supporting these goals.

Need for Cross-Functional Team-Working

In-house, WM continues to be less than adequately aligned with its peer infrastructure groups like IT and HR. An increasing number of WM leaders recognize the power of personal relationships and interpersonal communication in achieving understanding of the WM/FM roles within the wider business.

Yet there is nowhere near enough attention paid to these skills in the industry’s career development programmes, largely because most training and development is in the ‘operational’ FM area. The career trajectory of the in-house WM professional is consequently less well-developed.

A Cost Centre Mind-Set

The profession is still stuck in a cost-centre model that prevents business leaders from seeing facilities as more than a ‘necessary evil’. Facility Management performance metrics still focus largely on resource efficiency and cost control measures, and most Facility Management organizations report through to the Finance function.

This problematic focus on costs detracts from the business value and ROI that excellent, well-supported and well-developed Facility Management can bring to an organization—impacts like workplace effectiveness, workforce wellbeing and engagement, environmental sustainability and resource utilisation.

The War for Talent

A shortage of skilled Facility Management talent is the most significant challenge identified by both the survey respondents and the executives who were interviewed directly. Facility Management is not attracting enough new talent to replace its retiring professionals.

Remarkably, more of RICS’ Facility Management professional members are over 70 than under 30, and less than 15% of them are under 40 years of age. IFMA faces a similar challenge; based on a 30% sample of its 24,000-plus members, the average IFMA member is 50.9 years old.

This profession desperately needs an influx of new talent. Both RICS and IFMA are acutely aware of this challenge and are proactively applying resources to strengthen the ‘brand’, widen the breadth of the profession, and attract new, diverse talent.

The talent shortage is even more severe when we look at the skills and experiences needed to deliver strategic Facility Management – with broader skills needed to engage with functional peers and senior executives in conversations about business strategies and how the physical environment can impact those strategies. We first identified this looming talent shortage in the 2012 report; it remains an ongoing issue in 2017.

Relationship Building and Soft Skills

As services are increasingly bundled and outsourced, one of the most important challenges for the FM profession is to recognise that its role includes relationship management and business strategy in addition to service delivery. Broader business skills, and 'soft' skills in communication and collaboration, then become critical.

Technology is Crucial

FM must also adopt technology more quickly and far more deeply. It must move beyond technology to monitor space utilisation and energy consumption, to a focus on using technology, data, and analytics to underpin and enhance the workplace experience.

We believe that mastering the "digital age" means applying new forms of technology both to enhance the management of facilities and to create new kinds of work experiences. This may be the single most important challenge facing FM professionals in 2017.

Redefining the Mission of Facility Management

Thus, we are proposing that the FM industry defines explicit strategies, organizational structure options, and skill requirements that, together, will enable the profession to 'raise the bar' and take on a new, much more influential role in designing and managing not just the physical workplace, but work itself.

The broad imperatives of the 2012 *Raising the Bar* report remain valid and equally important in 2017. However, our experience over the past five years suggests that both the Facility Management profession and the larger Facility Management industry sector must become even more proactive than we envisioned in 2012.

The corporate management discipline of workplace management and the growing facilities services industry both deserve the recognition that will surely come from the continued hard work of the many great professionals who have taken part in our research.

If FM leaders in all organizations collaborate to develop and promote the concept of a holistic 'workplace' – a mixture of physical spaces and service experiences – those environments and experiences in combination will enhance the lived experience of work for millions of people, as well as the business value of workforce effort in that workplace environment.

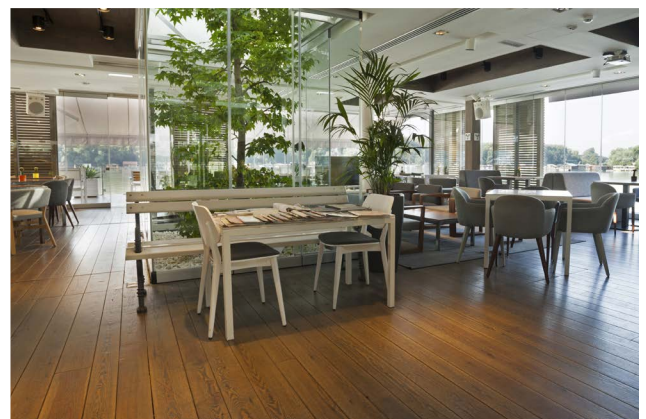
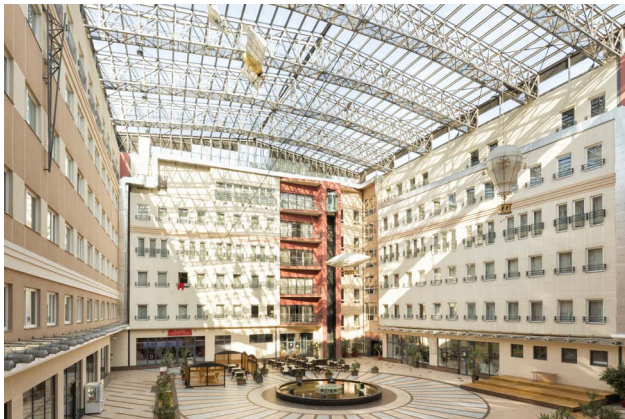
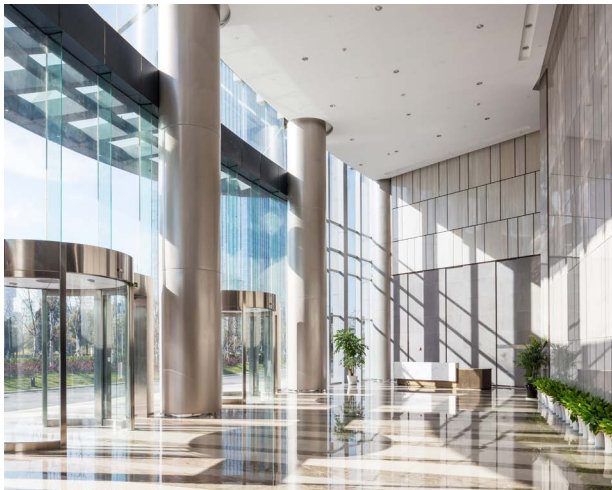


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1.0 Context – the Big Picture

Since the first *Raising the Bar* report was published in 2012, the context within which the Facility Management (FM) profession operates has continued to evolve. Indeed, it is probably no exaggeration to state that the world of Facility Management today is experiencing a period of greater uncertainty than at any time in its history.

The twin forces of economic and technological change are precipitating enormous upheaval in organizations, which is having a consequential impact on the demands on the FM profession. And the nature of the uncertainty is such that it poses both major opportunities and threats in equal measure.

1.1 The Fourth Industrial Revolution

Major forces are disrupting and evolving the world economy.

The impact of globalisation on society—and what it means for the labour and consumer markets—has taken centre stage as a burgeoning topic of concern.

Meanwhile, the pace of technological innovation seems to know no bounds. In January 2016, the World Economic Forum predicted that ‘the Fourth Industrial Revolution’ would ‘transform labour markets in the next five years’², suggesting that developments in fields such as AI and machine-learning, robotics, nanotechnology and 3-D printing would also cause ‘widespread disruption to business models’, with enormous change predicted in the skills sets needed to thrive.

The rise of ‘Big Data’ and the ‘Internet of Things’ (IoT) is driving change not only in the management of physical assets, but also of cities and society. The IoT involves connectivity between devices, machines, vehicles, buildings and so on, which are embedded with the ability to collect, analyse, exchange, and extrapolate data.

For Facility Management professionals, the implications are profound. For example, organizations will increasingly adopt apps, sensors, and other devices to harvest data on the use of space and allow workers to specify their immediate requirements for everything from coffee to meeting space to finding colleagues.

2 World Economic Forum (2016) *The Future of Jobs – Executive Summary* [online] Geneva: World Economic Forum, Available at http://www3.weforum.org/docs/WEF_FOJ_Executive_Summary_Jobs.pdf (Accessed 13/02/2017)

1.2 Changing Organizations

As if economic and technological disruption on a huge scale were not enough to deal with, we then must get on with the day job! Compliance, corporate social responsibility, environmental responsibility, risk management, the terrorist threat – the list is long and complex. And all this is taking place within corporate organizations that are undergoing rapid and profound change.

One of the defining features of globalised, technology-enabled business in the 21st Century is the speed and ubiquity of change. Businesses must be capable of continuously adapting to changing market conditions, and this means that they must be fleet of foot. This is achieved through flatter, leaner and more agile organizational structures and business processes.

The Economist recently described an 'old model' of work in which workers tended to receive security, benefits and a regular salary 'for life', while employers in return received a stable workforce in which they could invest.³ However, the 'old model' is being re-defined. Figure One summarises the main features of the 'new model'.⁴

The critical nature of connectivity, changing corporate structures, the priorities of knowledge workers and the reduced importance of the 'corporate island' in favour of more complex web of supply chain relationships will all help shape the FM profession's response.

To take one example of the increasing adaptability and flexibility of organizations: the growth of a 'contingent' workforce. In growing numbers of corporate organizations, an increasing proportion of the workforce is not directly employed; they are consultants, contractors, 'interims', part-timers and supply chain partners. How such staff are housed and managed raises important questions for facilities professionals responsible for demand planning within the facilities they operate.

Occupiers today operate within short-term planning horizons, responding to an ever-changing economic landscape and seeking to maximize their flexibility to adapt.

FM must support all these rapidly evolving circumstances.

Figure 1: The Evolving Corporate Landscape



Figure source: Adapted from Ramidus (2015)

³ *The Economist* (2015) *Briefing: The Future of Work*, 3rd January, pp13-16

⁴ Ramidus (2015) *Future Workstyles and Future Workplaces in the City of London* [online] London: City of London Corporation. Available at: <https://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Pages/Future-workplaces-and-workstyles-in-the-City.aspx> (Accessed 07/02/2017)

1.3 The Changing Nature of Work

Work itself is becoming increasingly knowledge-based, technology-dependent, collaborative, distributed and location-independent. It is also becoming less visible and more disembodied, increasingly occurring ‘in’ cyberspace. Each of these trends has direct implications for FM and other infrastructure support functions.

More Knowledge-Based.

Knowledge work is fundamentally different from manual labour in several respects. First, most of it is intangible and invisible, taking place inside workers’ heads and/or their computers. There is less need for physical tools and more for information access and storage. Offices filled with workstations and communication devices require new architectural designs, new kinds of desks and work surfaces, and acoustic and lighting arrangements that differ from more traditional offices based on paper-intensive processes and activities.

More importantly, the most critical aspect of knowledge work is that it cycles back and forth between individual, ‘heads-down’ work that requires uninterrupted time for concentration, on the one hand, and interactive, collaborative conversations of all kinds, on the other hand.

Over the past decade workplace design has evolved from the infamous (and hugely unpopular) ‘cube farms’ to a much richer palette of individual workstations, large and small conference rooms, break-out areas, informal lounge areas, and open, public spaces. Complaints that the ‘open office’ has become too popular reflect the reality that knowledge workers need different kinds of spaces for different kinds of work – and the nature of their work changes literally from hour to hour and moment to moment.⁵

One other aspect of knowledge-based work bears mentioning. The quality of the work output is much more difficult to measure, and often impossible to see. Ideas and designs are intangible results whose quality is often highly subjective. And the value of a new product or a new software programme is often not clear until months or even years after the ‘work’ has been completed. This aspect of knowledge work makes it even more difficult than in the past to measure the impact of the workplace on the work, and on organizational productivity.

Yet outcomes-based metrics are a critical component of raising the bar – making the workplace’s strategic value clear to senior business executives.

Collaborative. Designing workplaces that enable and encourage collaboration is *de rigueur* in 2017 and will be for many years to come. There are many collaborative technologies that must be considered and incorporated into both individual and group workspaces.

Distributed and flexible. Enabling staff to work anywhere and anytime is also a basic requirement for many facilities professionals in 2017. But the physical design is only part of the challenge; it becomes almost impossible for workplace managers to ‘right-size’ their facilities. It is no longer enough to calculate a standard amount of workspace per person and multiply that by the number of employees assigned to the building; demand for space fluctuates dramatically as a function of the number of staff onsite on a given day. And there are many kinds of ‘staff’ – full-time employees, contingent/part-time workers, service providers, consultants, and even customers and suppliers who may be in the building for short time periods.

Enabling the Invisible and Disembodied. In addition to these evolving attributes of physical work, more and more ‘work’ of organizations is embedded in digital technologies and therefore invisible to human beings. As economist W. Brian Arthur described it in a 2011 *McKinsey Quarterly* article:

Digitization is creating a second economy that’s vast, automatic, and invisible...⁶

As Arthur describes it, the automation of business processes embeds work activity in software that was formerly carried out by human beings, both in offices and on factory floors. Once automated, digitized work takes place within electronic media, on servers, hard disks, and across copper wires and fibre cables. Complex activities like financial transactions, airline flight reservations, and even formerly artisan activities like baking bread are now being carried out digitally and robotically, again requiring less space, and different kinds of space, than traditional human-based work activity.

In parallel with the other work trends described above, the continuing disembodiment of work activity creates new planning and operational challenges for facilities and workplace professionals, just as it does for HR, IT, Finance, and other infrastructure functions.

Technology-Dependent. No one will argue that work activity has not become deeply dependent on information technology and other kinds of technology. Indeed, recently during a temporary power outage that made Internet access virtually non-existent, one manager in a data-intensive business asked the question, ‘Do we even exist without power?’ Uninterruptible power supplies, wireless access, all kinds of building sensors, and even digital lease contracts are now an essential part of any FM professional’s toolkit.

⁵ See Ware, James P., PhD, (2016), *Making Meetings Matter*, Oceanside: Indie Books International, chapter 5, ‘Finding the Place Just Right’, for a more thorough discussion of this phenomenon.

⁶ Arthur, W. Brian (2011), “The Second Economy.” *McKinsey Quarterly*

1.4 Changing Workplaces

A combination of changing corporate structures, technological innovation, and evolving workstyles is bringing about profound change in the workplace. It is expected to provide a wider range of settings in which individuals and groups can work in more dynamic ways; and it is becoming less a place to go to work on a set of prescribed tasks, and more somewhere to visit and interact with colleagues. The workplace is becoming less a static backdrop to routine solitary work, and is increasingly being managed more like a hotel, with a high level of service and experience for its 'guests'.

The future workplace will provide an interesting blend of business and domestic design attributes; a pleasant, welcoming atmosphere in which to collaborate, innovate, socialise, and learn. A richer palette of work settings will be tailored to individual requirements and available 'on demand'. These settings will be provided in a highly-connected environment that is both greener and highly supportive of health and wellbeing. The workplace, and its management, must enable the activity of work itself and the wider experience around it.

That is equally, and frequently more, important in industries where businesses 'trade through their space'. For example, in health and leisure, retail, logistics and transport, property and services are business critical and therefore must be managed strategically to enable work.

In addition, there has been explosion over the past decade of new types of workplaces, owned and managed by new kinds of organizations. The most prominent and well known innovation in the provisioning of workplaces has been the rise of coworking facilities, where individuals and small groups rent space by the hour or the day, sharing a facility and many of its common areas like conference rooms, kitchens, and desks with other, independent entities.⁷

The unique aspect of the 'coworking' concept is that most of the other users of a given space are not employed by the same organization. The work environment is truly shared, resulting in much higher utilization (and therefore lower costs) than traditional office facilities. It is more akin to the concept of a 'club' than a workplace.⁸

Indeed, an entire new industry has grown up over the past decade. Although the 'executive suite' industry has been well-established for many years, coworking represents a genuine innovation in the provisioning of workplaces.

Three examples illustrate the trend:

- The privately-held U.S. firm **WeWork**, has 142 office locations in 34 cities in 14 different countries,⁹ and an estimated market capitalization of over \$10 billion in June 2016.¹⁰
- **The Impact Hub**, based in London, has over 15, 000 members, and operates 86 Hubs in North and South America, Europe, Africa, and Asia, with another 21 new Hubs under construction in January 2017.¹¹
- **LiquidSpace**, a firm that neither owns nor operates any facilities at all. In contrast, it is a broker that connects people seeking short-term workspaces with organizations like WeWork, The Impact Hub, and hundreds of other co-working providers. LiquidSpace claims to be the largest commercial real estate network in the world.¹²

The most important thing to understand about coworking and firms like LiquidSpace is that the marketplace for real estate is undergoing dramatic transformation. Indeed, what was once a 'regulated monopoly' within individual employer firms has become a dynamic, global, free marketplace, with major implications for the facilities profession.

Indeed, while there are still many firms that resist flexible working and workforce mobility because they believe that face-to-face collaboration remains more productive and more creative than distributed work, even those organizations are translating the lessons of coworking into their workplaces by creating environments where their staff *want* to be. Increasingly, the workforce votes with its feet. People have many choices today of where and when to get their work done – and they are exercising those choices every day.

Workplace has become a complex, dynamic, and open marketplace. That places a new and unfamiliar burden on the facilities profession – the need to design and operate cost-effective, strategically impactful workspaces that attract and retain talent, foster collaboration and innovation, and support business imperatives.

Those are demanding criteria that fully explain the need for the profession to 'raise the bar' and to enhance its strategic role within virtually every business and government organization.

7 DeBara, Ilana (2008), 'Shared work spaces a wave of the future'. *SF Gate* [online]. Available at: <http://www.sfgate.com/bayarea/article/Shared-work-spaces-a-wave-of-the-future-3294193.php> (accessed January 13, 2017)

8 Suarez, Ramon. *The Coworking Handbook: Learn How to Create and Manage a Successful Coworking Space* [online] Available at: <http://coworkinghandbook.com/> (accessed January 29, 2017)

9 See https://www.wework.com/locations?utm_source=ads-google&utm_medium=cpc&utm_term=%2Bwe%20%2Bwork&utm_campaign=l-gen-branded_geo&utm_content=c&gclid=CPPks-qSwNECFRfRfgodEpANCg (accessed January 13, 2017)

10 Brown, Eliot (2015), "WeWork's Valuation Soars to \$10 Billion", *Wall Street Journal* [online]. Available at: <http://www.wsj.com/articles/valuation-of-shared-office-provider-wework-soars-to-10-billion-1435181485> (accessed January 13, 2017)

11 See <http://www.impacthub.net/where-are-impact-hubs/> (accessed January 13, 2017)

12 See <https://liquidspace.com/?gclid=CJm8i6iVwNECFdRyfgodkkwCyA> (accessed January 13, 2017)

2.0 Key Findings

The Appendices contain a full outline of our project methodology, including our global survey of 1,750 FM professionals around the globe. In this section, we report on the key findings from this online survey.

2.1 2017 Demographics

While the number of survey respondents this time is almost three times as large as the 2012 sample, the basic demographics of the two groups are similar enough to make comparisons meaningful.

Interestingly, the organizational practices and performance metrics reported by the 2017 sample are remarkably similar to the state of the profession five years ago.

Here, in summary, is a direct comparison of the 2012 and 2017 survey respondent demographics.

We attribute the slight differences in the size of the organizations represented to the increased number of consulting firms and service providers participating in the 2017 survey. We believe the 50% increase in the percentage within the sample of organizations based in North America has occurred because IFMA became a collaborator for the survey in 2016 and promoted it to IFMA members, most whom are based in North America.

2.2 Facility Management in 2012

The survey and executive interviews conducted in 2012 led us to make the following observations about the state of the Facility Management profession at that time:

- Facilities is increasingly being recognized as a strategic resource;
- However, FM has had mixed success achieving strategic alignment with other components of the business;
- Large, global organizations face dramatically different challenges than smaller, more local businesses – and they manage their facilities very differently;
- Financial metrics and cost control dominate the management of facilities;
- Heads of facilities are still mired in day-to-day operations; and
- FM career paths are undergoing significant change, and the FM profession faces a potentially serious future talent shortage.

Table 1: Profile of Respondents

Demographic Measure	2017 Response	2012 Response
Job Title (top five only)		
FM Professional	26.9%	32.7%
Head of FM	25.9%	27.7%
Senior Director of Facilities	11.8%	15.5%
Head of CRE/Property Mgt.	6.0%	8.8%
Sr. Workplace Strategist/Designer	3.0%	9.3%
Number of Employees in Organization		
Less than 500	38.2%	28.7%
501 – 1000	9.8%	12.2%
1001 – 5000	22.1%	25.3%
5001 – 10,000	9.2%	9.5%
More than 10,000	20.7%	23.3%
Headquarters Location		
North America (US/Canada)	64.2%	42.1%
Europe/UK	20.1%	29.7%
Australia/New Zealand	6.0%	4.7%
China/Southeast Asia	3.6%	3.6%
Middle East/North Africa	2.3%	3.6%
India	1.0%	10.0%
Industry (top five, excluding service providers)		
Government/Public Sector	12.0%	10.8%
Education	8.4%	9.4%
Professional Services	7.3%	11.5%
Financial Services	7.0%	13.3%
Health Care	5.9%	4.7%

We were not satisfied with that picture, even though there were encouraging signs that FM was beginning to think and act more strategically than it had in the past. Despite growing recognition among senior business executives that FM had the potential to contribute to important business priorities, in 2012 FM was still being measured essentially as a cost centre and viewed by its peers as an operational activity (what we are now calling the 'Asset Management' component of FM's value).

2.3 Facility Management in 2017

The key issues faced by the profession remain just as prevalent in 2017 as when we identified them in 2012. While we continue to see examples of organizations where FM is acting strategically, is viewed strategically, and is having a strategic impact, those instances are noteworthy precisely because they are still so rare.

2.3.1 Time Allocation of the Head of FM

Heads of FM still spend close to 50% of their work time in operational, day-to-day, activities, while devoting less than a quarter of their time and attention to strategic challenges and opportunities (Figure 2).

Figure 2: Allocation of Time by the Head of FM

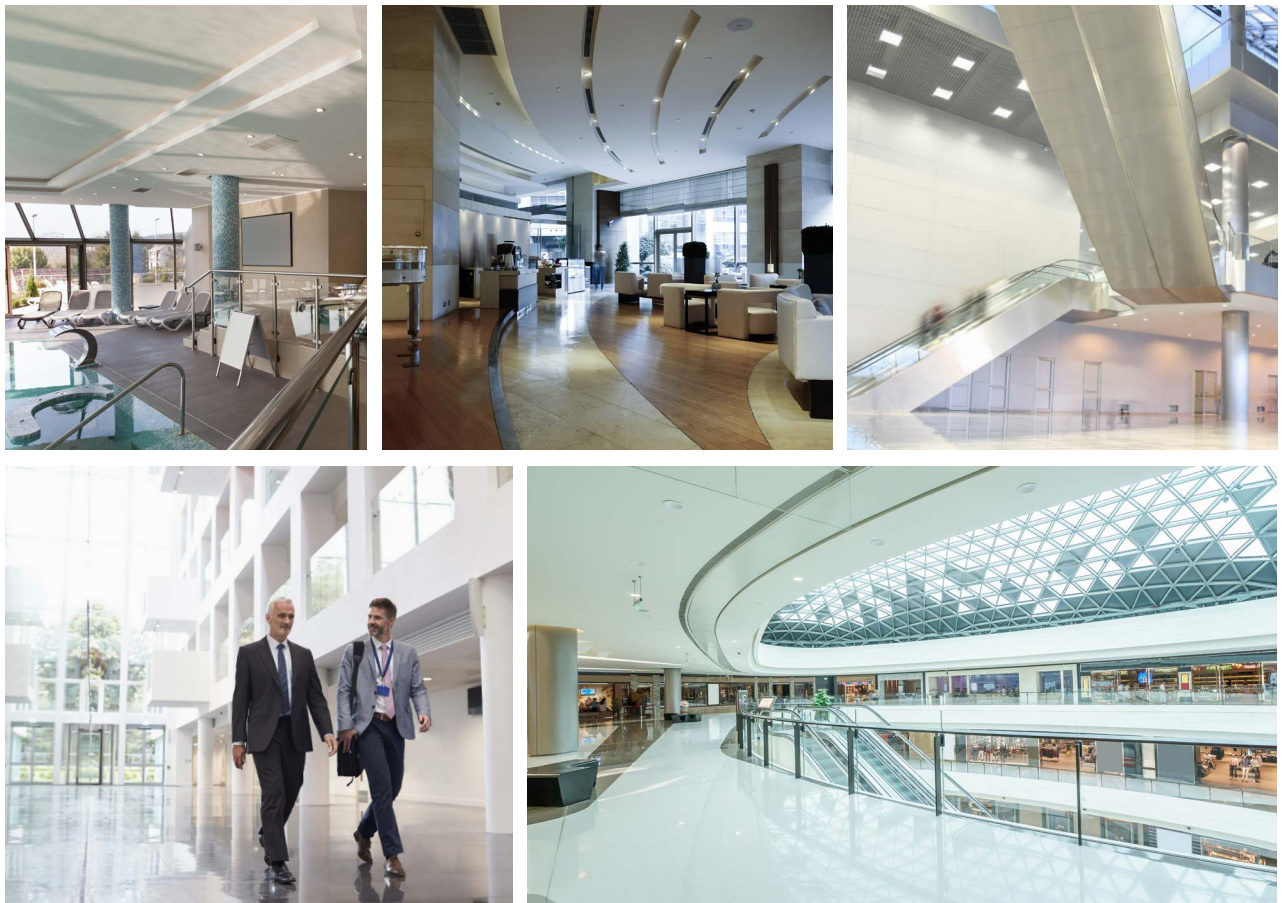


Figure 3: FM Reporting Relationships

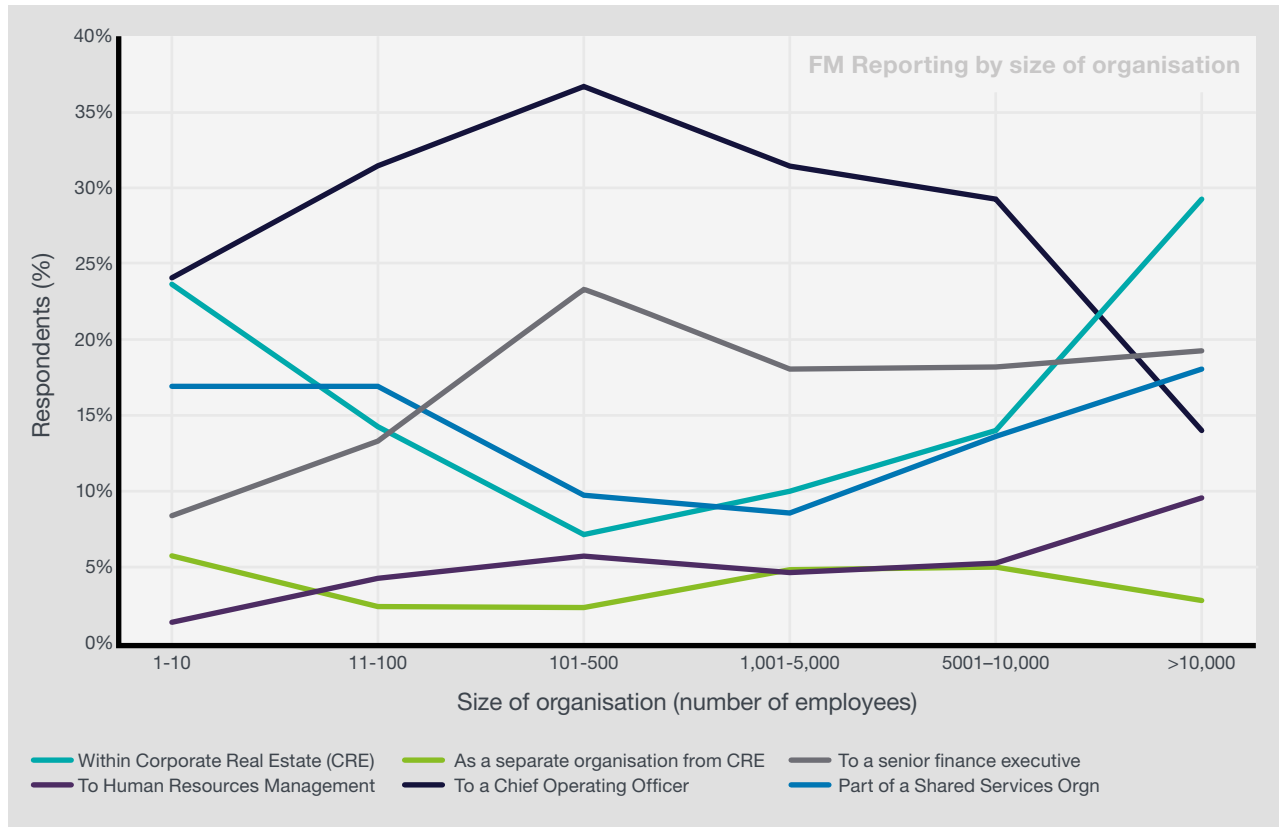


Figure source: Raising the Bar Survey, 2017

Some might argue this time allocation is not as inappropriate as it might look at first glance. Facilities assets are usually the second or third most expensive resource on a company’s balance sheet, especially when lease obligations are capitalised as new accounting rules now require. Thus, the case can be made that overseeing the quality and use of those assets is an appropriate use of the head of FM’s time.

However, when the daily operations of the physical environment are well-managed, whether in-house or by a service provider, we believe the attention of the senior FM leadership team (not just the head of the function) can be much more productively focused on major projects (construction, retrofitting, design, contract negotiations) and strategic planning.

2.3.2 Organizational Structure and Reporting Relationships

The FM function has traditionally been viewed and treated as something of a ‘stepchild’ to corporate real estate, which is widely recognised as having responsibility for acquiring, maintaining, and sometimes disposing of an organization’s real property.

There are two reasons that corporate real estate, or CRE, has always attracted the attention of the C-suite. First, location is a critical component of business strategy, both for efficient access to customers and suppliers, and for attracting and retaining a qualified workforce. Second, real estate requires a significant financial investment and is often a major balance sheet asset. That is the primary reason that real estate is most frequently positioned within the Finance function.

Designing, constructing, and maintaining facilities on the organization’s real estate property (or leasing equivalent facilities) can also require significant financial investments, and in many cases the investment in physical plant and equipment exceeds the investment in real property.

Yet FM as it currently operates continues to be treated as a second-class function in many organizations. The larger the overall organization (measured by number of employees), the lower in the organization FM generally reports (see Figure 3).

Note that in smaller organizations (up to about 500 employees) FM most commonly reports directly to a Chief Operating Officer. However, as the number of employees goes up, FM descends on the organization chart, typically being subsumed within Corporate Real Estate, Finance, or a Shared Services organization.

No matter where FM reports, when it is 'hidden' from the C-suite, its opportunity for engaging in strategic business conversations is significantly diminished.

2.3.3 FM Performance Metrics

We have already mentioned several times that FM continues to be mired in a cost-centre mentality; that mindset is completely understandable given the most common dimensions along which FM is measured and evaluated.

As Figure 4 shows, the most commonly used FM performance measures are focused almost exclusively on operational performance – metrics such as performance against budget, cost per square foot/metre, cleanliness, density of occupation, and sustainability accomplishments.

While some of these performance areas clearly do contribute to business performance, they do not provide any information about how the facilities impact workforce productivity, talent attraction and retention, innovation, collaboration, or other dimensions of workforce performance.

There is a well-known management principle that “If you can’t measure it, you can’t manage it.” And until a process or function can be measured it usually is not even recognised as real.

Unless and until FM can generate business-oriented metrics like workforce productivity and levels of collaboration and then link those metrics to facilities and workplace characteristics it will in all likelihood continue to be seen as a cost-centre.

It is worth noting that the rank order of these eleven performance metrics in 2017 is almost identical to the rankings from the 2012 survey. Despite our recommendation five years ago that FM introduce several new business-oriented performance measures into its management practice, there has been virtually no change in the way FMs and the C-suite view assess the function's value.

Figure 4: FM Performance Metrics (percent of respondents using each measure)

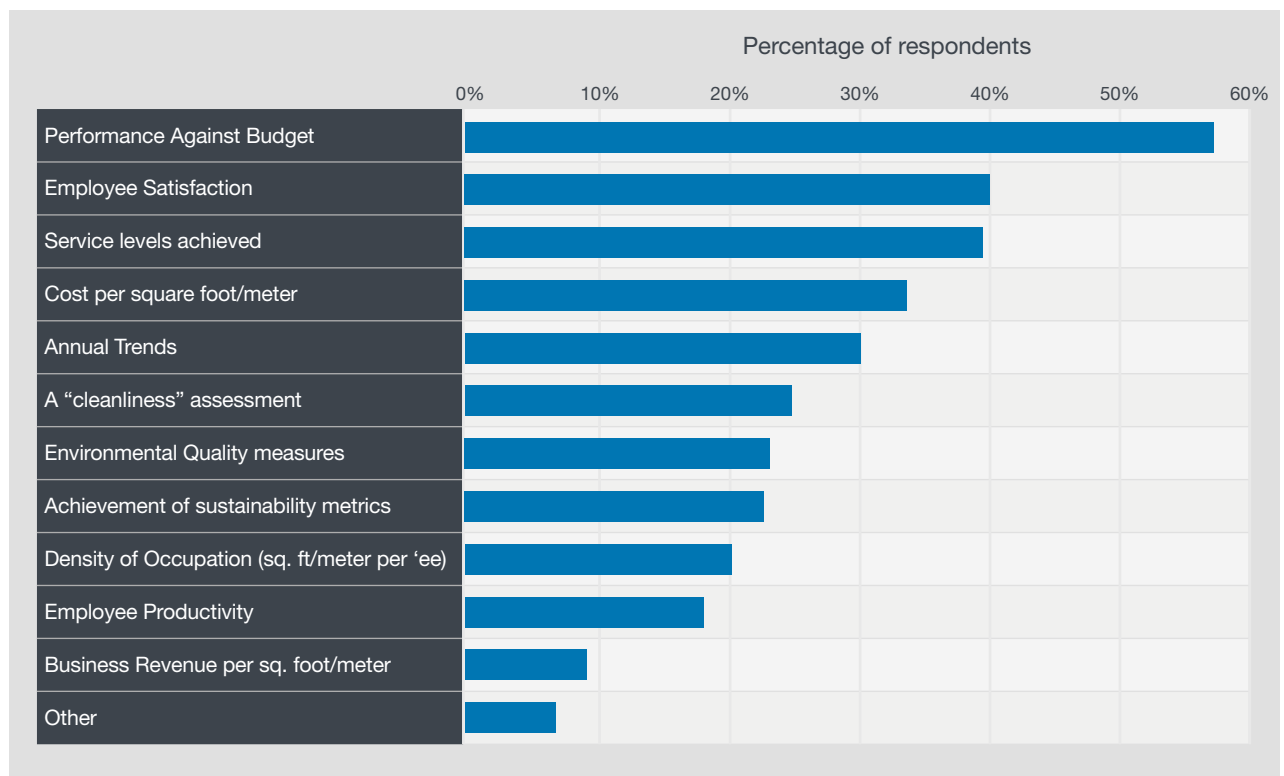


Figure source: Raising the Bar Survey, 2017

2.3.4 Alignment with Other Groups

In 2012 we outlined the six 'gaps' that separate FM from the C-suite and other infrastructure groups. Those gaps represent relationship and/or information flows that can either help FM become aligned with the corporate vision and other groups, or serve as barriers that isolate FM.

- 1. Understanding the vision and strategy of the enterprise:** the relationship between the head of FM and leadership team (i.e., the CEO and/or COO);
- 2. Understanding and translating the strategy of each SBU (Strategic Business Unit):** (Relationships with SBUs and their leadership teams);
- 3. Understanding and translating the CFO's financial strategy for the organization:** relationships with the CFO and his/her leadership team;
- 4. Developing and implementing a workplace strategy:** aligned with IT and HR
- 5. Bridging the relationship between workplace strategy and delivery of projects:** relationships with Project Management leadership team; and
- 6. Aligning the FM supply chain with FM strategy, and with the larger organization:** relationships with service providers.

These relationships appear to have grown marginally weaker over the past five years; across all these gaps the current survey respondents reported somewhat lower levels of alignment with their non-FM colleagues than was the case in 2012.

Thus, the need for attention to alignment has grown. In many organizations these critical relationships continue to be problematic, and almost non-existent. In the words of one FM professional, *'We are an after-thought rather than a collaborator on the corporate strategy and vision.'*

Another respondent commented simply, *'[There is] not a lot of interest from upper management on the facilities.'*

Figure 5 depicts perceptions on the levels of alignment with each of the most important peer groups.

Note that the various groups are sorted left to right based on the combined scores for 'Moderately Aligned' and 'Highly Aligned'. For example, 43% of the survey respondents scored FM's alignment with the corporate vision Highly Aligned, while 38% of them reported Moderate Alignment with the corporate vision, for a combined total of 81%.

As in 2012, FM is less well-aligned with Human Resources than with any of the other critical gaps we focused on. In addition, the overall alignment scores are in fact weaker than they were in 2012.

Figure 5: FM Alignment with Peer Groups

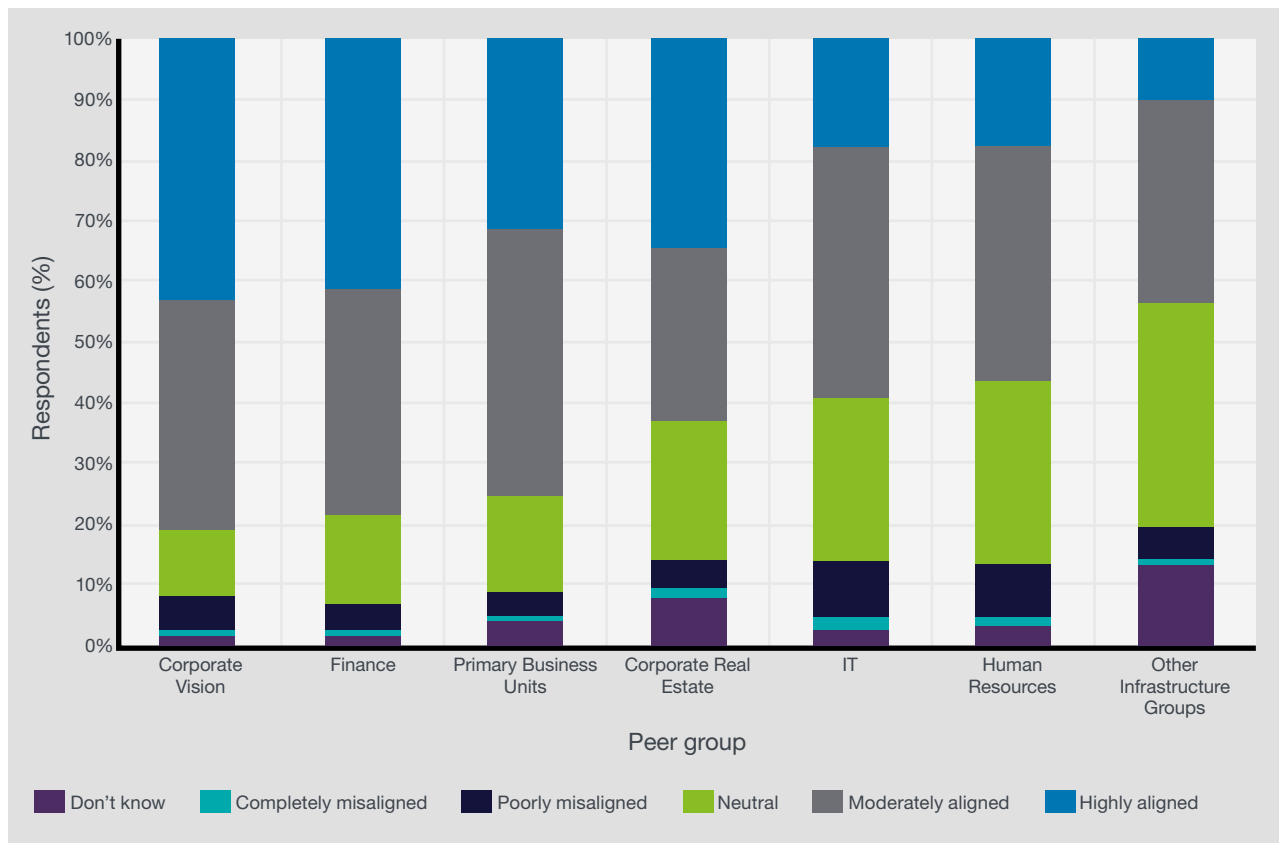
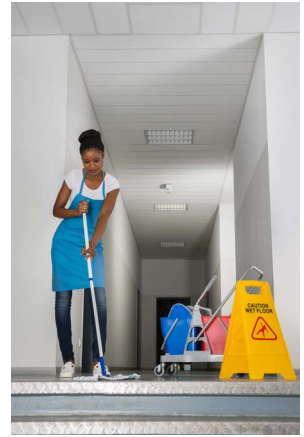
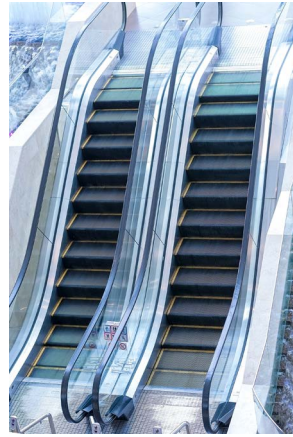


Figure source: Raising the Bar Survey, 2017



2.3.5 Mechanisms for Improving Strategic Alignment

A substantial proportion of both the survey respondents and the executive interviewees were keenly aware of the relationship and alignment difficulties, and they expressed concern about the deficiencies and the impact those deficiencies have on strategic conversations (or the lack thereof).

When we asked survey respondents to tell us which structures and practices were most helpful for building alignment and improving working relationships, they almost universally preferred personal relationships, informal working groups, and other interpersonal forms of communication to formal committees and regular meetings (see Figure 6 for details).

Figure 6: Importance of Processes/Activities in Helping Achieve Strategic Alignment Alignment

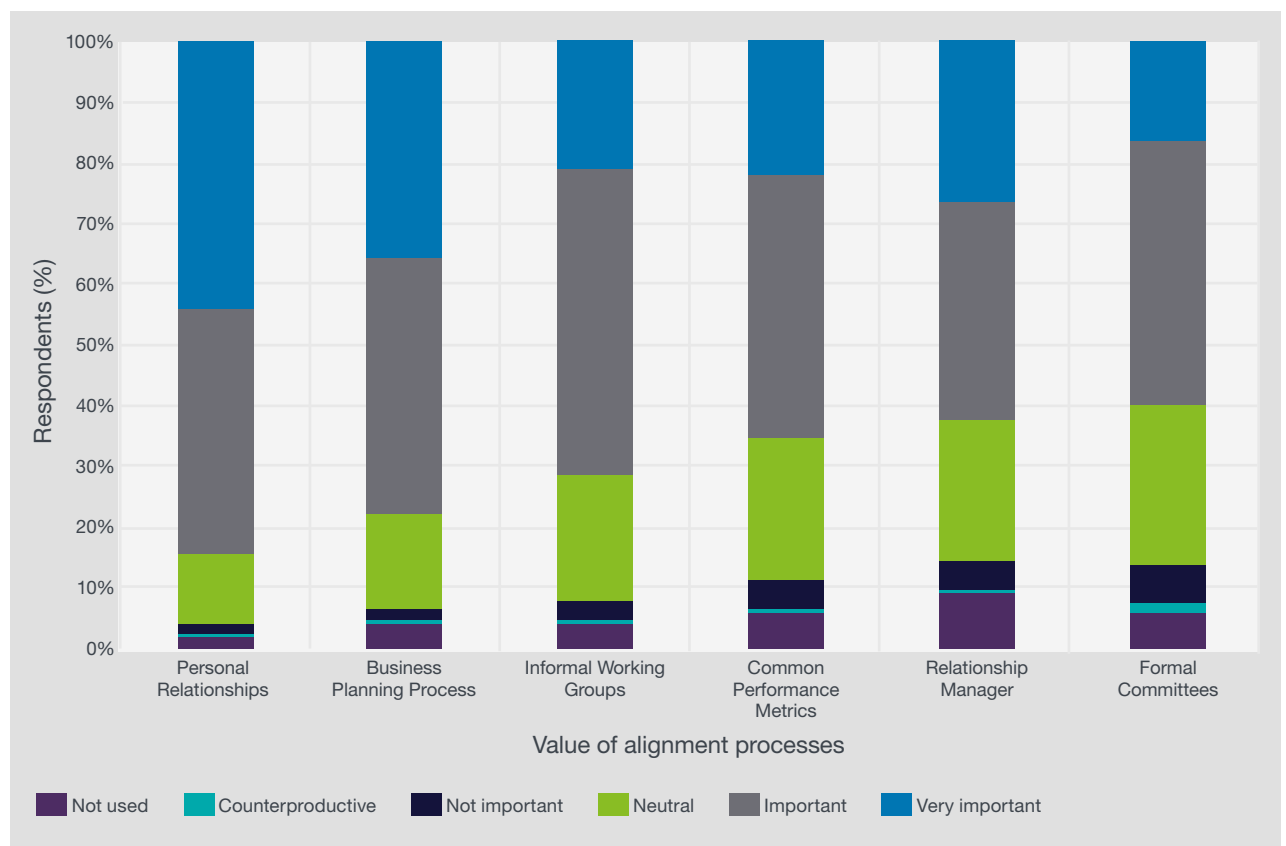


Figure source: Raising the Bar Survey, 2017

Many respondents added that one-on-one meetings with their peers or C-suite executives were most valuable of all. Several also cited extended annual planning conferences as being more important than formal committees and Relationship Managers (in fact, formally appointed Relationship Managers or liaison staff are sometimes seen as getting in the way rather than helping – more like walls than bridges).

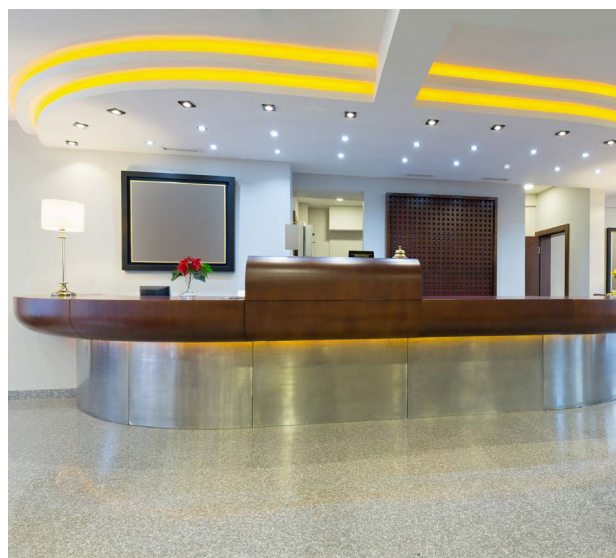
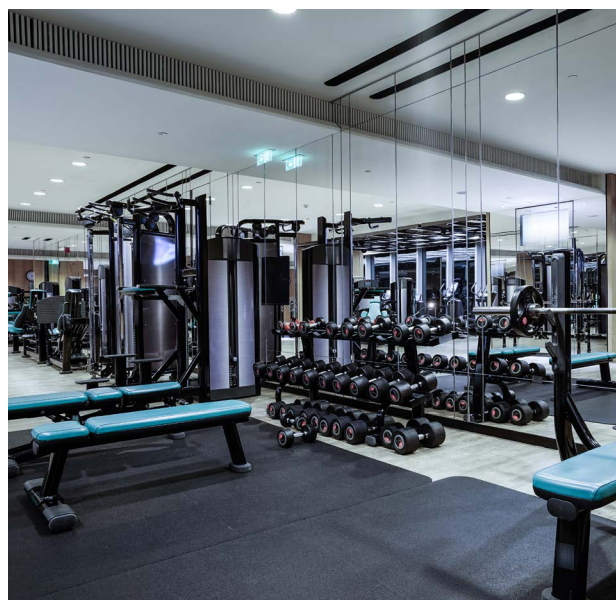
These less formal practices, like one-on-one conversations and periodic off-site events like planning conferences, typically involve lots of give-and-take dialogue as well as opportunities for extended personal conversations. Not only are those experiences more likely to help build deeper understanding in both directions, but they also contribute to the formation of long-lasting personal relationships. These relationships, in turn, create far more opportunities for debate and deeper learning than more formal meetings and data-intensive performance reports.

We did not ask specifically about more formal mechanisms like Service Level Agreements (SLAs) and formal contracts, which are more common with service providers than with inside supplier groups, but several respondents voluntarily identified SLAs as being highly effective in clarifying expectations and providing an explicit basis for attacking persistent problems.

Several organizations we have worked with have made use of scenario planning and ‘dress rehearsals’ or ‘walk-throughs’ to sort out how possible future events like opening a new regional office might unfold. In one instance the corporate head of FM for a regional health care organization convened her peers in IT, finance, HR, and strategic planning for a workshop that produced a highly detailed ‘script’ for opening a new office half-way across the country.

The script included a timeline, a statement of what each infrastructure group would be required to do (and when), as well as a responsibility matrix that clearly delineated which groups (and senior executives) would be responsible (and to whom) for each management decision that had to be made along the critical path.

That script was almost singlehandedly responsible for achieving alignment across all the major gaps that this FM head had to navigate.





3.0 Key Themes: Challenges and Strategies

3.1 “Super Challenges” for FM in 2017

We were particularly interested in how current Facility Management leaders view their role and their challenges. Perhaps the most important question in the global survey was this open-ended question:

“What do you consider the top issues/challenges facing senior facilities executives in 2016?”

We received 1013 completed responses to this question, producing 4458 discrete ‘comments’ (most respondents identified four or five distinctly different challenges). Upon analysis, those 4458 discrete comments fell into just over 80 discrete themes, as varied as ‘Globalisation’ to ‘Succession Planning’ and ‘Safety’ to ‘Business Continuity’.

However, statistically, there are clearly six ‘Super Challenges’, which ranked as follows:

Six ‘Super Challenges’		
1	Budgeting and Cost Management	16%
2	Organizational Factors	12%
3	HR & Talent Management	11%
4	Workplace and Space Management	9%
5	Asset Management/Aging Assets	8%
6	Technology	4%

The following is a summary of each of these Super Challenges found from the research.

3.1.1 Budgeting and Cost Management (16%)

Unsurprisingly, 'budget' is the most common word count in the 4458 separate Challenges comments, followed closely by 'cost' (219 and 210 word counts, respectively).

Broadly the comments fall into four broad categories:

A The way budgets are created, allocated

B The ability to get the business case for improved budget funding

C Balancing growing, complex demands with restricted budgets

D General pressure to deliver "more with less"

There is a strong common thread throughout this Super Theme; FMs are being tasked with running the same facilities with incrementally less money while meeting increasing expectations, especially in an environment of increasing economic uncertainty.

3.1.2 Organizational Factors (12%)

Our analysis produced a collective class we termed 'Organizational Factors' in which the challenges appear to have their roots in matters related to how the organization operated or dictates behaviours.

These 'Organizational Factors' appear to fall into one of the following four general areas:

A Organizational Goals, Policy, Governance matters

B Internal promotion of the FM role

C The Need for Standards and Performance Measurement

D Work better together initiatives, changes.

3.1.3 Organizational Alignment

What is it that FM is finding most difficult to align with? The following are the most popular references:

- Business strategy, corporate goals, vision
- Business unit growth and 'across business units' (an integration function)
- Capital planning process
- The 'workforce of the future' and how to make it more productive
- Buildings and Wellbeing
- Client expectations and customer service levels
- Technology 'in the field'
- Effectively integrating with IT and HR.

A key word in this Super Theme is 'Relationships'. Responses that refer to 'relationships' are as common as 'risk', or 'finance'.

3.1.4 HR & Talent Management (11%)

We have defined this Super Challenge in 3 'dimensions':

1. Planning for an aging workforce and skills succession

2. Difficulties in finding and retaining the right talent in the FM Team

3. FM skills development challenges

3.1.5 Workplace (5%) + Space Management (4%) + Wellbeing (1%)

'Workplace', Space Management and Wellbeing combined represents over 10% of the responses. That is significant. Workforce issues and concerns (when related to end-users and occupiers) are also germane to this Workplace challenge.

1. Accommodation 'right sizing'

2. The drive for workplace 'effectiveness' (and strategies to deliver it)

3. Changing working practices – change management and the need for soft skills

4. Meeting the expectations and needs of a new demographic

5. Wellbeing in the workplace

3.1.6 Asset Management/Aging Assets (8%)

This is a relatively focused area of challenge for FMs that can be summarised in four areas of concern:

1. Asset Aging – Dealing with aging assets, equipment, etc.

2. End of Life – Failures to adequately address facilities end-of-life issues and "*persuading organizations to look at whole-of-life facilities costing*"

3. Maintenance Back-log – Many comments around the concerns with the 'ticking time-bomb' that continued deferment of maintenance works presents for FM operationally.

4. Maintenance planning – The lack of planned preventative maintenance.

3.1.7 Technology (4%)

Our analysis of this broad topic identified four key challenges:

1. Using New Technologies to improve efficiency and outcomes

2. Adapting to new technologies

3. Systems and Information Management

4. Keeping abreast with new technologies

3.1.8 Other identified Challenges

The following are themes did not make the top six 'Super Challenges' but each received over 1% of the total responses:

- Energy
- Facilities Delivery
- Managing growth & change
- Environment
- Regulations
- Education and training¹³
- Strategic Planning
- Economics
- Resources
- Workforce
- Security
- Customer
- Outsourcing
- Data-Informatics

3.1.9 Some Outlier Challenges

With over 80 themes and more 4458 discrete responses, there were always going to be some interesting 'outlier' challenges; here are just three that caught our eye:

Vision

It is notable by their absence that references to vision or mission are rare. We believe this higher-order challenge is linked more closely to strategic planning and the need to think beyond cost reduction, e.g. *"Long Range Thinking and Realistic Financial Planning/Investment instead of budget cuts"*.

Time

There were 22 responses that we categorised as 'Time'. They ranged from 'not enough time' entries such as: *"Time – trying to keep up with output/results requirements/demand"* to quite specific time issues such as: *"Ability to plan strategically despite pace of day-to-day operations"*.

Recognition

There are 16 responses that start with the word 'Recognition'. For these respondents, seeking to receive recognition is the challenge.

3.2 Barriers to Strategic FM

We received 520 complete responses to the following question:

"What is keeping FM from acting more strategically?"

Our analysis looked at each comment and assessed what 'theme' it best matched. Some answers covered more than one theme, so we split those out into separate entries. This process gave us 801 discrete 'theme' comments.

We then ranked each theme by the number of times it had been cited as a percentage of the overall theme count (801).

It is fair to say some of these themes could be further aggregated into one main theme (e.g. Costs, Cost not value-driven, Funding, Budgets/Cost Constraints). However, there are subtle differences between the themes, and in most cases it would not be correct, or useful, to over-aggregate; the fact is that there are many different reasons preventing FM from having a more strategic role.

That said, here are comments about each of the major themes cited as preventing FM from having a more strategic role in the business.

Top Ten most common themes		
1	Understanding FM service (lack of)	9%
2	Perception of the FM role	9%
3	Organizational Issues	6%
4	Understanding benefits of FM	5%
5	Company culture	5%
6	Strategic plan (lack of)	3%
7	Cost focus	3%
8	Senior management <small>Considered in other theme summaries.</small>	3%
9	Resources (lack of)	3%
10	Promotion of FM (or lack of it)	3%

¹³ Education and Training (1.4%) is closely linked to the Super Challenge 'HR/Talent Management'. In this case the challenges are about staff training, maintaining qualifications, etc. There is clearly a lot of frustration in this area, with responses like "working with inexperienced employees" to "Lots of talk about training but should be a lot more". 12 people just wrote 'training'.

3.2.1 Understanding FM (lack of) – 9%

This theme is the most prevalent and has two related themes that we have aggregated here for convenience and completeness: **‘Understanding benefits of FM’** (5%) and **‘Understanding Impact of FM’** (1%).

In summary, the lack of understanding of FM is divided into 3 key areas:

1. What FM does

This relates to the lack of knowledge about FM in the wider organization.

2. How FM adds value

A lack of recognition of what FM can do to benefit the organization.

3. What skills FM professionals have

In short – *“Not being recognized for business acumen and depth and breadth of knowledge on operational strategy”*.

One responder set out the wide problem:

“The level of knowledge by senior management and employees in general is very limited when it comes to understanding what it takes from a resource and cost perspective to run a facility. Employees/Management just want the issues taken care of and don’t realize the effort and sometimes, substantial cost, that goes into making things happen. “

Reporting to the right Senior Manager, who in turn provides corporate decision-making access is a commonly repeated sub-theme:

“The main reason (for preventing a strategic role) has to do with the fact that the function usually rolls up to an executive who has little or no understanding of the value and it is a convenient and easy cost center to cut resources from as opposed to functions that they do understand (Finance, HR, Engineering, etc.)”.

A senior manager representing FM would also remove certain perception and sensitivity blocks:

“More often than not, we are not invited to strategic discussions due to confidential sensitivities.”

Understanding the value of bringing FM in early to the discussions is also cited:

“Lack of understanding at board level of the value FM [can] bring when involved at earliest stages in plans, projects and re-organization”.

3.2.2 Perception of FM role – 9%

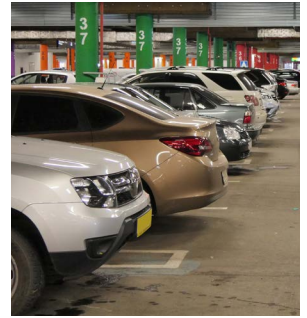
The general lack of understanding is further reinforced by the entrenched perceptions of FM by stakeholders:

“Perception, long-held dated concepts of FM, facility operations staff are viewed as blue collar labourers often. Perception is reality”.

Some answers indicate that FMs are resigned to a negative perception of FM, which in turn leads to a lack of recognition and lowered morale:

“People still don’t seem to understand the value of FM, as opposed to a wrencher”.





“Everyone thinks they know what Facility Management is and they can do it as easy as anyone. Lack of respect for the profession.”

“There is a mentality that Facilities is just a maintenance department and a drain on resources... opening up to new and proven methods and thoughts is a very, very slow process.”

“Blue Collar Bias is rampant within the HR/MGT sectors – perceptions, and lack of understanding of the complexity of building systems prevail”.

“We are treated as liabilities, not given partnership platform ... with no appreciation and not even ‘Thank You’.”

“Lack of recognition from management of FM as a serious and credible strategic partner.”

“Our organization looks at FM as ‘house plumbers’ with no real input to core focus work.”

This negative perception is most probably rooted in a lack of understanding of FM, cited in the earlier theme.

It is fair to conclude from this survey that negative or limited perceptions of the role of facilities managers and the positive benefit that excellent Facility Management can bring is holding back the profession and is a source of frustration to many.

This survey does not directly address what FMs are doing about this challenge. For now, the main conclusions from the many responses in this area are:

- FM is considered an operational support service, a ‘necessary evil’;
- It is a distant cousin of HR and IT, and is less often consulted;
- There is a cultural acceptance of a limiting view on FM;
- There is a ‘not visible until it goes wrong’ view on FM resourcing.

The underlying ‘FM reality’ is a

“lack of real appreciation as to how FM affects the business. Always considered an expense, therefore able to cut back. Not an asset that should be invested in.”

3.2.3 Organization – 6% & Company culture – 5%

Organizationally, FM can find itself in the wrong ‘area’ of the business thereby making the full benefits of what it has to offer difficult to realise.

This may be as simple as a “misalignment among internal players” – not in the right meetings, not being consulted etc. – but it may be more structural.

For example:

- **Hierarchical barriers** – *“The traditional organizational hierarchy and resistance to change” and “Functional business units do not want to give up control of accommodation or follow corporate policies for ‘their’ space”.*
- **Operations input** – *“There is a barrier that prevents input from the employees who are handling the day to day operations. Input from these employees would help overcome obstacles that make strategic plan goals harder to achieve.”*
- **Communication barriers** – *“No formal way to communicate across disciplines.”*

Responses in these three areas are frequent enough for us to conclude that FM does experience structural organizational limitations. However, when we add the feedback from the ‘Company Culture’ theme, then this area takes on a far greater significance. Cultural blocks also tie in with negative perception issues discussed earlier. Here are a few examples of comments about how company cultures limit FM from having a more strategic role in the organization or with clients:

“At times too many people are involved in decision making which leads to roadblocks, delays, cost overruns.”

“Inter-departmental rivalry” and “internal culture/politics” (there are many of these sorts of comment!)

“Old culture among staff.”

“Corporate culture of different operating companies is often too different for them to collaborate.”

“There has always been conflict in my experience between facilities and real estate.”

3.2.4 Strategic plan (lack of) – 3%

The operational and cost-reduction focus for FM creates an environment where many refer to the lack of involvement in any form of strategic planning as the main restriction on FM from having a more strategic role.

One respondent summed it up this way:

“The impact that Facility Management has on the entire organization is substantial therefore including FM in strategic planning is essential.”

So why does this not happen? We refer to other answers that might shed some light on this question:

Departmental – *“Strategy is seen in relation to the Capital Projects Director, not in Facilities”.*

Market for services – *“The market is too fragmented and does not act strategically”.*

Historic factors – *“Continuing to address problems using historical practices, rather than viewing the challenges with the enterprise’s interests in mind”.*

Cost focus – *“The race to the bottom in terms of FM tender pricing. There is very little room left for strategic important from suppliers if it’s not valued and paid for by clients”.*

Time availability – *“Caught up in operations due to lack of resources – little time for being more strategic” and “Lack of time for strategy and planning due to operational workload and personnel management”.*

In conclusion, the factors that lead to little or no strategic planning involvement for FM are wide and varied. It is not enough to simply blame lack of C-suite access. Some issues are related to the way real estate departments and the facilities industry is structured. Sometimes it is as simple as the amount of time FMs actually have over and above their operational duties to devote to strategic considerations.

3.2.5 Cost focus – 3%

The dominant cost focus for FM works to preclude exploration of value-adding initiatives in a strategic, long-term planning perspective. Delivering cost savings or simply doing ‘more with less’ is all too often what makes FM relevant – and that is seen as a block on FM from having a more strategic role in their organization or those of their clients.

Typical feedback includes statements like these:

“FM is viewed as a cost center and the only tangible initiative is to cut costs of real estate for the financial health of the company”

“FM is a cost center, increasing productivity is unknown (cannot be proven)”.

It appears that the inability to define FM in value terms ensures it remains viewed as a cost centre to be limited and controlled:

“Management does not see our value, because we are not a profit center”.

This is arguably a failing of the FM industry:

“Our inability to translate our success into bottom-line value for both business unit leaders and corporate decision makers. This possibly points to an ineffective facility management IT support system, poor benchmarking within and external to the industry, inability to gauge client satisfaction (employee retention), lack of discipline in the facility management space, duplication of capacity in other business units.”

Unless FM overcomes this inability to define its role in value terms, the overwhelming dominance of the cost control imperative will continue and in turn maintain a solid barrier to any strategic involvement.

3.2.6 Resources (lack of) – 3%

The general lack of resources over a long period of time means that many FMs are focused on operating a backlog maintenance operation. The complexity is around prioritisation of works on inadequate budgets:

“Mostly for us it’s a straight up issue of funding and staffing. There is so much deferred maintenance on so many old buildings that, given current staffing and funding levels, we have little chance of catching up, virtually none of getting ahead of the issues.”

This can be frustrating for those seeking a more strategic dimension to their involvement, for example:

“FM are resourced to be 80% reactive... with an organization & customer that wants us to be 50% strategic.”

“Caught up in operations due to lack of resources – little time for being more strategic”

Sometimes the workload is just overwhelming:

“The volume of work and the fact that the company has made a decision to run very lean in the facilities group (not enough people to get the job done)”

“The little things, such as ...following up on payment of invoices distracts us from the main purpose of the position. Whenever a new task comes up, it seems as if it automatically flows to Facilities”.

From the responses, it is fair to conclude that time availability is a significant constraint on gaining a strategic role.

3.2.7 Promotion of FM (or lack of it) – 3%

Respondents don't immediately state 'lack of promotion of FM' but their answers occasionally conclude with comments like these:

"If we are doing our jobs well, you don't know we're here, everything just works. ... FM professionals need to promote what they are doing and the impact to the organization."

"I believe that the local FMs need to promote themselves in a greater role to management"

"Often it is ourselves – not pushing, not being creative, not being persuasive"

"An inability of FM professionals to articulate what it does in the language that will make senior managers listen."

"Our own PR!"

This failure to promote FM (and FMs to promote their skills) in the CRE context is also an issue within the profession:

"Professional arrogance – FM seen as lower down the pecking order as it suits those currently seen as managing CRE."

'In our organization there are a lot of units vying for influence in the C-suite. Unfortunately, in order to increase their influence they tend to try and reduce the influence of other groups like Facilities. Because the facilities department touches everyone and we cannot make everyone happy we become an easy group to complain about and marginalize.'

Being able to promote the importance of FM at all levels is therefore clearly seen as a barrier to a strategic involvement. There may be even a mind-set issue in the profession that limits this involvement internally:

"Continuing to self-limit ourselves to buildings instead of work environments – to include co-working, teleworking, and increased needs for collaboration space".

3.2.8 A Few Outliers

With so many different themes and feedback, this survey question about barriers to strategic impact is full of useful and interesting data. Whilst in many cases responses are clearly unique to their context and not a part of a trend or 'big issue', nonetheless the following additional comments that are included here seem to resonate with insights reported elsewhere in this report:

Outsourcing

"Pre-conceived notion of FM as glorified 'janitors'... we are changing this perception but still have a long road ahead. What works in our favor is the failure of the outsourcing contractor to meet expectations. In-house input is now more valuable and more aligned with strategic implications than outsourced vendor."

This comment tallies with our general observation that an important result of outsourcing is the in-house team becoming more strategic.

'Short-term' thinking

"Short term thinking profit pressure driven by the fundamental accounting equation : Assets = Liabilities + Shareholders Equity. Too much focus on delivery quarterly returns to Shareholders by the C suite, sometimes compromises appropriate levels of M&O and renewal funding."

There are many survey comments about blocks to strategic involvement that essentially come down to this sort of short-term thinking and pursuit of results.

There are a few other challenges facing FM that may not have been frequently mentioned but that we believe deserve mention.

3.2.9 FM Supply Chain Consolidation and Occupier Organization Inadequacies

Several interviewees expressed concern about consolidation within the FM sector, and the increasing inability of smaller service providers to deliver the same service as the more established ones. Capacity, software systems, and intellectual property are key issues.

On the other hand, many service providers are streets ahead of their occupier clients in addressing these kinds of challenges. In many cases the concept of an 'intelligent client unit' is an oxymoron; in-house teams are often part of the problem. As we have suggested elsewhere, the industry desperately needs FM professionals who can translate business strategy into FM/delivery solutions.

3.2.10 Corporate planning

Following on from the above, 'corporate planning is where it's at'. Unless and until the professionals representing the workplace are invited as a matter of course into corporate planning conversations, then they will have a responsive, tactical role.

If FM can capture the 'workplace agenda', then it has a slam dunk role in corporate planning. FM must be seen as the 'management of a strategic resource', not the strategic management of facilities. If it becomes the management of a strategic resource (the workplace), then it can align itself far more effectively with the management of other strategic resources – finance, people, technology.

Perhaps the most important question facing FM is how to 'brand' FM to those beyond the profession.

3.3 What does it mean for FM to be strategic?

That broad question is central to this study, and to the future of FM. In the 2012 report we drew extensively on Michael Porter's thinking about what strategy is – and what it is not. In his classic 1996 Harvard Business Review article, he stressed three basic facets of strategy:

1. “[It involves] the **creation of a unique and valuable position**, involving a different set of activities... [different from what competitors are doing];
2. [including] **choosing what not to do**; and
3. **Creating “fit”** among a company's activities.” [emphasis added]¹⁴

Porter also stressed that operational excellence, in and of itself, is not strategy. Operations can certainly help an organization be competitive through managing resources efficiently, and through enabling workforce productivity. However, ‘raising the bar’ for FM (and any other ‘support’ function) means an explicit focus on contributing to differentiation and competitive advantage in the marketplace.

There are many examples of FM making a competitive difference even though the majority of FM organizations remain primarily in a support role focused on operational efficiency.

In the appendix we have documented a case study showing the leadership that John Lucas, head of Real Estate and Workplace Services (REWS) at Juniper Networks, showed when REWS transformed the Juniper Networks corporate campus into a role model for the company's business vision of “Connect Everything and Empower Everyone” – a workplace design that contributed directly to increased productivity and helped the company attract and retain world-class talent.¹⁵

Even more significantly, Lucas's team raised issues about Juniper Network's remote engineering laboratories that led directly to several basic upgrades in the company's networking products. In this instance an improvement in a facility strategy directly impacted product strategy and marketplace success.

We also asked our other executive interviewees to tell us what ‘strategic’ meant to them.

One interviewee drew the distinction between ‘strategic FM’ and the ‘strategic management of resources’. He believed there was too much discussion about career structure and progression, with too little focus on ‘why we're here’. Information and Communication Technology (ICT) is often managed strategically, frequently via an intelligent client unit through an outsourced function. But is it called ‘strategic ICT’? No, not really.

“A good FM strategy is one that mirrors the business strategy.”

We heard that sentiment expressed quite frequently. But that is perhaps easier said than done. In our opinion, the primary goal of the FM strategy should be to enable a broader and deeper relationship with the business, and thereby to increase the alignment between business priorities and FM efforts.

One FM executive described his alignment effort this way:

“Every month we sit with the business to review our performance, and they share their objectives.”

Another senior executive made this observation:

“Too many people in the FM profession are always crying out to be loved and needed. The industry is constantly looking for reassurance that it is valued. This repetitive searching gives the impression that we are needy and doing something inadequately.”

That may be only one perspective, but it is an important one. It is time for FM professionals to hold their heads high, confident that they are providing value. Basic self-esteem usually leads to garnering respect from peers and senior executives as well.

The level to which FM can be strategic is partly dependent upon business sector. For example, where businesses ‘trade through their space’, property and services are business critical and therefore can – and must – be managed strategically. Retailing, logistics, transport, health and leisure are all good examples. As noted at the outset, most of the survey participants and interviewees were focused more on corporate office space than on retail or manufacturing facilities.

A different kind of example is the petro-chemical industry in which end-users see their risk profile as high and their facilities (laboratories, refineries) must meet rigorous standards for safety and security. In contrast, delivering FM into a standard office environment is often far more tactical, although even in that context FM can lead the way with compelling workplace designs that contribute to brand identification, employee attraction and retention, and an innovative, collaborative culture.

¹⁴ Porter, Michael (1996) “What is Strategy?” Harvard Business Review, Nov-Dec. (reprint #96608), p.1
¹⁵ See “Juniper Networks Case Study” (2017) in the Appendix

3.4 Balancing Strategy and Operations

There is clearly a continuing push for more and more outsourcing of FM activities. This pressure brings with it a potential divide between the strategic (in-house) function and tactical delivery.

In this scenario, tactical and operational delivery, managed by a service provider, can become a commodity proposition, while the in-house function becomes one of relationship management, interfacing with the business, and participating in strategy formulation and implementation.

Global outsourcing is seen by many FM leaders as a growing market, with more and more organizations integrating systems and processes horizontally, whilst managing vertically. This is the theory that may not always be achieved if the focus is just 'cost reduction'.

As two respondents put it, in answer to what were their FM challenges:

“Successful outsourcing with true partners instead of service providers just filling in blanks on the org chart” and “Outsource companies that can provide strategic recommendations based on the need of the companies”.

We actively recommended outsourcing operational/ tactical resource management in the 2012 report, and the industry has clearly moved in this direction. Our reasoning then is still valid today; ensure operational excellence by delegating it to specialists and holding them accountable through formal contracts. Free up the FM leadership team to concentrate on strategic opportunities and to participate in strategic conversations with the C-suite and other functional leaders.

The 2016/2017 survey showed that there has been an increase in FM outsourcing since 2012 (see Figure 7).

Figure 7: Insourcing and Outsourcing of FM Functions

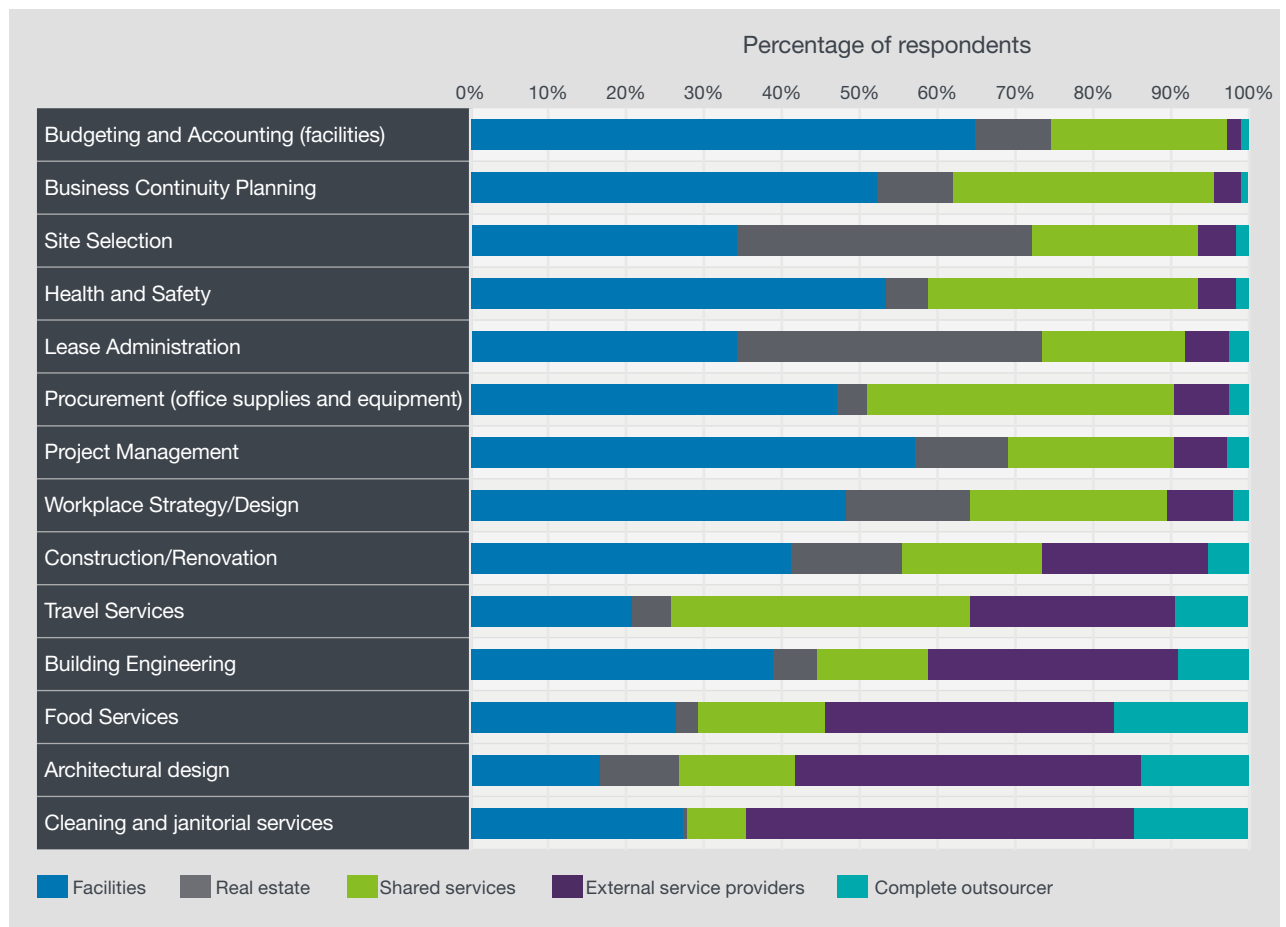


Figure source: Raising the Bar Survey, 2017

These FM activities are sorted top to bottom based on the percentage of survey respondents who reported carrying out the activity with an in-house group. In other words, the activities at the bottom of the Figure (janitorial services, architectural design, food services, building engineering, travel, construction/renovation,) are most frequently conducted by an outside service provider.

Each of the six FM services listed in the previous paragraph is outsourced by at least 27% of the survey respondents, and three (janitorial services, architectural design, and food services) are managed by outside providers by well over 50% of the respondents.

Frankly, we remain concerned that the outsourcing percentages are not even higher; we see a significant opportunity for occupier FM groups to delegate additional operational activities to service providers in the pursuit of developing a more focused strategic role for their 'insider' FM professionals.

The outsourcing of operational activities in FM is completely consistent with trends in IT, HR, and other infrastructure functions. As Peter Drucker noted over 20 years ago,

... if clerical, maintenance and support work is done by an outside independent contractor it can offer opportunities, respect and visibility. As employees of a college, managers of student dining will never be anything but subordinates. In an independent catering company they can rise to be vice president in charge of feeding the students in a dozen schools; they might even become CEOs of their firms. If they have a problem there is a knowledgeable person in their own firm to get help from. If they discover how to do the job better or how to improve the equipment they are welcomed and listened to...

In one large hospital-maintenance company, some of the women who started 12 or 15 years ago pushing vacuum cleaners are now division heads or vice presidents and own substantial blocks of company stock. As hospital employees, most of them would still be pushing vacuum cleaners.¹⁶

We believe Drucker's insights apply directly to the FM industry. There has been dramatic growth in the capabilities of FM service providers over the last decade. Yet that very growth introduces new challenges for FM leadership in occupier organizations – not the least of which is to link the two 'faces' of FM that we referred to earlier.

Several interviewees for this study raised questions about the ability of the supply chain to integrate across FM, CRE and Projects. Herein lies an important role for an intelligent client accountability unit within service provider organizations that possesses excellent management information enabling it to join things together and interface with the business.

Similarly, on the occupier side there must be an equally intelligent and well-informed 'overseer' unit to manage the supply chain and report its performance upwards to the C-suite.

Is FM becoming more tactical and less strategic in occupier organizations?

Service Providers seem to recognise that good people are core to their business; that is leading them to upskill their own workforces, and to create a critical mass of expertise that far exceeds what any individual occupier organization can pull together on its own. However, that expertise is rightly focused on delivering reliable, cost-efficient operational excellence.

Occupiers, on the other hand, are not recognising the same need for talent; most of them continue to treat in-house FMs as janitors. Will we see a major brain drain to suppliers? Many high-profile FMs in global corporate occupier organizations have recently moved to service providers.

3.4.1 In-house Organization

Broadly speaking, FM's organizational remit typically includes property, facilities and major projects (CapEx). When property is in the pole position, organizationally, FM is rarely strategic. And if projects are not set up 'properly', then FM usually just plays catch-up post-delivery. If the teams are fully integrated, then they can provide a combined, strategic business support function. Too often, FM is seen as little more than the tactical (delivery) end of a strategic property function.

Property (or corporate real estate) and FM teams speak different languages. One talks assets; the other talks 'people'. There is a need to 'fuse' these separate perspectives, or otherwise split them clearly with accountability for deliverables in both responsibility areas.

One interviewee mentioned the need for 'sympathetic leadership'. The quality and strategic impact of FM depends directly on the quality of the leader and his/her relationship with their line manager, either in CRE or the business.

In one high-tech firm we talked to, the FM organization reports into a global corporate real estate function and up the chain to finance. However, FM includes not only a workplace strategy and design function but a global centre of excellence (COE) focused on change management. That centre is critical to FM's effectiveness because its staff are focused almost exclusively on supporting and enabling a corporate culture change initiative.

That company is striving to move from valuing and rewarding individual competence to an explicit focus on teaming and collaboration to achieve faster software release cycles, and to attracting younger talent.

¹⁶ Drucker, Peter (1989), "Sell the Mailroom". *Wall Street Journal*.

Those are the goals of the corporate business strategy; FM is aligning its workplace redesign and retrofitting projects with those goals by creating workspaces that enable collaboration and send all kinds of teaming 'signals' through floor layouts along with intentional use of colour, particular furniture and equipment, and graphic images on the walls.

In the words of the COE change management leader in that organization:

I spent the whole first year in this new role working with our various functional units to redefine the cultural values we were looking for. We strove to mirror our clients' cultures – to put them and our service to them at the very centre of everything we do.

We worked very hard to remove our cost concerns and budgetary limits from the centre; yes, they're still important, but we've stopped talking about them in our design sessions. We've changed the mind-set of our FM staff, and we've made them more visible to our end-users, and more part of the leadership team. It sounds simple, but we encourage them to walk the building and do visible checks during working hours rather than after 6 PM at night.

We believe that words matter, so we're thinking about rebranding our staff from 'FM' to building curators (like in a museum, focusing on users' experiences rather than the physical context). That should change not only our customers' views of our role, but our own.

3.4.2 Talent Management and Skill Shortages

We heard from many senior FM executives that there is a belief that the FM profession is 'getting old'. Many practitioners have been around a long time, and there is a shrinking amount of new, young talent coming into the profession. While we do not have (and regrettably did not ask for) detailed information about the survey respondents' age or tenure in the FM profession, RICS did supply us with recent data about its FM members' age distribution; see Figure 8.

Note that only about 15% of RICS' FM members are under 40 years old; fully 85% of the members are 40 years or older. **In fact, there are more members over 70 than there are under 30!**

A similar review of IFMA's membership suggests that **the average IFMA member is almost 51 years old.**

The development and recruitment of new FM professionals must be a high priority for the industry.

Both RICS and IFMA are well aware of this challenge and are proactively applying resources to strengthen the 'brand', widen the breadth of the FM profession, and attract new, diverse talent.

However, FM is unfortunately not perceived to be 'sexy', and the career path is relatively uncertain. This is an ironic situation given the growing complexity and potential strategic impact of buildings and operations.

Figure 8: Age Distribution of RICS FM Members in 2016

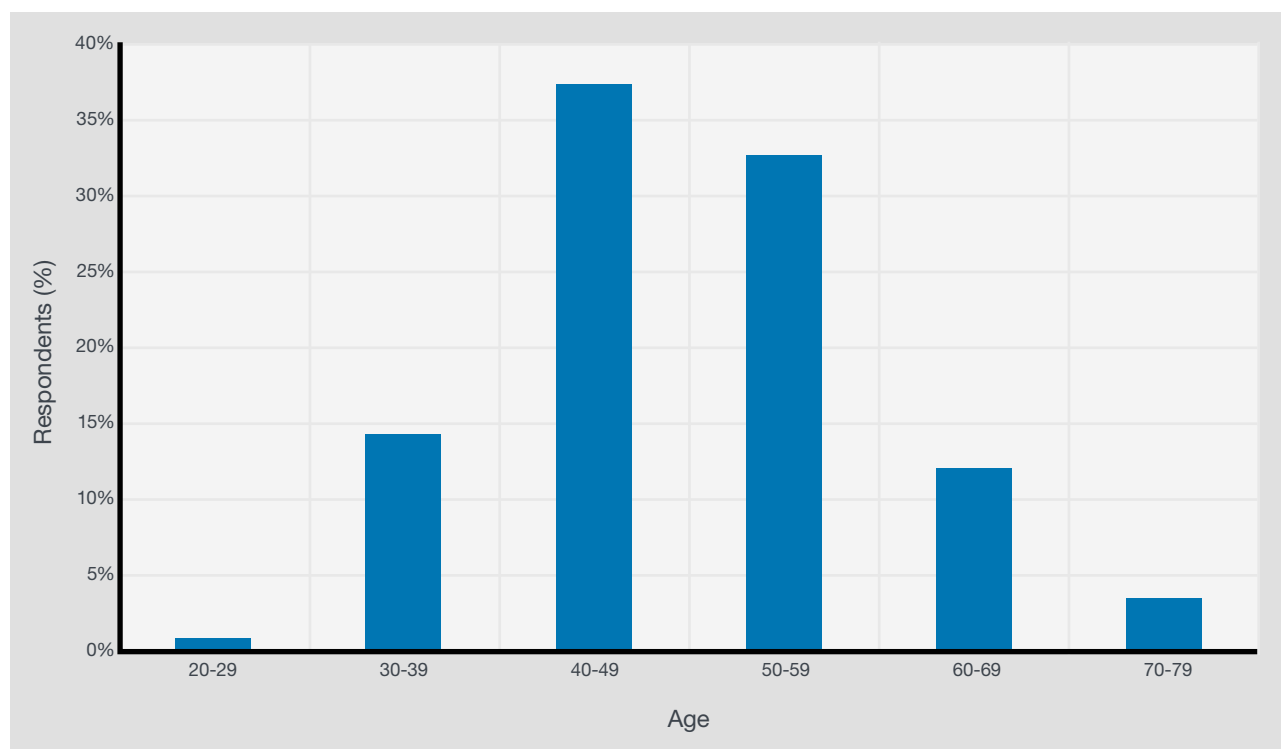


Figure source: Raising the Bar Survey, 2017

While this study did not directly address the many certified college and university FM degree and non-degree programs, we do know that the IFMA Foundation has made a serious commitment to promoting FM as a career of choice in both secondary schools and at the college level.

One interviewee expressed concern about the de-skilling of in-house teams. In this view, talented in-house individuals were migrating to service provider organizations where they can benefit from higher salaries, greater professional stature, peer group interactions, and a formal career structure with growth opportunities. As a result, service providers have been aggressively up-skilling, in what is, after all, their core business. They are getting better and smarter, and Peter Drucker has once again been proven to be both correct and prescient.

However, it could be said that if the FM professionals migrating to service providers are taking operational skills and physical environment knowledge with them, this is not a complete loss to occupier organizations. Instead, it could free up senior FM 'in-house' leaders to focus even more on business strategies secure in the knowledge that their service providers will deliver the operational services they have been contracted to provide.

Yet continuing skills shortages and the difficulty of finding the right talent was the 'top five' issue cited most frequently by the survey respondents. We believe this challenge will remain a serious concern for many years to come.

3.4.3 Budget Restrictions and Cost Control

Given the cost-centre mind-set we have already described, it is no surprise that budget restrictions are a continuing concern for FM leaders. Indeed, cost management was the second-most frequently mentioned major concern of the survey respondents.

Both the survey respondents and FM leaders we interviewed reported serious frustration at continually being asked to do more with less. The general lack of understanding of FM practices and costs among senior business leaders continues to plague FM professionals who face requests, if not demands, to reduce their budgets from year to year.

The cost-cutting mentality is only reinforced by the common FM performance metrics that evaluate FM and its leaders based on meeting budget targets and/or reducing the cost per square foot or meter (to say nothing of the average amount of space per end user) over, and over, and over again.

3.4.4 The Aging Portfolio

One of the success stories for FM is the ability to keep the existing plant and machinery serviceable way beyond its intended design life. Many FMs are familiar with judicious interventions of a technical nature that keep a system going for one or two more years. However, this challenge is becoming a serious problem for the industry since outages are becoming less and less tolerated as organizational leaders focus on all aspects of business continuity.

Being able to demonstrate the economic virtue of a fully accounted-for life cycle asset replacement plan is clearly unobtainable for many FMs. For the profession to evolve this 'ability to persuade through numbers', FMs will need to acquire new skills.

In the meantime, the 'problem' (of clearly defining the life-cycle maintenance needs of the business) is to some extent being 'avoided' by outsourcing the maintenance liability to service providers who are willing to take calculated bets on the cost of keeping aging assets running, if only for the duration of their contract. Again, this is not exactly a 'long term view' but it is an essential element of short-term survival.

3.4.5 Workplace Experience

The client interface is becoming more and more important for FM. 'End user' expectations of the workplace are rising, as is the quality of support demanded. Boards are managing the 'war for talent' and are using the workplace to attract and retain workers. Health and wellbeing, food, socialising, facilities for agile working, and 'client experience' have all risen up the FM agenda. This does not necessarily mean that FM becomes more strategic in the sense that we have described it, but FM is growing more important!

This agenda obviously shifts the focus from hard to soft services. The former is no less important, but the latter infers the need for additional skills and services (managing office and even retail space like hotels rather than like traditional office buildings).

Related to this, we heard many comments that mature FM (like mature CRE) should be about 'helping people to do work rather than managing service provision'. There is now a much wider understanding that place and services are related to something people do, rather than an end in themselves. There is a growing recognition among FM professionals that the function's strategic component sits right at the intersection of the workplace and the workforce.

One interviewee in a very large global organization reported that he had outsourced 100% of the 'hard' FM services, and was self-delivering on 'soft' services, in order to bring 'customer service' to the centre of the role and to the attention of his in-house staff. Delivering an excellent customer service was the critical factor in his organization.

3.4.6 FM as Relationship Management

As more FM operational services are outsourced, so the strategic function of FM becomes one of relationship management with the business, fostering that elusive alignment between and among the various infrastructure organizations and the business itself. In this context, communication and general business skills become more important. In the words of one interviewee, 'We need to be seen as professional and leading edge'.

Related to this issue is the ongoing challenge of getting the basics right:

We're required to provide an error-free, high-quality service. Once we are seen as doing that, we can think about strategy.

Another FM professional stated:

'My role is to be in the heart of the business and to reflect its needs in my [FM] strategy'.

As we listened to one FM leader after another, it seemed that data and management information system (MIS) are becoming more and more influential. The smart use of data and MIS can allow FMs to be informed and to make

decisions from a 'strategic perspective' rather than having to spend their time chasing information.

Better use of MIS is critical, allowing FM to be 'joined up' with CRE and CapEx (and the business). Good MIS underpins a small, smart, intelligent client unit so that strategic decisions can be driven through in-house, with the supply chain delivering tactical results reliably and cost-effectively.

Once again, we are hearing seasoned FM leaders implicitly recognising that strategy and operations may not only be two separate roles, but that they may require different competencies and mind-sets. The most common way of clarifying these differences is for end-user occupier organizations to outsource the operations activities while maintaining a small internal staff who are skilled at strategy formulation and guidance, project management oversight, relationship management, and collaborative leadership.

All these factors add complexity to the FM function, and to the role of senior FM leaders. As we noted in the 2012 report and again here (Figure Nine), FM must manage a complex, and often conflict-filled, set of relationships with several different internal and external groups:

Figure 9: FM's Critical Relationships

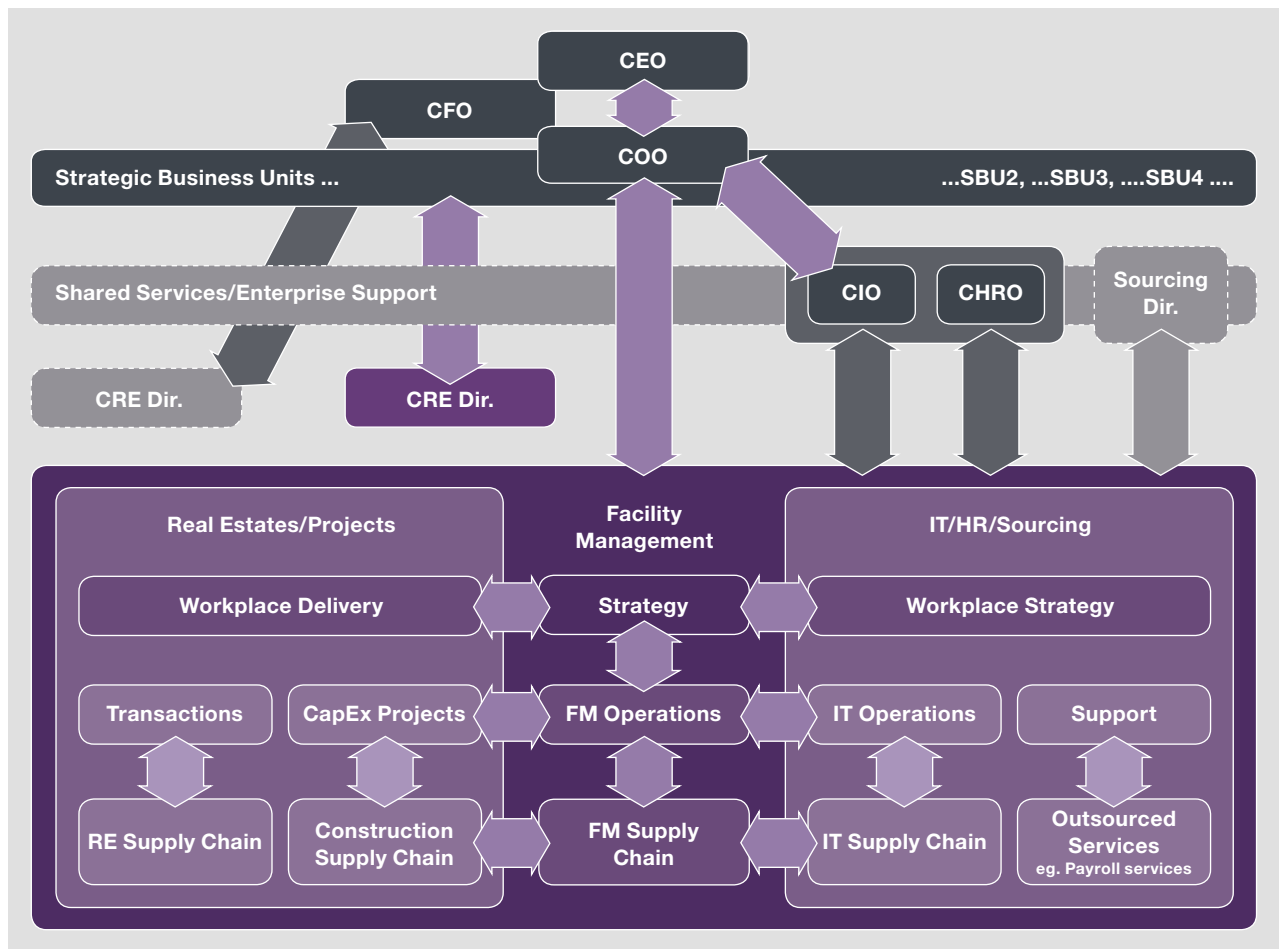


Figure source: Raising the Bar Report, 2012

3.4.7 Management Information and Technology

Management information is becoming far more important as part of the digital revolution. That is what the ‘Big Data’ revolution is all about: in combination with intelligent sensors and data visualization, both business and FM leaders can develop a much deeper understanding of costs, utilization, building performance, and workforce productivity.

Is this more difficult to achieve in a one-off end-user organization than a broadly-based service provider organization? We believe so, and consequently expect that the industry might see a transfer of ‘intelligence’ from in-house occupiers to out-house service providers. Provider organizations have distinct scalability advantages stemming from their ability to invest in large-scale data projects.

Indeed, we expect to see management information and performance metrics being built in to outsourcing contracts in future. Providing timely information and meaningful management reports will become just as important an outcome as maintaining a safe, healthy, and clean built environment.

FM is just as significantly impacted by new and emerging technologies as any other business function – in fact, perhaps more so. While this project was not focused on specific new technologies, FM professionals must stay abreast of a wide variety of building technologies, sensors, and software designed to make the physical environment both more ‘visible’ to management and more manageable in both the short- and the long-term.

Among the technologies we consider critical to the future of FM are these:

- Building Management Systems (BMS)
- Building Information Management (BIM) systems;
- Environmental sensors for lighting, temperature, and water control;
- Wireless telecommunications;
- Video conferencing capabilities;
- Mobile devices;
- ‘Presence’ monitors that can track space utilization and even identify the location and movement over time of specific individuals;
- Virtual and augmented reality (which could someday make conference rooms almost unnecessary);
- Artificial intelligence;
- Digital currencies and their interaction with both electronic leases and building maintenance and management software (the ability to trigger automated maintenance calls and repair work, including compensating the service provider with no human intervention);
- Data visualisation tools;

- ‘Big Data’ tools that enable more comprehensive and timely oversight of facilities; and
- Autonomous vehicles, whose introduction will have a major impact on site selection, building design, and workforce commuting patterns.

This is by no means a complete or even comprehensive list of relevant technologies. We only want to highlight the importance of technology literacy to FM professionals. It is not enough to be aware of building information and management systems; it is also imperative that FMs understand the potential impacts of mobile technologies and the continuing evolution of workforce mobility and flexible work programmes. After all, more people work outside an organization’s facilities – even for short periods of time.

The more the utilization of existing space is reduced by workforce mobility, the more pressure there is on FM to both reduce the organizational footprint and redesign/retrofit the existing space to reflect different usage patterns.

3.4.8 International Comparisons and FM Maturity

Several interviewees commented that FM has reached different levels of maturity in different regions of the world. Thus, when we talk about FM becoming strategic, we must be sensitive to the level it has reached in different organizations.

We were particularly impressed by a maturity model being actively used at Juniper Networks to understand the evolution of the FM function and its relationships with other functional groups.

The model is described in some detail in the Juniper Networks Case Study that was prepared as part of this research project.¹⁷ We summarize it here as follows (Figure 10).

This model postulates that an FM organization develops over time, beginning as an independent, ‘caretaker’ group that provides basic facilities services to its parent organization, and then potentially evolves through a series of predictable ‘stages’ to a point where it is fully integrated with the business, operating as a catalyst in a true partnership with the C-suite and other functional peer groups.

The Independent Stage

- **Strategies and decisions** – Unrelated to the organization’s business strategies
- **Leadership style** – Transaction or caretaker role for the assets managed
- **Assets** – Viewed as having little strategic value.

The Dependent Stage (Operating Plan 6 –12-month view)

- **Strategies** – Real Estate plans help implement business-unit strategies
- **Decisions** – Cost justification for a CRE project based on the business unit’s financial business case

17 See “Juniper Networks Case Study” (2017) in the Appendix

- **Leadership style** – Supports business strategy and ongoing operational issues
- **Assets** – Viewed as an essential cost of doing business

The Interdependent Stage
(Strategic Planning; 2 –10 year view)

- **Strategies** – Interactive with business-unit and corporate strategy planning
- **Decisions** – Made jointly as part of the company’s investment plan through cross functional team interactions
- **Leadership style** – Seen as a business leadership partner, recommending changes and helping to finance them by eliminating space or minimizing expansion costs through superior real estate management practices
- **Assets** – Viewed as an independent component to employee attraction, experience, productivity & retention.

The Integrated Stage (5 –10-year view)

- **Strategies** – Marketing Real Estate business-strategies capabilities and showing how they can add value to the business units by increasing margin or revenue, time to market, talent attraction and retention, or EPS

- **Decisions** – Made jointly as part of the company’s annual investment plan through executive management CFO, CEO & CEO Staff, Board of Directors

- **Leadership style** – Seen as a catalyst to bring new ideas to the table that enhance the business strategy, and add value delivering company revenue, operations performance, and time to market
- **Assets** – Viewed as being integrated with I.T., H.R., and business strategies to create the best value to the company and the best employee attraction, experience, productivity, and retention.

We find this ‘maturity model’ to be extremely useful as a way of identifying an FM organization’s current capabilities as well as its future possibilities. While it may not be obligatory that every FM group must pass through each of the presumed ‘stages’ on the pathway to becoming a fully integrated business catalyst, thinking in these terms helps to highlight critical activities and their accompanying skill requirements along the path.

Figure 10: CRE/FM Maturity Model

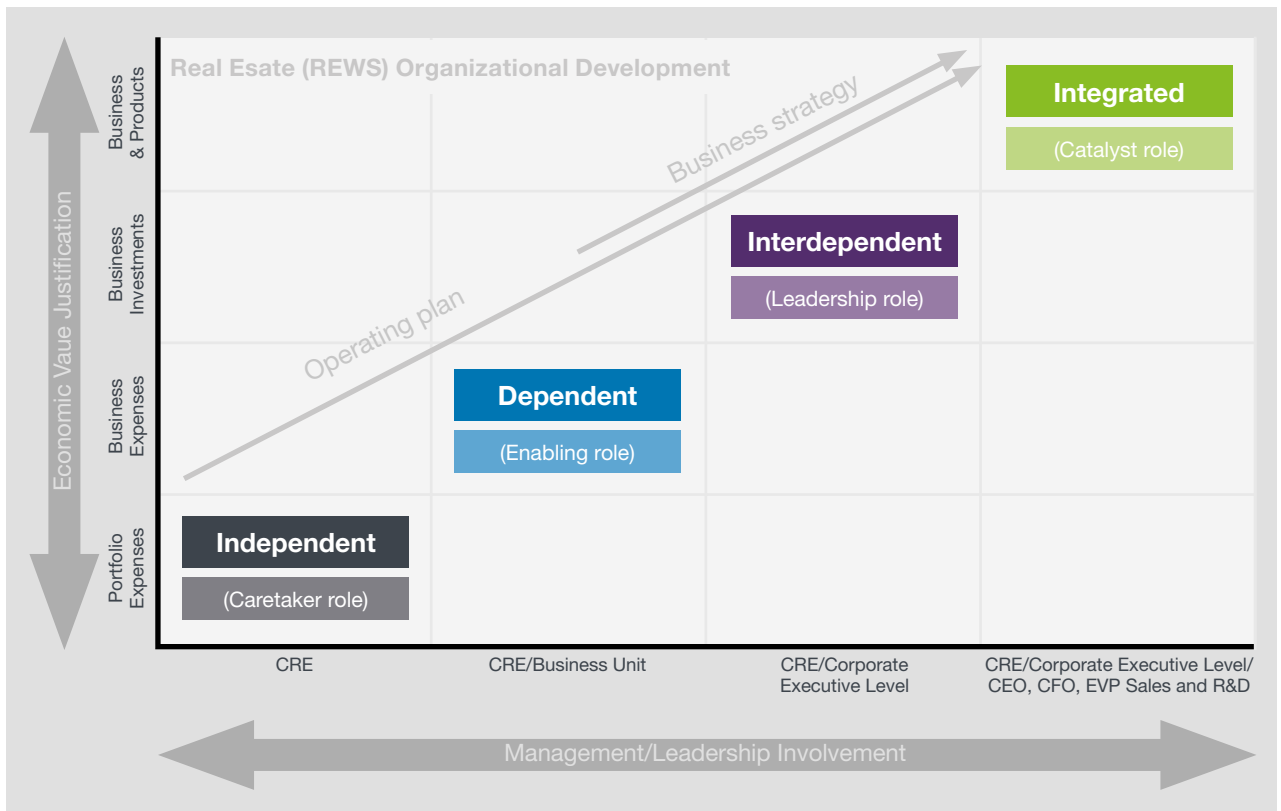


Figure source: Raising the Bar Report, 2012

3.5 What Aspects of FM Have the Potential to Add Strategic Value?

We received about 520 complete responses to this question. Our analysis looked at each answer and assessed what ‘theme’ it best matched. Some responses covered more than one theme, so we broke them out into separate entries. This process produced 696 discrete ‘theme’ comments.

We then ranked each theme by the number of times it had been cited as a percentage of the total theme count (696) and put them into ranked order.

We discuss each of these below.

Top Ten most common themes	
Workplace	18%
Sustainability	11%
Asset Management Planning	11%
Technology	10%
Strategic Plan	7%
Organization	7%
Data	7%
Alignment	5%
Communication	5%
Wellbeing	5%

3.5.1 Workplace (18%)

Workplace-related matters have by far the most responses and the most references. This high score result may in part be due to the way answers are classified, but it is clear that ‘Workplace’ as a topic area is the number one theme that the survey respondents believe has the potential to add strategic value to the business.

To assist our understanding of this theme, we further defined the Workplace responses into sub-themes:

- Workplace Strategy and Planning
- Workplace Design & Concepts
- Space Utilisation/Efficiency

At times it was difficult to separate the comments into discrete sub-themes as they are clearly inter-related:

“The key aspects would be workplace design, space utilisation and linked with HR in leading flexible workplace practices and tools to support staff and managers”.

“Everything we do relates to creating and running spaces/workplaces ... get it right and it adds immense value at all levels to a business”.

“Working with business partners in designing and implementing work environments that support their needs. Providing a safe work environment ... Providing a healthy work environment.”

(Remember that the question was ‘What aspects of FM have the potential to add strategic value to your business?’)

‘Healthy workplace’ and ‘Wellbeing’ are highly intertwined with the notion of Workplace design and planning. We separated out ‘Wellbeing’ related commentary, and this is in part why ‘Wellbeing’ as a main theme comes in the top 10 main theme references. We will look at ‘Wellbeing’ separately below.

Workplace Strategy and Planning

Overall, respondents are recognising the higher-order opportunities of the workplace, through transformation and change, to have a strategic impact on their organizations:

“Recognizing that workplace is a strategic accelerator for the enterprise rather than a cost to be reduced”

“Providing the strategic vision to guide the organization into a future of workplace transformation”

“Workplace planning – supporting innovation and employee engagement”.

Some comments are concerned with the ability to demonstrate or explain how workplace planning and design (see later discussion) leads to improved performance.

Workplace Design & Concepts

Some comments addressed this theme from a specific point of view:

For a landlord: *“Create tenant-friendly spaces (effective spaces), clean and safe spaces (health and welfare) and cost-saving spaces (efficient spaces)”*

For an occupier: *“Creating a workplace that supports/ enhances company culture and employee engagement”*

Popular sub-themes were:

- Designing for flexibility of space use;
- Catering for remote workers, home working;
- Designing spaces that attract and retain top talent and encourages top performance in staff; and
- Brand development and projection through workplace design.

Some respondents referred to the fact that their existing furniture and fittings were outdated and holding back new ways of working. Changing workplace needs and design requirements were also related to a changing workforce:

“Younger generations have different work habits that some older facilities don’t address”.

Overall, it is notable how many respondents were making specific references to how workplace design has become a route to providing strategic value in their FM roles.

Space Management (Utilisation/Efficiency)

Activities and developments that improve the way space is utilised are popular, often regarding cost efficiency benefits but occasionally with reference to 'how' the space is utilised.

"Cost optimisation through work space utilisation strategy"

"Ability to demonstrate impact of workplace changes/enhancements to improve productivity, reduce lost work-time, etc."

"Effective space management"

It is interesting to note that references to improving space utilisation are also related to the 'More with less' theme that dominates the responses to the previous survey question: "What do you consider the top issues/challenges facing senior facilities executives in 2016?"

3.5.2 Sustainability and Corporate Responsibility (11%)

The second-most cited theme about having the 'potential to add strategic value to your business' is Sustainability. This theme breaks out into three inter-related sub-themes:

Energy

By far the most cited reference in sustainability relates to use of energy, and specifically using energy more efficiently through better energy management, including investment in controls. 'Conservation' is a key word. Some respondents are focused on the procurement side – buying energy from sustainable or renewable sources. Taken as a whole, for FMs, 'energy management' is on the strategic agenda as a route to a more sustainable organization.

Practice and Procedures

Changing practices and procedures to become more 'sustainable', including adopting 'green alternatives', is popular. This focus goes beyond energy management and includes references to the procurement of sustainable materials and removing wasteful work practices.

Selling and Delivering a Sustainability Plan

Some respondents referred to the need to meet a corporate target or objective as their frame of reference with respect to 'Sustainability'.

In this context, we also found many references to the importance of being able to 'sell' sustainability initiatives to others (decision makers). Making green alternatives more attractive is a strategic objective, and in that context obtaining investment in such alternatives is an important strategic capability for FM.

3.5.3 Asset Management Planning (AMP) (11%)

On a par with Sustainability as a strategic value theme, Asset Management Planning was defined by one respondent as:

"Asset planning to maintain the value of the assets and (having the ability to) position these assets as true business investments as part of the overall company's performance objectives".

In this context, there are repeated references to 'asset life-cycle planning', 'long-term asset management', 'planned preventative maintenance' and 'end-of-life asset planning'.

Some respondents also see this subject related to business continuity and sales and marketing. Some are concerned with this subject in the context of backlog maintenance management (a link to the often-cited concerns with an aging building stock) and the link between long-term planning and cash flow.

Taken as a whole, the strategic value of AMP to Facility Management remains, unsurprisingly, highly rated.

3.5.4 Technology (10%) and Data (7%)

"Technology now provides robust analytic tools to show that we can and do save money, provide a better working environment, and increase production/output."

Technology is a broad theme, and is often collectively referred to by respondents as 'Smart Buildings'. The following sub-themes are commonly referred to:

- Environmental controls (reducing energy demand)
- Internet of Things (IoT) and sensor technology
- BIM for FM
- Virtual Reality

One respondent highlighted the issue of integration:

"Technology integration would greatly add value – too many tools available without a consolidated approach to measure metrics and cost."

As one respondent stated, the objective is to use technology to "systematically increase operational efficiency".

'Data' is the collective term we have applied to a theme covering the following related issues:

- Data collection and analytics, including 'big data'
- Data driven decision making
- Information management (and FM computer systems)
- Knowledge management
- Benchmarking

Data is clearly central to many FM processes and the ability to operate strategically. Combined with Technology (11%) this subject area (FM Technology and Data Science) is on a par with Workplace to be of strategic importance to FM. As a discipline it has the potential (in terms of skills, complexity and importance) to become a completely new area of real estate management focused on delivering data-driven, 'evidence-based' FM decision making at strategic, tactical and operational levels.

3.5.5 Strategic Planning (7%)

References to 'strategic planning' as a discrete discipline are not as common as one would expect, considering the nature of the question. Respondents tended to couch their responses in the context of their business environment and organization. For example:

"Corporate real estate strategy... Can our estate effectively support our business goals?"

"Long range thinking and realistic financial planning"

"A good understanding of the business requirements over the next 10-plus years"

Achieving alignment between corporate objectives and FM plans is a key goal that crops up in other themes as well:

"Aligning FM strategy with corporate strategy"

"Align the Facilities/RE function with the strategic direction of the company and work to meet those objectives."

Access to senior management to influence the strategic planning process is equally important:

"I believe that strategic planning is the greatest value to the business if facilities can get a seat at the management table. With strategic planning, we can affect in a positive way the bottom line both through financial planning and site selection."

We look at the theme 'Access to Senior Management' further in a section below.

Generally, the message is clear: if FM is to have strategic influence it has to engage with and have influence in the strategic planning process as it relates to the organizational context. That means working on alignment and being seen as relevant to the strategic agenda of senior management.

3.5.6 Organization (7%) + Alignment (5%)

It is hard to assess the theme 'Organization' without crossover into the other theme of 'Alignment'. Taken together, (Organizational Alignment), this theme is as important to strategic value as 'Asset Management Planning' or 'Sustainability'. For this reason we will look at them together here.

At a high level these themes are about aligning the FM organization to the corporate plan:

"Align the Facilities/RE function with the strategic direction of the company and work to meet those objectives"

"Better and more aligned processes in place"

"Aligning Facility Management characteristics within a concise business plan that aligns with the overall organization's strategic plan".

Other references are made to:

1. Sharing knowledge within the FM organization ("Best practices shared across locations will streamline how FM can respond to the company needs");
2. Integration of FM with other support services;
3. Process improvements; and
4. FM as a 'one-stop service'

"One-stop shop service – utilising existing teams to create a single FM team who can meet and greet, arrange conferring, provide security, carry out cleaning and demonstrate a TFM approach."

Specifically in respect to the FM organization, the key areas of interest are:

- Alignment with the corporate plan (linking with Strategic planning);
- Better and more aligned processes (across multiple locations);
- FM management realignment geographically;
- Site selection aligned to strategic plans;
- Renewals realignment to budgeting;
- Alignment of business, HR, TECH, and CRE/FM objectives.

"Integration with other support units of the organization (ex. HR, IT, Legal, Procurement). Being the leader of the 'corporate nucleus'".

3.5.7 Communication (5%)

There were many responses along the following lines:

"FM leadership requires an innate sense of how to be in the organization's crossroads of communication; this involves ... personal relationships and an understanding of business processes"

"Metrics and communication strategies that enable FM to speak the language of the President and VP on matters of mutual interest"

"Once the FM understands how to communicate his ideas to the top management in a language they relate with better, which is P & L, then all FM issues are solved!"

"Being a team player and adding value to the discussions outside of the facilities areas".

There is an impression in reviewing the results of this survey question that responses which have by classification ended up associated with other themes tend to have a 'communications' element, so it is possible that we may have understated the importance of 'Communication' in the Strategic dimension.

Imperatives like getting the message out to the right persons, being able to network in a meaningful way, and sharing knowledge and know-how are all cited as of strategic importance to FM professionals at all levels.

One respondent also referred to how these 'communications' are being better supported by new technology.

3.5.8 Wellbeing (5%)

Wellbeing is the collective term we have used to pool references to:

- Employee satisfaction
- 'Happiness' and creating an enjoyable place to work
- Work environments that are clean, healthy and hygienic
- Wellbeing initiatives and projects
- The main objective appears to be around achieving the following outcomes:
- Brand improvement
- Staff retention and talent attraction
- Productivity improvements
- Efficiency improvements (due to lack of distractions).
- Reduction in health claims

This entire theme deserves a more detailed study to differentiate between the strategic importance of creating attractive places to work (staff retention and talent attraction) and the actual impact of Wellbeing initiatives on productivity that has a strategic value to the organization.

For now, this subject has made its way into the Top Ten factors of strategic relevance to FM professionals.

We will now look at some interesting 'outliers' that may have increasing relevance in the future.

3.5.9 Access to Senior Management

After Wellbeing, the next most referenced theme is 'Access to Senior Management'. This is something that has been cited earlier, but in the survey respondents make specific reference to this matter being of strategic importance to FM:

"Quite often we are responsible for the second-largest expense of a company: the property and real-estate. We have to partner with, or get the ear of, Owners and the C-suite"

"The understanding that facilities is a big part of the organization's bottom line and including the team at the table of business strategy can be valuable in attaining the business goals".

We believe many respondents' comments were a result of the frustrations they have with not being heard at senior levels, or literally "the moment your bosses know that you know a better thing or have better ideas, you will be shown the door".

3.5.10 Education of FMs

Education is seen as being of strategic important to FM – from field training to skills typically considered as outside FM such as personnel management and the need for an understanding of 'the workforce of the future'.

3.5.11 Understanding FM (and benefits of) and Value Creation

Education is not limited to the need for FMs to be educated. A strong theme in this study (as in the 2012 project) is the desire for others to understand the benefits of FM:

"I believe IFMA could significantly add to the prestige of the FM field if they were to educate more senior management on the benefits. A good example is the advertising campaign the Chartered Management Accountants (CMA) undertook in Canada to raise the profile of the profession."

It is also not just about the positives. We also found several references to the need for senior management to "understand the impact of poor performing facilities".

Some comments are more focused on "demonstrating the value of Facilities as a partner, not just a cost center". And this ability to demonstrate value-add is no stronger than in FM consultancies:

"We are a consulting organization ...Thus the spread of FM knowledge and expectations to add value strongly determine interest in what we offer."

4.0 Recommendations for Action

4.1 Review of the 2012 “Raising the Bar” Recommendations

The 2012 report concluded with five broad recommendations for action. These recommendations were directed at industry leaders as well as individual Facility Management executives.

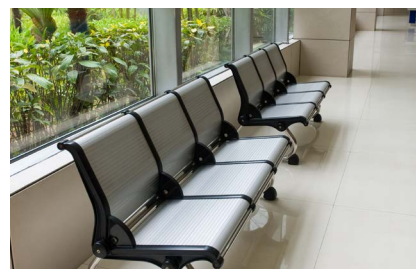
In summary, our 2012 recommendations for action addressed what we saw as both imperatives for, and precursors to, enhancing the strategic impact of Facility Management:

- 1. Think strategically.** That means spending significant time building a deep understanding of the business, its customers, its products and markets, how it makes money, and the talents it needs in the workforce. It means understanding the organization’s industry, its core technologies, and its place in the economy. Finally, thinking strategically means engaging regularly in conversations about the future of the business with peers in other functional areas like HR, IT, Finance, Real Estate, Marketing, Operations, and Public Relations.
- 2. Act strategically.** Thinking strategically is critical, but it isn’t enough. Facility Management leaders who act strategically spend more time on the future than on the present. They insist on performance metrics that highlight the impact of Facility Management on the business, on the triple bottom line (people, planet, profit – in that order), and on even broader outcomes like brand recognition, market share, and community engagement.
- 3. Rebuild the Facility Management organization and its role in the business.** A strategic Facility Management leader develops a strong functional organization that includes staff who are equally trained in Facility Management and in business management.

The organization must balance operational excellence with future-oriented and planning capabilities; Facility Management directors and managers should spend at least 50% of their time in conversations with non-Facility Management peers and end-users. Build an organization that is outwardly- and service-focused, one that measures its success by its contribution to the business, not by internally-oriented or cost-focused achievements.

- 4. Outsource operational activities.** As we have noted several times, turning over basic operations to a service provider frees the Facility Management leadership team up to spend more time on long-term planning and strategic challenges. Outsourcing to a reputable and capable service provider also makes it much easier to define accountabilities and impose financial incentives for meeting performance goals.
- 5. Teach the business how to ask for Facility Management support.** Facility Management is most successful when it is engaged in ongoing, two-way conversations with business executives about the linkages between Facility Management and the business. That is, Facility Management listens to and understands the business’s needs, and the business listens to, and understands how Facility Management can contribute to meeting those needs. Yet most business leaders have had very little exposure to Facility Management as a discipline or a practice area. Thus, it is incumbent on Facility Management professionals to guide the conversations about how facilities can support the business.

These broad imperatives remain valid and equally important in 2017. However, our experience over the past five years suggests that the industry must become even more proactive than we envisioned in 2012.



4.2 2017 Recommendations

We begin with a few broad, general recommendations that address the need for a new, more strategic view of the workplace, although our more tangible and tactical recommendations are addressed to two specific groups:

1. Facility Management leaders in occupier organizations; and
2. Senior executives in service provider firms.

4.2.1 General Recommendations

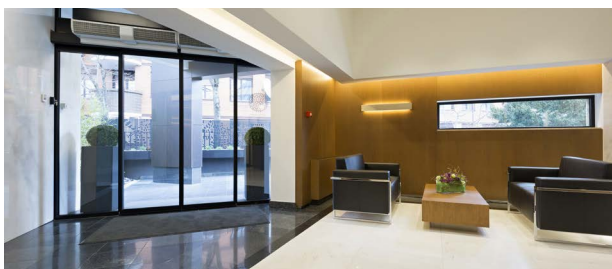
- 1. Enhance the career opportunities of Facility Management professionals.** Continue to move FM Operations to the outsourcing supply chain that is being built effectively by service providers. Promote the service provider sector as a professional career opportunity, while building a new 'WM' capability in-house. As we suggest below, this newly emerging component of FM needs new terminology to differentiate itself from traditional FM.
- 2. Enhance and evolve the definition of workplace.** Define the purpose and role of the workplace as the engagement and effectiveness of people at work. At its most generic level 'workplace' is the physical, social, and technical environment in which work takes place. It is wherever and whenever anyone spends time and effort to produce 'work', however that activity is defined. Given that definition, workplaces are as varied as corporate offices, home offices, and 'third places' like coffee shops, airport lounges, and hotel lobbies. And retail stores, museums, factories, airplanes, trains, and even outdoor parks and zoos are also workplaces.
- 3. Lead FM professionals in driving adoption and understanding of a new definition of workplace.** We want to see Facility Management leaders in all organizations collaborate to develop and promote the concept of a holistic 'workplace' that is a mixture of physical spaces and related services— those environments and processes that in combination enhance the lived experience of work as well as the business value of work activity. Note that this

redefinition of workplace cannot be achieved unilaterally by the Facility Management profession; it also requires collaborating longer-term with Business Schools and other infrastructure professional groups like HR, IT, Finance, and Procurement (most effectively, we believe, through their respective industry associations). In this way, the concept of a holistic workplace will gradually work its way into the minds of C-Suite executives, becoming the dominant way of thinking about work and managing the context in which work takes place in order to enhance its effectiveness.

- 4. Make significant investments in technology** to understand and leverage its impact on the built environment and the workforce. Like many other functional areas, FM is undergoing significant disruption by the latest generation of information and communication technologies. It is not just about sensors and the Internet of Things; it is also about how autonomous vehicles will transform the design of corporate offices and urban neighbourhoods, how new forms of social media, artificial intelligence, and virtual reality will impact work itself and thus workplace design – and how all these technologies will affect workforce productivity, innovation, and employment relationships.

4.2.2 Recommendations for in-house Facility Management Leaders

We believe the Facility Management 'silo' is in grave danger of shrinking and being made a tactical sideshow (from the C-suite's perspective). But workplace productivity and wellbeing are and will continue to be dominant themes over the next decade. It is here that the streamlined, in-house WM group should be focusing its strategic direction 'Workplace management' and 'work enablement' should be the visible parts of the Facility Management iceberg, with all the building infrastructure management hidden and operating effectively beneath the waterline. In-house Facility Management professionals are living in uncertain but fast moving times and their absolute priority is to retain flexibility (to control their response times) and employee output (to determine their bottom line).



Specifically, we recommend that in-house Heads of Facility Management take the following actions:

- **Continue to move operational activities to contracted service providers** to free up senior Facility Management in-house staff to focus on WM business strategy and strategic impact.
- **Build a workplace/workplace strategy capability.** Capture ‘workplace’ as the source of strategic impact (wellbeing, attraction/retention, productivity, workforce flexibility). Workplace is becoming the identity of Facility Management activities that link the built environment to the workforce, to organizational productivity, and to business results.
- **Re-brand this in-house function as ‘Workplace Management’** and demonstrate the impact of workplace on staff effectiveness and wellbeing. Consider developing WM into an integrated ‘Resource Management’ function that brings together relevant expertise from HR, Workplace Design, IT, Procurement, and Change Management. This role might best be named the ‘Director of Work’ or perhaps even ‘Director of Performance’.^{18 19}
- **Demonstrate how the ever-present focus on cost reduction should be balanced with a value focus.** For example, a cheaper cleaning contract can certainly reduce costs, but it might also contribute to increased staff output that can improve organizational profitability.
- **Insist that Facility Management performance metrics focus on outcomes** and always identify the impact of Facility Management on the business, including on workforce productivity, employee engagement and satisfaction, and levels of support for collaboration, innovation, and business growth.
- **Develop FM Operations contracts with service providers that have clear and explicit performance guarantees aligned with strategic imperatives,** along with financial incentives for cost control, environmental quality, and other relevant operational performance goals.
- **Engage with senior business leaders to build explicit linkages between business strategy and workplace strategy/design.** Develop a Facility Management mind-set and practices that integrate Facility Management into the business as a catalyst for performance improvement.
- **Concentrate the professional development of in-house staff on the ‘soft’ skills** (team leadership, interpersonal communication, staff development and coaching) that are so critical to effective relationship management, customer service delivery, and strategic leadership.

4.2.3 Recommendations for Service Providers

Operational excellence is necessary but not sufficient. FM must also evolve with the changing corporate landscape and be seen to be performing a role that enhances the bottom line. In this way, it will be embraced by the business as a strategic management function.

- **Support RICS and IFMA initiatives designed to brand Facility Management as a ‘career of choice’** not only at the university level but in secondary and trade schools as well. Use those initiatives to develop career development programmes within companies.
- **Support research programmes designed to enrich Facility Management performance metrics** and create Facility Management ‘dashboards’ that enhance client understanding of Facility Management economics, building ‘health’ and portfolio management.
- **Explore newly emerging technologies** with potential to transform the way the built environment is understood, operated, and even designed. Facility Management must adopt technology more quickly and far more deeply than current practice. Facility Management must move beyond using technology to monitor space utilisation and energy consumption and instead focus on using technology, data, and analytics to underpin and improve the workplace experience.
- **Support the development of data and metrics to measure performance and outcomes,** with metrics that focus on outcomes and identify the impact of Facility Management on the business (workforce productivity, revenue per square meter, employee satisfaction). As a discipline FM Operations has the potential (in terms of skills, complexity, and importance) to transform real estate management by delivering data-driven, ‘evidence-based’ Facility Management decision-making at strategic, tactical, and operational levels.
- **Focus on client relationship skills and practices for senior Facility Management professionals.** Design performance-oriented contracts that define clear accountabilities for the supply chain and link service provider performance to clients’ business success.

¹⁸ See the Occupiers Journal blog, at <http://occupiersjournal.com/category/director-of-work/>, for a series of posts focused on the ‘Director of Work’ concept.

¹⁹ See Shaw, D, et al, (2016). The Workplace Advantage: Why the office environment is key to productivity’. *Stoddart Review for BIFM* (online). London: Raconteur Publishing, p. 26. Available at: <http://stoddartreview.com/download/> (Accessed 7/02/2017). This report also called for a ‘Director of Workplace Operations’ as an aggregate of HR, IT, and FM functional capabilities.

5.0 Conclusions

5.1 The Two Roles of FM

Business continues to evolve in the face of economic and technological pressures, and its requirements for physical infrastructure also change. We conclude that, unless FM rebrands itself as a leader of workplace effectiveness as well as workforce productivity and wellbeing, it risks shrinking into even more of a tactical after-thought within the C-suite.

FM professionals who understand the centrality of their work to organizational effectiveness and translate that into business-facing support will thrive; those who do not will become increasingly marginalised.

In truth, of course, both of these FM roles are necessary for organizational effectiveness. Without an effective partnership between operations and workplace management, FM cannot fulfil its potential as a powerful resource that contributes directly to organizational effectiveness and business strategy. But, in common with other corporate and consumer activities, FM must come to be understood as delivering an experience, not just a process.

Organizations are living in uncertain but fast-moving times and their absolute priorities are to retain flexibility (to control their response times), improve employee productivity (to enhance their bottom line), and innovate (to stay ahead of competitors).

Whilst most FM leaders may not experience this 'split' role of FM, we believe it is critical to acknowledge that these two components of FM are equally important to business success and equally deserving of professional recognition and nurturing.

Differentiation of these two aspects of FM introduces both opportunities and challenges for the industry. For logical reasons, the operations function – delivering a high-quality physical environment in a cost-effective manner – is increasingly being fulfilled by outsourced service providers.

In parallel, the workplace management role is being led by experienced FM professionals who remain within occupier organizations as part of a smaller in-house group. That group of specialists engages actively with the C-suite, participating in corporate strategic planning, designing and managing the workplace experience, and overseeing the outsourced delivery of the physical environment.

5.2 Organizational Challenges in 2017

This 2017 study demonstrates that while Heads of FM recognise that day-to-day operational challenges and achieving operational excellence are pre-requisites of their roles, many find it difficult to devote adequate time to major projects and to aligning with business strategy.

FM most frequently reports either to a senior financial officer or within a larger corporate real estate organization. We believe this practice serves to reinforce the cost-focused mind-set that so often dominates FM and makes it even more difficult for FM leaders to focus on strategic business opportunities.

It is no surprise then that FM performance metrics are still predominantly focused on costs and other measures of efficient resource utilization. While there is evidence of increasing attention to outcomes like end-user productivity and satisfaction, most FM functional groups are still evaluated primarily on their management of resources (cost, amount of space, utilisation and so on) rather than on the business results they produce.

Furthermore, FM continues to be less than adequately aligned with its peer infrastructure groups like IT and HR. That is a reality of which many FM professionals are acutely aware. However, an increasing number of FM leaders recognize the power of personal relationships and interpersonal communication in achieving understanding of FM's role within the C-suite and the wider business. Yet there is nowhere enough attention paid to these skills in FM career development programmes.

5.3 Still Stuck in a Cost-Centre Mind-Set

The survey results reinforced our belief that while FM has made some progress over the past five years, the profession is still basically stuck in a cost-centre model that prevents senior business leaders and even many FM professionals from seeing facilities as little more than a 'necessary evil'. FM performance metrics still focus largely on resource efficiency and cost control measures, and most FM organizations report in to corporate real estate and/or the Finance function.

The role focused on operational efficiency continues to dominate management perception despite the potential of FM's strategic impact on business outcomes.

We also believe that the very term “Facility Management” is a complicated label for the profession. Yes, facilities must be kept clean, safe, comfortable, and attractive, but that focus on the physical environment itself detracts from the impact of the physical work environment on the most important organizational resource: the people who inhabit the buildings and use those workspaces to produce value for the business and its customers.

The business value that FM can deliver is more appropriately described as workforce effectiveness, workforce wellbeing, environmental sustainability, and resource utilization. Facilities are important principally because of their impact on end-users’ experiences.

To describe this role as simply ‘Facility Management’ focuses attention on the physical state of the asset (heat, light, air quality, cost of maintenance, and so on), rather than on the impact the resource has on organizational performance – dimensions like the attraction and retention of talent, the productivity of individuals and teams, and the extent to which the workplace design supports and enables collaboration, employee engagement and innovation.

5.4 Talent Management

A shortage of skilled FM talent is the most significant challenge identified by both the survey respondents and the executives who we interviewed directly. Despite its relative ‘youth’ as an identifiable profession, FM is not attracting enough new talent to replace its retiring professionals. Remarkably, more of RICS’ FM professional members are over 70 than under 30, and less than 15% of them are under 40 years of age.

One of the most important tasks of any profession is to ensure that there is a continuing supply of properly educated and experienced staff entering and developing into leadership roles.

In addition, the talent shortage is even more severe when we look at the skills and experiences needed to deliver what we have begun calling Workplace Management. The recognition that FM comprises both facilities and workplace professionals serves to broaden the base of skills needed to engage with functional peers and senior executives in conversations about business strategies and how the physical environment can impact those strategies.

We first identified this looming talent shortage in the 2012 report; it remains a serious issue in 2017.

5.5 Redefining the Mission of FM

While we fully recognise the importance of maintaining the physical health of the facilities, we believe that the impact of the facilities on organizational health (productivity, creativity, profitability) is also important to business success. However, organizational outcomes often get lost in the continuing intense focus on cost control.

Indeed, the delivery of FM services is critical. We would not expect an airline to brag about its planes not crashing most of the time. In fact, airlines make their pitches around comfort, the routes they fly, in-flight services and, often, their on-time arrivals (which in our humble opinion should also be a given and not something to brag about).

As travellers, we focus on the experience our preferred airlines provide; we presume at the outset that we will at a minimum arrive at our destination in one piece, even if not always on time.

Similarly, in producing high-quality FM services for end-user organizations we must recognise that the service-chain provisioning of the physical environment (doing things right) and the strategic alignment of those facilities with business priorities (doing the right things) are equally important. They are different activities that require complementary skillsets, and they are both necessary for ultimate success.

Thus, we are proposing that the industry undertakes an extensive rebranding and re-visioning effort aimed at clarifying what we currently call FM.

This effort will involve defining explicit strategies, organizational structures, and skill requirements that, together, will enable the profession to ‘raise the bar’ and take on a new, much more influential role in designing and managing not just the physical workplace, but work itself.

6.0 Appendix



6.1 The “Raising the Bar” Research Programme

This report is the result of over five years of collaboration between Occupiers Journal and RICS, supported by several hundred incisive FM professionals around the world.

In 2011 it had become clear to both organizations that the Facility Management (FM) profession was under pressure from the C-suite to cut costs and improve services at the same time.

But the challenges facing FM in 2012 were not just typical cost-reduction pressures. Despite growing recognition across many industry sectors that workplace design and utilization was becoming both more complex and more central to business strategy, FM was clearly viewed as a ‘second cousin’ to corporate real estate and finance. Heads of FM rarely had a seat at the strategy table; they were viewed almost everywhere as mere custodians whose job was to keep the lights on and the temperature at the right levels.

We shared the frustrations that our clients and colleagues expressed about the state of the profession. Like them, we knew that FM could in fact operate as a strategic resource, having an impact on critical dimensions of business performance like talent attraction and retention, employee engagement, workforce productivity, and even overall organizational effectiveness.

It was out of that frustration that the initial *Raising the Bar: Enhancing the Strategic Role of FM*²⁰ was conceived and carried out. That study, completed in the fall of 2012, was announced and reported at IFMA’s World Workplace conference in San Antonio and discussed at several RICS conferences.

That 2012 report was based on about 450 responses to our first global online survey, along with three dozen in-depth executive interviews with senior FM executives on six continents.

Then, in the spring of 2013, RICS and Occupiers’ Journal collaborated again to hold 12 executive Roundtables in as many cities in six different economic regions around the world. Those Roundtables brought another 150 or so FM professionals into the conversation about the strategic role of FM.

At each of the roundtables we began by describing the findings and conclusions of the 2012 study and then engaged the roundtable participants in spirited conversations about their views of the challenges facing the profession and what they believed was needed to act on the recommendations of the 2012 study.

Those Roundtables resulted in the publication of a second report, *Raising the Bar: City Roundtables*²¹, as well as several articles in RICS and IFMA journals.

²⁰ Ware, James P., PhD and Carder, Paul (2012). *Raising the Bar: Enhancing the Strategic Role of Facility Management* [online] London: RICS. Available at: http://www.rics.org/Global/raising_the_bar_071212_amanprijohal_asn.pdf (Accessed 07/02/2017).

²¹ Ware, James P., PhD, and Carder, Paul (2014), *Raising the Bar: Cities Roundtable Report* [online] London: RICS. Available at: http://www.rics.org/Global/Raising_the_Bar_II_29_01_14_dwl_pc.pdf (Accessed 07/02/2017).

6.1.1 The 2017 Study

Now, in 2017, we are revisiting the 2012 study, conducting a second, virtually identical, survey that provides us with an opportunity to track trends and changes over the past five years. We also conducted close to two dozen new executive interviews to gauge current attitudes and perspectives on the challenges facing FM. But this time we went further and prepared several in-depth case studies as a central component of the research. The case studies, included below as part of this Appendix, offer deeper insights into specific organizations and the personal and professional challenges facing their FM leaders.

Finally, we are also immensely pleased that in the fall of 2016 IFMA joined RICS as a collaborator in the current study. With IFMA's active assistance our survey sample this time exceeded 1750 FM professionals in all economic regions of the world – almost four times the number of respondents in 2012.

Thus, in 2017 we can say with confidence that this five-year research initiative has benefited from the experiences and insights of over 2,500 FM and workplace professionals, service providers, and consultants.

We are grateful for all their contributions. Enhancing the strategic role of FM is clearly a topic of great concern for the profession worldwide. There is a massive opportunity for FM to make a difference; our global challenge is to act on what we now know, and to move forward in constructive ways that enhance the lives of both FM professionals and the organizations we support.

This 2017 study was commissioned by RICS, with the full support and collaboration of IFMA, to provide the FM profession with an update on the state of the practice in 2017. Occupiers' Journal was engaged to design and conduct the global survey and to capture the qualitative views of FM leaders around the world through a series of in-depth interviews and case studies.

In addition, we have prepared several detailed case studies that provide insight into the lives and experiences of successful FM professionals. Each case study presents the story of an FM leader confronting a specific FM or business challenge. We offer these stories as in-depth narratives that shed a different kind of light on the evolution of FM's roles and impacts than pure statistical analysis from the survey can provide.

We began the current project with the explicit goal of tracking trends and changes from the 2012 study. However, we also broadened the scope of the research in several ways:

- The 2012 study was limited to occupier FM organizations. That is, we did not include service providers and consultants in the survey pool, and we did not interview service providers. This time we opened the survey to all FM professionals because we realized that the service provider segment of FM has grown dramatically. The 2012 report recommended that end-user occupier organizations move as much of the operational FM activity as possible to service providers and consultants (essentially to free up in-house FM leaders to focus their time and energy on strategic business challenges and in particular on the linkages between FM strategy and business strategy);

Today service providers play a much bigger role in the industry than they did in 2012; we therefore solicited survey responses from all FM professionals regardless of which "side" of the occupier/provider partnership they represent;

- We deliberately worked to include all major economic regions of the world in both the survey and the executive interviews. However, despite our efforts to achieve regional diversity and balance, we acknowledge that over 50% of the new survey respondents are based in the United States. We believe this North American bias is a direct result of IFMA's active participation in soliciting survey responses.



6.2 Methodology

This research project employed three primary data collection methods:

1. A global online survey supported actively by both RICS and IFMA
2. Informational interviews with selected FM leaders in North America, the UK and Europe, and Southeast Asia
3. In-depth case studies of specific FM organizations and their leaders²²

In addition, of course, the research team reviewed recently published research and white papers, applied its own extensive industry experience, and aggregated the information from all these sources to reach conclusions about the state of the FM profession. We then drew on our analysis and other professional experience to frame a series of recommendations for action. Those recommendations are directed at two specific audiences:

1. Heads of FM and FM leaders in occupier organizations
2. Service providers

We also prepared several broader, more general recommendations that are aimed at industry leaders and association executives.

6.2.1 The Global Survey

The survey is essentially identical to the survey conducted in 2012. We wanted to be able to draw comparisons and identify trends in the five years since the survey was first conducted.

The survey had 15 separate questions; 12 of them were multiple choice, while the final three questions were open-ended, asking respondents to share their insights and concerns in their own words.

The survey introduction included this overview:

This survey is designed to help us understand the state of Facility Management across the globe in 2016 and to provide an update to the original 'Raising the Bar' study, which was published in 2012 by the Royal Institution for Chartered Surveyors (RICS). This year the survey is prepared by RICS and IFMA, the International Facility Management Association.

Please respond to each question in terms of your personal experience and current situation; there are no right or wrong answers.

All responses will be completely anonymous; we have no way to link your responses to you or to any individual company. In addition, we will be reporting only group patterns and trends, not individual responses.

The survey was distributed widely through three primary channels. We posted invitations to participate on about a dozen professional-interest groups on the LinkedIn website. RICS promoted the survey actively to its members. And IFMA also promoted the survey to its members.

We received a total of 1754 responses to the survey. Not all respondents answered every question, but we know we obtained a diverse, global sample of the wider FM profession on each question.

We were particularly impressed with how many respondents took the time to reply thoughtfully and in-depth to questions 13, 14, and 15. Their comments to those three open-ended questions about FM's strategic role and current challenges were highly informative to our analysis and guided our recommendations for action.

6.2.2 Executive Interviews

The research team conducted in-depth interviews with over a dozen senior FM executives in North America, the UK and Europe, Southeast Asia, and Australia. The executives shared with us their personal histories, current responsibilities, the challenges they face, and the way they would like to see the profession advance.

While each 'interview' was unique and most of them amounted to candid, give-and-take conversations, we began each one with several broad questions but allowed the conversation to unfold in the direction each interviewee chose to take. Note that many of these questions parallel the ones included in the survey:

- How is FM currently organized and governed in your organization?
- Do you [as Head of FM] have a global team? How does the global team work with country-based business units? How is the global team's performance and value measured?
- How does the head of FM balance day-to-day operations with attending to strategic business planning?
- How do you ensure that FM and workplace strategies are aligned with the business, with financial strategies, with CRE, and with functional peers such as HR and IT?
- How is the FM function measured and performance-managed?
- What specific FM functions/activities do you use Service Providers for?
- What other key issues and challenges are Heads of FM facing in 2016?
- What are the barriers, if any, that prevent FM from operating at a more strategic level?

²² Note that this study focused primarily on the challenges of providing workplaces for knowledge workers. While some of the 1700-plus survey respondents do support retail, manufacturing, and other specialized facilities, the survey and interview questions were constructed with a primary focus on the office environment.

The survey questions were as follows:

1. Which of these [15 choices] best describes your job?
 2. What type of organization do you work for? [Service Provider/End-User 'Occupier'/ Consulting Organization]
 3. What is your organization's primary industry?
 4. How many people work in your organization?
 5. Please respond to three questions about where you and your organization are located:
 - a. Where is corporate headquarters?
 - b. Where do you own or lease facilities?
 - c. Where are you personally based?
 6. To the best of your knowledge, on average, what percentage of time does the person responsible for leading your Facility Management function spend on day-to-day operations, major special projects, and longer-range strategic planning activities?
 7. Where within your organization does the Facility Management function report?
 8. Are your facilities managed by a global or corporate team, or does the function report in to regional or product-based business units?
 9. What metrics are used to measure and evaluate the management of facilities in your organization?
 10. How well-aligned is your facilities strategy with each of the following:
 - a. The corporate strategy/vision
 - b. Primary business units
 - c. Finance
 - d. Corporate real estate
 - e. Human Resources
 - f. IT
 - g. Other infrastructure groups
 11. How important is each of the following activities/processes in helping achieve alignment between your facilities and other functional groups like CRE, Finance, HR, and IT?
 - a. Formal committees
 - b. Informal working groups or task forces
 - c. Common or shared performance measures
 - d. Personal relationships
 - e. A 'relationship manager' role as an interface or liaison
 - f. A business planning process that involves the major support functions
 12. For each of the responsibilities listed below, please indicate whether it is done primarily in-house (and where) or by an external service provider [15 choices of FM sub-functions]
 13. What do you consider the top issues/challenges facing senior facilities executives in 2016? [open-ended responses]
 14. What aspects of FM have the potential to add strategic value to your business? [open-ended responses]
 15. What factors are stopping FM from having a more strategic role in your organization or those of your clients? [open-ended responses]
-

7.0 Case Studies



7.1 Case Study: Juniper Networks

Prepared by:

James Ware, PhD

Global Research Director, Occupiers Journal

John Lucas

Vice President, Real Estate and Workplace Services, Juniper Networks

This is a story of how an FM executive and his team collaborated with senior executives and peer leaders to translate a corporate vision into a transformational design for a new multi-building corporate campus that has significantly improved the company's productivity, talent attraction and retention, and brand image. Not only that, but the FM organization's focus on enabling remote laboratory facilities stimulated a basic redesign of some of Juniper Network's basic networking products and strengthened the company's market position and profitability.

"My role as a real estate/facilities executive is all about conversations. I can only succeed in providing Juniper Networks with the right workplace environment if I understand our business, what we're trying to accomplish, why it is important, and when things need to be done. To do that, I need to ask a lot of questions and do a lot of listening."

John Lucas was reflecting on his accomplishments over the last decade as the Vice President of Global Real Estate and Workplace Services (REWS) at Juniper Networks, Inc. Juniper Networks (Juniper for short), based in Sunnyvale, California, had \$4.9 billion of revenue in 2015; its market capitalization in December 2016 was about \$10.8 billion.

Over the past decade, Lucas had led several major building and renovation projects, site relocations, and the completion of a new corporate campus that have fundamentally transformed Juniper's work environment. More importantly, Lucas's efforts have helped the company realize greater employee collaboration in an engaging, upbeat, and effective workplace. This result has helped the company assimilate business growth and directly support its strong position as a market leader in networking products like routers, switches, network management software and solutions, network security products, and software-defined networking technologies.

But it has not always been that way.

7.1.1 Background and History

Lucas came to Juniper Networks after serving as the Vice President of Real Estate & Workplace at both PeopleSoft and Cadence Systems. He began his career at Hewlett Packard after graduating with a Bachelor of Science degree in Industrial Technology with a concentration in Real Estate and Facility Management from Cal Poly San Luis Obispo State University.

When Lucas arrived at Juniper in 2003, he walked into a young, rapidly growing company that had gone public only four years earlier. At that time, Juniper was already generating close to \$4 billion in annual revenues and had achieved a 37% market share in routers, providing a serious challenge to market leader Cisco Systems.

However, the next decade was a difficult time for Juniper, as growth slowed significantly, reaching revenues of only \$4.6 billion by 2014. During that decade, the executive leadership team appeared to struggle, went through a few different changes with CEOs, and eventually transformed Juniper from a young growth company to a solid competitor in the global network business.

By 2016 Juniper had much of which to be proud:

- 60% of the world's internet transactions are powered by Juniper;
- 80% of the world's smart phone traffic runs across Juniper routers and switches;
- All of the top 130 service providers in the world run Juniper Networks;
- Juniper powers the world's largest and most demanding networks, including every one of the companies listed on the Fortune 100;
- Juniper Networks is deployed in more than 380 U.S. federal organizations; and
- Six of the seven world's largest stock exchanges run across Juniper Networks products, trading over 10 billion shares a day

By 2016 the company was enjoying its success and proud of its corporate vision of "Connect Everything and Empower Everyone."

7.1.2 The REWS Organization

In 2016 John Lucas's Global Real Estate and Workplace Services organization was responsible for a portfolio of over 2.3 million square feet, in 88 different locations across 43 countries. REWS' charter was to "acquire, design, construct, operate, maintain, and dispose of Juniper's corporate real estate assets" on a worldwide basis.

Much more importantly, Lucas has led REWS into a prominent leadership role within Juniper Networks. He highlighted two specific examples of how he and REWS had prompted major conversations and innovative projects that influenced Juniper's executive team to deeply consider how Juniper's workplace greatly influences the

product development cycle and the effectiveness of Juniper employees to do their best work.

The transformation began when Juniper's leadership team identified the need for a new corporate campus. Lucas began asking questions about what the C-suite wanted to accomplish with the new facilities and why they were willing to make such a substantial investment.

In his words,

When I began asking our executive management team what their vision was, and what kind of work environment we should create for our employees, those conversations helped crystalize a vision and set of principles that directly reflected what we now call the Juniper Manifesto. At the company level, our business vision is to "Connect Everything and Empower Everyone." The challenge was to consider how that vision would influence and drive the vision for our workplace design.

That consideration was clearly ambitious, and it had many implications for our workplace environment –and for our internal technology infrastructure, as well. For example, we discovered fairly quickly that for all our talk about collaboration, we were struggling internally because we had dozens of different collaboration tools in use across the organization. That may sound good on the surface, but in fact it felt as if every group had its own tools, and none of them could connect with each other.

Ultimately the executives mandated that we settle on one collaboration tool for the whole company. That by itself has made a huge difference. Suddenly our employees worldwide could "connect" with each other on one integrated technology platform.

Although I cooperated with IT to support that decision, my focus was much more on the physical workplace. I pushed for executive management to define a set of workplace principles that would guide our decisions about specific physical designs.

7.1.3 Transforming the Juniper Corporate Campus

The corporate campus design initiative was a lengthy process that involved both top-down articulation of broad visions and principles from our executive team and a bottoms-up focus on how employees were actually working on a day-to-day basis and what kind of workplace they wanted.

Lucas set up a project steering committee to oversee the effort, and to provide him with a forum for wrestling with the many competing desires and preferences from different functional groups.

He also worked closely with Juniper's internal marketing experts to approach the workplace design effort as a branding exercise. Eventually, the leadership team condensed their ideas and their vision into a basic belief statement.

Juniper Beliefs

At Juniper Networks, we believe an exceptional company is one that believes that people and ideas are a company's most valuable resource. We strive to create an atmosphere that encourages development, collaboration, and learning. Our idea of a company is more of a community. It's a vision of a connected world, where Juniper employees can do their best work.

The Juniper Manifesto then linked those beliefs to a more operational statement of the ideal Juniper work environment:

The Juniper Manifesto

Where can you do your best work? Wherever you are in the world, whether it's downtown Sunnyvale or London, Westford, or Bangalore, Juniper Networks should be that place. A place that is founded on disruptive thinking, where employee innovation is not only valued, but expected.

Workplace Design Principles

From those broad visions articulating the company's value and its perspective on how those values translate into working conditions, the company leaders expressed four basic workplace design principles:

1. Our workplace is a showcase

The workplace is the tangible connection for employees to Juniper and Juniper to the outside world and therefore a physical representation of, and a showcase for, Juniper's values.

2. Our workplace catalyses connections to happen anytime and anywhere

Our mission to "Connect Everything and Empower Everyone" frees us to do our best work in any space.

3. Our workplace supports functionality and agility

Fiscal responsibility and cost models for planned variability are critical for our success. Scalability allows Juniper to meet the needs of our shifting future.

4. Our workplace promotes employee wellness and sustainability

Juniper is placing high priority on using the workplace to positively impact the Juniper community's health and well-being. Juniper will ensure maximum benefits/access of natural light.

While those principles do not point directly to specific physical design elements, they did serve to focus the thinking of the REWS workplace strategists and Juniper's architectural design team.

7.1.4 Designing the New Corporate Campus

Moving from those broad principles to a specific design for the new corporate facilities was also a long process filled with many conversations – this time with end-users in all the various functional groups that would occupy the new corporate facility. The design team met with many

end-users and listened to their ideas about what kinds of workspaces they wanted and needed.

But the design team did more than listen to individuals' desires. They also conducted time and motion studies, compiled space utilization measures, and even did some on-site observation of how Juniper employees were using their current workplaces.

The detail design work was heavily data-driven. For example, in focus groups some employees felt that they spent about 70% of their time at their own workstations, and thus needed ample work space, and storage for equipment.

Yet the time and motion studies showed clearly that the average time spent at an individual workstation was closer to 40%.

Lucas commented:

This discovery naturally led us to ask our employees, "What are you doing during the 60% of the time when you are not in your individual workspace?" and "Shouldn't we pay close design attention to the space you are working in 60% of the time, as well as your individual work space?"

Ultimately all these conversations – with end-user employees, IT experts, HR specialists, the Marketing team, and senior business executives – combined to produce a design for the corporate campus that was cost-effective, connected, and highly popular with employees.

7.1.5 The Juniper Networks Labs

But that wasn't the end of John Lucas's journey.

In the process of connecting the eight buildings on Juniper's Sunnyvale campus with each other and with other Juniper facilities around the United States and elsewhere, the REWS workplace specialists discovered another major opportunity for cost-saving and enhanced productivity.

This opportunity went far beyond the physical environment of Juniper's typical office R&D workplace, and focused on the highly technical and power-hungry R&D product development labs. Ultimately this focus led to the recognition of the need for Juniper Engineering to create a private cloud engineering environment to support remote access of test engineering equipment.

Once this was done, it created a tipping point that allowed the Juniper REWS team to explore moving its power-hungry engineering equipment to a very low-cost facility outside of the San Francisco Bay Area. It also produced a new, highly successful engineering design environment, and potentially brought improvements to Juniper product designs.

This episode began when Lucas was asked to relocate many of Juniper's product labs to lower-cost locations as a cost-saving measure. The labs were not customer-facing and thus did not need to be near the primary Juniper facilities; they were used by engineers to design and test new products and alternative product configurations in controlled conditions.

Lucas was convinced that he could indeed reduce the real estate and facilities expenses of the labs by moving them to lower-cost locations. This vision, which was shared by the engineering group, was based on the belief that the labs could be operated remotely using cloud-based systems, so the engineers using the labs would not have to be relocated, or even travel to the new lab sites.

However, while investigating this opportunity Lucas and his team discovered that the labs were designed with local network connectivity that could not be moved easily into a cloud-based environment.

The upshot of this discovery was that the REWS team influenced the company's internal IT group, lab management group, and R&D product design engineers to initiate a redesign of Juniper's lab network configuration, creating what is now called the Engineering Environment of the Future (EEoF).

The project was not without its conflicts, but the final outcome included remotely controlled labs, significantly lower operating costs, and an enhanced engineering environment that has allowed Juniper test engineers to take regression test cycles down from three days to three hours. Once again, the learning from all of this work also helped Juniper improve its own product offering.

7.1.6 Putting it all in Perspective

As Lucas looked back at these experiences, he turned again to the vision and mission he and his REWS leadership team have used to guide all their efforts worldwide, which is the company's overall business vision of "Connect Everything and Empower Everyone."

Lucas has seen the evolution of REWS and his own role as a member of Juniper's senior leadership team as a good example of a real estate organizational development model he found especially insightful (see Figure A-1)

Figure A-1 The Real Estate and FM Maturity Model at Juniper Networks

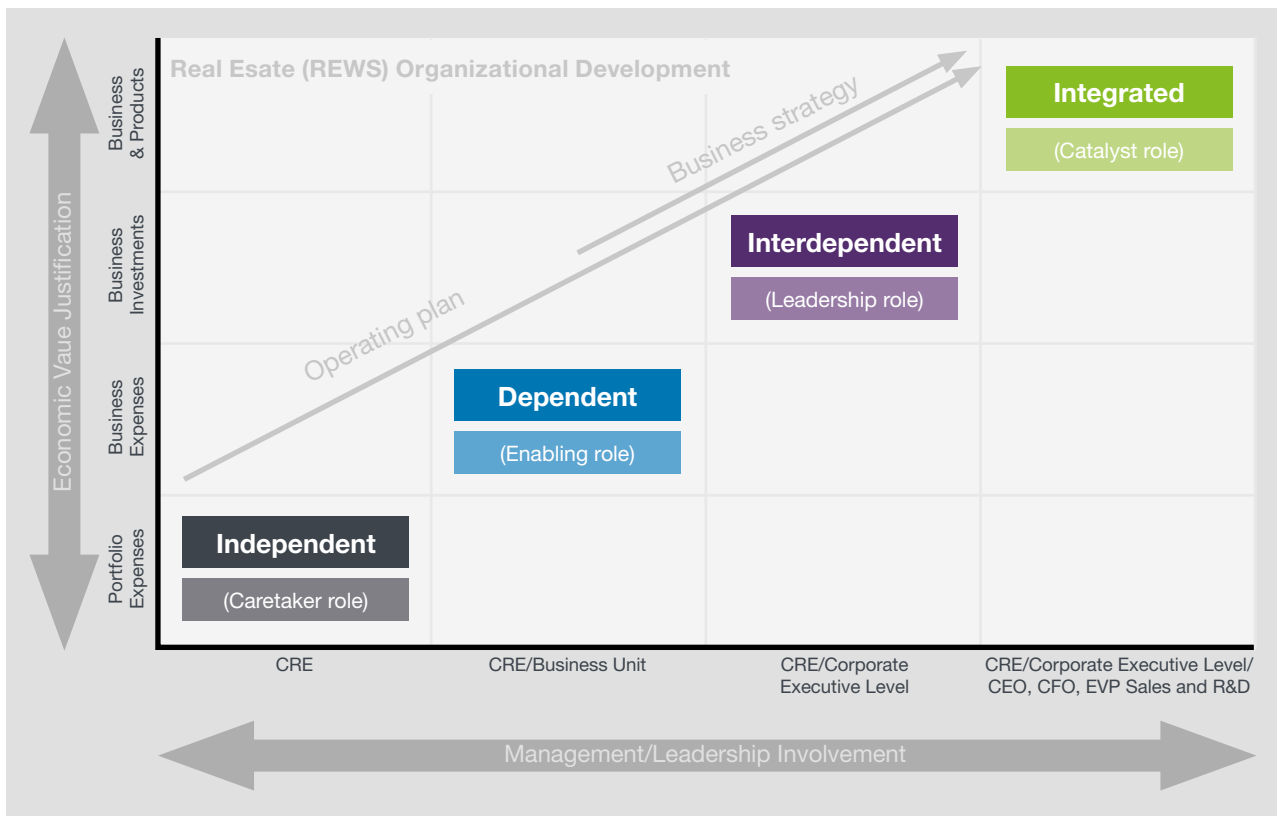


Figure source: Raising the Bar Report, 2012

Lucas described the evolution of real estate's role and leadership style this way:

The Independent Stage

- **Strategies and decisions** – Unrelated to the organization's business strategies.
- **Leadership style** – Transaction or caretaker role for the assets managed.
- **Assets** – Viewed as having little strategic value.

The Dependent Stage

(Operating Plan 6 –12-month view)

- **Strategies** – Real Estate plans help implement business-unit strategies
- **Decisions** – Cost justification for a CRE project based on the business unit's financial business case.
- **Leadership style** – Supports business strategy and ongoing operational issues.
- **Assets** – Viewed as an essential cost of doing business.

The Interdependent Stage

(Strategic Planning; 2 – 10 year view)

- **Strategies** – Interactive with business-unit and corporate strategy planning.
- **Decisions** – Made jointly as part of the company's investment plan through cross functional team interactions.
- **Leadership style** – Seen as a business leadership partner, recommending changes and helping to finance them by eliminating space or minimizing expansion costs through superior real estate management practices.

- **Assets** – Viewed as an independent component to employee attraction, experience, productivity & retention

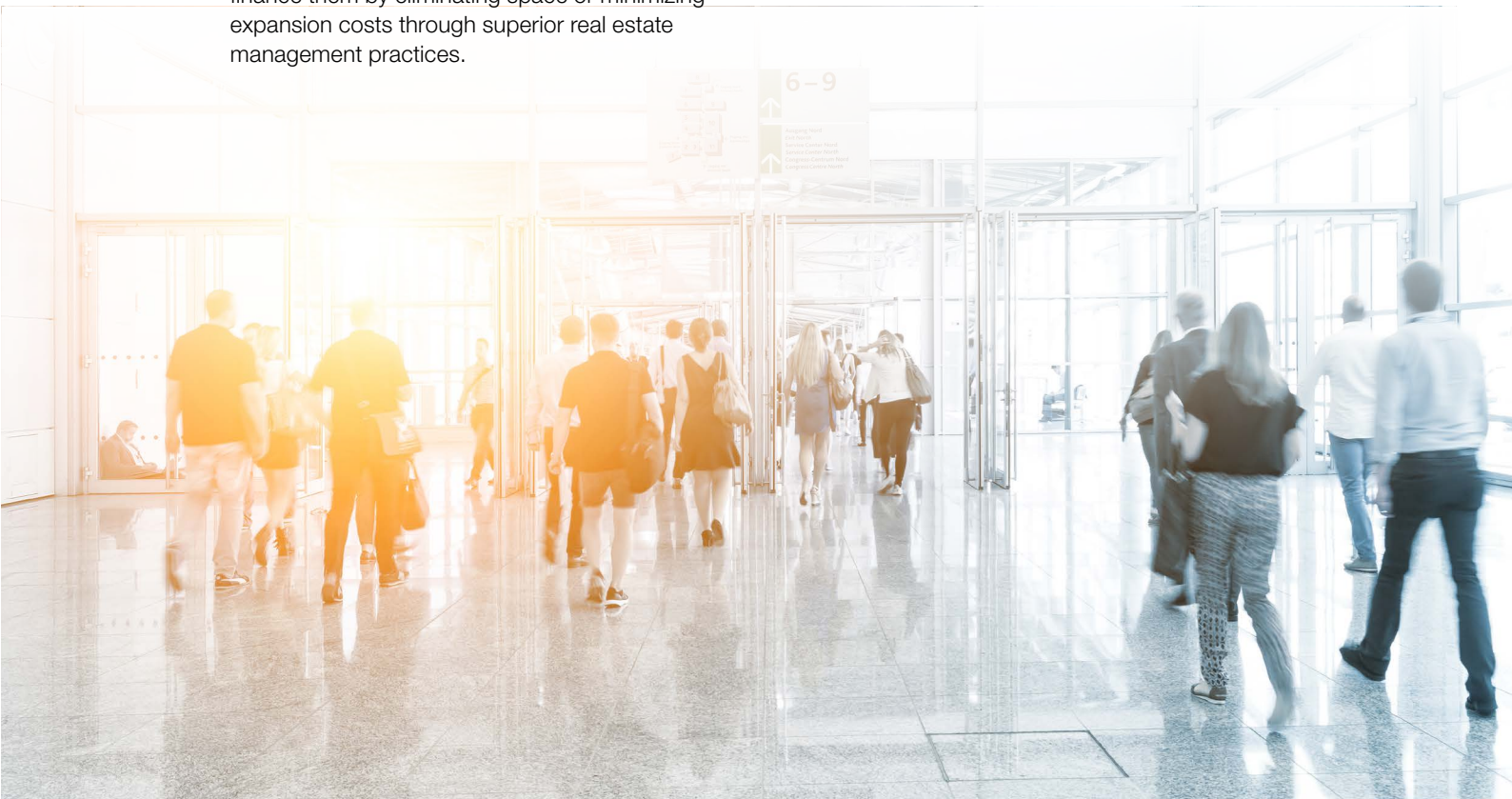
The Integrated Stage

(5 –10-year view)

- **Strategies** – Marketing Real Estate business-strategies capabilities and showing how they can add value to the business units by increasing margin or revenue, time to market, talent attraction and retention, or EPS
- **Decisions** – Made jointly as part of the company's annual investment plan through executive management CFO, CEO & CEO Staff, Board of Directors.
- **Leadership style** – Seen as a catalyst to bring new ideas to the table that enhance the business strategy, and add value delivering company revenue, operations performance, and time to market
- **Assets** – Viewed as being integrated with I.T., H.R., and business strategies to create the best value to the company and the best employee attraction, experience, productivity, and retention

(Again, © 2012 Juniper Networks, used with permission)

In Lucas's view, this model not only explains the evolution of influence and value he has experienced at Juniper Networks, but it also offers an aspirational path forward for other real estate and facilities groups. It provides a positive vision of what is possible, and it helps to focus attention on the evolution of skills and relationships that are central to almost any infrastructure organization that wants to become part of the strategic conversation.





7.2 Case Study: San Diego County Health and Human Services Agency

Prepared by:

James Ware, PhD

Global Research Director, Occupiers Journal

This case study describes how a newly-hired FM leader turned an emergency need for space into a significant workforce consolidation and productivity improvement opportunity. The story highlights the importance of listening to organizational peers, collaborating with both inside organizational leaders and outside resources, to turn a near-disaster into a compelling strategic initiative.

Oh, by the way, we sold that building; didn't anyone tell you that? I think it was just before you joined the group. We've got about six months left to vacate it, and we need your help in figuring out where to relocate the staff and how to replace the training classrooms.

That was the first time that Stephen Schmidt, the new Group Program Manager for Facilities at the Health and Human Services Agency of San Diego County (HHSA), had heard about his newest staff relocation project (San Diego County is in southern California in the United States, about a two-hour drive south of Los Angeles).

That conversation took place in May 2013; Schmidt had joined the HHSA Agency back in January. His first five months had been relatively calm as he learned his way around the county's operations, met his staff and colleagues, got up to speed on active construction projects, and got his arms around his new role.

Now he suddenly had an urgent and high-priority project to worry about. He knew it would take several months to find a new space, get it built out properly, and then orchestrate the physical move of the 40 county employees and more than 120 seats in several training rooms from their old, soon-to-be-former offices to another facility.

And the move was further complicated by the fact that the space in question was a training facility where the core programs lasted from ten to thirteen weeks, five days a week, meaning there was a complicated set of course schedules that would have to be juggled during the relocation process. Some programs would be underway when the move took place, so the students would have to be notified of the move, informed about their new classroom locations, and supported during the relocation.

Schmidt also realized almost immediately that he would have to find swing space to accommodate the uprooted staff and training rooms, because there was no way he could locate, lease, and build out new permanent space for them by the end of 2013.

7.2.1 The San Diego County Health and Human Services Agency

The Health and Human Services Agency (HHSA) is one of five groups of the San Diego County government organization. The Agency provides a broad range of health and social services to promote wellness, self-sufficiency, and a better quality of life for individuals and families in San Diego County. The Agency provides health and social services through a unified service-delivery system that is family-focused and community-based.

HHSA is home for about 6300 employees who deliver those services to county residents through a variety of agencies and departments, including Public Health, Family Resource Centers, a psychiatric hospital, a skilled nursing facility, mental health clinics, public health centers, child welfare and adoption centres, and other similar programs. In addition, HHSA also has its own administrative support services such as Human Resources and Information Technology.

HHSA is governed by a leadership team of 16 executives, each of whom has responsibility for one of the major services. The leadership team is headed by an Agency Director, a Chief Operating Officer, and a Chief Financial Officer.

As the Group Program Manager, Facilities, for HHSA, Steve Schmidt reports directly to the CFO. He has responsibility for the 2 million square feet of owned and leased space; about 1 million square feet is owned, 1 million leased. HHSA Facilities works closely with the County's Department of General Services (DGS) which consists of five main functions: Fleet Management, Real Estate Services, Facilities Operations, Office Services, and Project Management.

During his first six months with HHSA, Schmidt led the development of the agency's first strategic facilities plan.

He focused on strategic planning, workplace design, and occupancy management. His organization did planning, design, program/project oversight, and FF&E acquisition with County Procurement for all projects; procurement and contracting with service providers like architects and general contractors was the responsibility of landlords in leased facilities and coordinated with Real Estate Services. For County-owned facilities Project Management is brought in to provide project managers and other specialists who managed actual construction and build-out activities.

In short, every project was complex, and required the active involvement of many people from DGS, Procurement, Agency Facilities, and internal HHSA stakeholders.

Schmidt had come to HHSA after working for nearly 30 years at Science Applications International Corporation (SAIC), a premier technology integrator in the technical, engineering, intelligence, and enterprise information technology markets; SAIC had a major focus on government clients. In his last position with SAIC Schmidt had served as an Assistant Vice President/Regional Facilities Director for the Western United States.

In that role at SAIC he managed five major locations and many smaller buildings that collectively totaled 1.2 million square feet and housed more than 3,500 employees. He administered a \$30M budget in support of a wide array of functions that included operations, maintenance, shipping and receiving, archives, reprographics, fitness centers, dining services, and data centers. He had managed several new location openings and the transition of many facilities from leased to owned assets.

Schmidt earned both his Bachelors' and his Masters' degrees in Engineering from the University of California while he was employed by SAIC.

7.2.2 Coping with the HSSA Building Closure

As Schmidt confronted the staff relocations and space replacements necessitated by the building closure he had just learned about, he realized that he faced not only a difficult challenge but a major opportunity for making a significant organizational impact. He already knew that the Agency's Human Resource staff was not consolidated in a single location.

Schmidt also knew that the HHSA executives actively disliked the space in downtown San Diego that was the most obvious facility to move the classrooms and training staff to.

He also discovered early on that the head of HR for HSSA found the dispersion of her professional staff to be a genuine nuisance that impeded the function's ability to provide the services they were committed to. After several serious conversations with his boss and his functional peers, Schmidt established an ambitious goal for the building closure project: to consolidate all the Agency's HR staff in one location.

In fact, he defined four primary goals for the relocation project:

1. Consolidate all the HR professional staff into one facility;
2. Get certain HHSA staff out of the unpopular space;
3. Close another leased facility in the same part of town; and
4. Acquire enough swing space to temporarily house the relocating training staff and training rooms while new permanent space was being built out.

While those goals were more complex and difficult to achieve than simply relocating the training staff out of the sold building, Schmidt was convinced that the larger objective would provide a far better outcome. That kind of project would have much higher visibility and command more senior management attention than the simpler single-building closure and staff relocation ever would.

Schmidt spent several weeks engaging in conversations about his proposal with his peers, his staff, and the members of the Agency leadership team. Once he had built consensus that the HR staff consolidation approach made sense, he spent the next three months spearheading the development and execution of a detailed logistical plan for making it happen.

During the planning process Schmidt and his team found a way to create a new, modern training facility that was much closer to the County Headquarters than the old facility; that made the move even more popular, not only with the HR staff but also with prospective trainees who would find it much easier to attend the training programs in that location.

During this planning activity, he realized that the Agency Contract Support group was also housed a long way from the County complex. He approached them to ask if they would like to move to the new facility as well. It was much closer to the County complex, thus would save the contract support staff lots of time going back-and-forth between their offices and the main County building.

When asked who suggested consolidating HR, closing the other leased facility, and moving the Agency Contract Support staff into the new facility, Schmidt commented:

No one told me to do that. It just made sense. As a facilities professional I'm always looking for opportunities to consolidate people and to simplify their work activities. And in hindsight making several groups happy just added to the overall benefits of the project.

Schmidt worked with Real Estate Services and their contract broker to find needed space in the right part of San Diego, and to locate swing space to house staff and training classes during the “gap” between when the sold building had to be vacated and when the new space would be built out.

In the end, what began as a tense, urgent, “How can we possibly complete a major real estate lease acquisition and move in less than six months?” problem became a highly visible and popular staff consolidation and workplace modernization achievement.

Reflecting on the project, Steve Schmidt observed:

It helped immensely that I was familiar with the San Diego area from my days with SAIC. Even though I was relatively new with HHSA, I had made myself familiar with our portfolio to seek opportunities for consolidation and knew where to look for new space in the county. And having a talented internal staff of design and construction professionals dramatically reduced the design and construction phases. Additionally, I already knew a lot about lease negotiations and workplace moves from my time at SAIC, where I had prior professional contact with the real estate broker, which made it easier for the project team to gel quickly.





7.3 Australian SME Case Study: Darren's Story

Prepared by:

Martin Leitch
Occupiers Journal

This case study illustrates how facilities managers of SMEs can find that their roles combine a wide range of 'occupancy' matters, from dealing with short notice accommodation requests to workplace strategy and capacity planning. In this situation, it can be difficult to step back from every day operational pressures to engage the business in change management processes to make them think more strategically about the workplace design and utilisation. But it is this variety and challenge makes the role of a facilities manager in an SME so interesting and rewarding.

The case study illustrates four trends this research report has highlighted in respect of how facilities managers are 'raising the bar':

1. Many FMs start work in an allied professional discipline (in this case, Procurement) with key transferrable skills and they develop their FM/Workplace skills later, as a response to a new role.
2. Gaining a strategic role necessitates a direct connection between FM and the executive sponsorship.
3. Change management and communication/educational skills are increasingly necessary part of the FM skill set if they are to become influential in the strategic dimension of the role.
4. FMs are generalists and to meet the challenges of modern workplace design and operation, inputs from other SMEs are required.

Starting a new job in any circumstance can be very daunting, but to move from a global organization with a large Facility Management department to a medium-sized Australian business that has none can make one question if it was the correct move.

Finding himself in exactly this position in May 2014, Procurement Manager Darren had to get used to not having a facilities manager around to work closely with. But he could tell this was a great opportunity, both for him and his new employer.

Two and a half years later, Darren is now the Procurement and Facilities Manager responsible for driving a workplace strategy into the business with a direct FM reporting line to the senior executive. Even at the early stages of its implementation, the strategy has reduced facilities related risk and initiated early cost savings.

7.3.1 The need for change

The majority of the 900 staff employed in his new employers business, a financial services subsidiary of a major Japanese manufacturing company, are based in their New South Wales head office, with the balance spread across seven regional offices.

Like many businesses that have relatively small and remote offices there were limited central processes and no procedures for support service contracts with each office basically 'doing their own thing'. In general, the service providers for the base buildings were utilised for their tenant areas, with the internal responsible person being the local branch manager or, in the case of head office, the office manager. The result of this ad-hoc arrangement was that there were minimal checks and balances and this lack of coordinated processes meant sub-optimal control over costs and no systematic process of capturing economies of scale and sharing of best practices.

From the first day of his new job, it came quite naturally for Darren, based on his operations support experience gained from his previous position, to take on some of the FM activities that were not previously resourced. Although this gradually evolved as part of his new role, the tipping point came when he was asked, without prior consultation, to accommodate a team of four new staff that was starting imminently!

This prompted Darren to formulate and implement a plan to introduce a workplace management strategy into the organization. It also resulted in the addition of the word 'facilities' into his job title as a result of the time he was spending in the FM role and a tentative acknowledgement by the business of the potential value of such a role.

Inadequate foresight and planning for staff changes was also a feature of the business's attitude to real estate, in that lease negotiations and renewals were very reactive without any overall systemised approach or structure.

This resulted in very little, if any, room for negotiation to minimise occupancy costs and risk. Darren's experience on the landlord side gave him a good insight into the pitfalls that his new employer as a tenant was falling into and therefore enabled him to implement processes that not only rectified this in the short term but also aligned real estate solutions with the business strategy.

7.3.2 Planning for change

The general lack of attention to real estate processes was reflected in the lack of physical workspace planning, coordination of meeting rooms or clear ownership of or responsibility for central facilities such as storage. Developing a workplace strategy based on productive engagement with the business became a top priority for Darren.

Having identified the opportunity presented by the business's lack of forward planning, Darren's first step was to develop a headcount plan for the next twelve months in order to identify when and where the business would potentially grow or contract. The impact of this would be to minimise risk to the business and place it in a much better negotiating position with regard to upcoming lease renewals.

At this point Darren met considerable resistance from the business to fully implement his planned initiatives due to other significant internal and external business priorities, including enterprise IT infrastructure projects and changes to legislation in their highly regulated market.

This resulted in progress being stalled for a period of about 12 months. It took the commencement of discussions with a sister company about potential colocation to kick-start the strategic planning process once again.

In order to move this initiative forward, Darren recognised that he needed a framework within which to work and a committed business sponsor at executive level to ensure continuity of momentum in developing and implementing a strategy.

The solution arose from a number of concurrent actions and changes:

- Darren's successful pitch to the executive of the importance of a workplace strategy;
- A business reorganization;
- The appointment of a new Chief Financial Officer, part of Darren's reporting line who adopted the role of project sponsor; and
- The formation of a strategic steering group

Having convinced the senior executive of the benefits of a coordinated strategy, Darren made the incorrect assumption that everyone else in the organization considered workplace as a priority. He quickly realised that there was a broad lack of understanding that their decisions have an impact in other areas.

For example, there was no comprehension of the connection between an increase staff numbers and the resulting need for additional space, furniture and IT. This manifested in a lack of commitment to engaging with the forward planning process.

In response, Darren saw the need to raise management awareness of the risks associated with not aligning workplace planning with their business planning and therefore the value of committing a small amount of their time to contributing to the new strategic planning processes.

Darren's' strategic approach to implementing a workplace strategy was, therefore, to gain the endorsement of the senior executive, create a workplace working group and engage with the broader business to ensure that the consequences of proposed directions were fully contemplated.

At the time of writing, this is the current status of the strategy development.

7.3.3 Strategic priorities

Securing senior executive endorsement of the strategy means that the working group will be empowered to make non-financial decisions in various streams of work, without the need for constant referral to the executive.

Two working group priorities have been identified:

1. Consideration of optimum locations for head office and regional offices; and
2. Development of alternative workplace solutions with specific regard to how they become a strategic enabler for the business to meet its future strategic objectives.

The primary target is to have the workplace strategy in place well in advance of head office lease expiry date of October 2019, in order to contribute to the evaluation of alternatives in terms of size, configuration and location. In working towards this, Darren has identified the following interim milestones:

- To set up a working group, to comprise three key stakeholders, reporting to the steering group, with an appropriate endorsed charter allowing delegated decision making;
- To engage with an external consultant to help with considering alternative ways of allocating workspaces and developing an optimum solution for the business;
- To work with a 'workstyle' designer to help the business visualise what the optimum solution could look like;
- To inform the decision around head office location and therefore whether the lease should be re-negotiated or alternatives identified.

Darren recognises the importance of measuring how well or otherwise the implementation of workplace initiatives impact on overall business performance.

In order to achieve this, he will be tapping into the annual business survey, which for the past two years has included a question around how well the workplace supports business processes. Results can be skewed by previous respondent experiences of different work environments influencing their expectations. To minimise this effect, Darren plans to inform staff as much as possible about high performance workplaces in terms of what they look like and how they operate.

7.3.4 Progress to date

To date, Darren has successfully raised the awareness of workplace opportunities and threats, mainly with the executives and some senior management. Rather than implementing a broad 'educational' program, Darren has been reactively responding to specific workplace requests with questions about what they need, why they need it and when they need it by. Presenting internal customers with this context provides a much more effective method of informing them about the need for more robust processes and longer term planning.

At a more operational level, Darren also recognises the importance of publishing service delivery performance information and is in the process of implementing a centralised service request management system. He anticipates that this will generate contextual awareness and the regular publication of performance will continue to reinforce the role of FM in the organization.

Although progress is currently on target, Darren has had to overcome a number of challenges.

1. In the early days of his new role, Darren found it difficult to work with the Japanese Nemawashi approach to decision-making. This process involves one-on-one consultation with the key stakeholders who will be involved in the final decision to highlight and resolve any issues prior to the decision being made. Although extending the amount of time to have a proposal approved, this level of collaboration has a high probability of achieving a successful outcome and sign off and eventually worked to Darren's' benefit.
2. The lack of awareness of the strategic value that Facility Management function can deliver to the business, when things are going well, is taken for granted and hardly even recognised.
3. Raising the priority of workplace related issues with management and to ensure that they were considered as part of normal business planning and decision-making.
4. Currently in the process of being resolved, resourcing the strategy development and implementation has been problematic. Having secured a half-time resource, Darren was able to demonstrate the value of the additional associated cost through improved service delivery. This resource is now being increased to full-time, allowing Darren to focus on higher-level activities.

However, Darren's progress with the strategy to date has been at the expense of his procurement responsibilities. These are now becoming more of a priority and balancing these two areas will become more of a challenge in the mid-term.

7.3.5 Impacts and benefits to date

Darren has identified a number of impacts of the project to date.

Based on a better understanding of the property markets and approaching lease negotiations on realistic timescales, reductions in terms for three leases have been recently negotiated. In addition, better terms regarding related service agreements, car parking, etc. have also been secured.

Changes to two business process have recently been approved and are now being implemented:

- Any request for the recruitment of a full-time member of staff must include consideration of how and where the new person will be located; and
- Proposals for new business projects must now include consideration of and solutions for workspace requirements, including desk space, meeting rooms and potential increase in storage requirements.

Collaboration amongst FM, HR and IT has improved dramatically during the past year by virtue of attention to headcount and understanding IT opportunities.

However, to build the momentum of the strategy implementation, Darren has identified several essential next steps:

- The recruitment of new resource to allow him to focus on the strategy and other associated issues such as staff well-being;
- The endorsement of the working group charter to speed up decision making and maintain a rhythm of 'C' suite communication;
- The identification of appropriate workplace consultants; and
- The development and implementation of an FM service management tool to monitor and report on performance.

7.3.6 An unknown future

Looking further forward, Darren wonders what the longer-term future will look like and how he can attempt to develop the workplace strategy in a way that will continue to support the business over the next ten years. To do this, he will need to overcome the resistance of the business to make a paradigm shift in its thinking on workplace strategy rather than taking small incremental steps.

The challenge in this regard is twofold:

1. Understanding how business processes will evolve in response to factors such as the expectations of the next generations of workers, and increasing levels of collaboration and information sharing and that this evolution will have a profound impact on workplace design and location
2. Forecasting the impact of complex IT developments on individuals, systems and the business as a whole.

However, one certainty is that attracting and retaining the very best staff will continue to be the highest priority for the business and that FM, HR and IT will continue to collaborate closely to ensure that this is achieved.

This deep understanding of the inter-relationship between HR policy, technology, business culture and productivity and his newly developed skills of being patient and being able to influence more effectively makes Darren feel a lot more comfortable in his role and confident that the strategy will move forward.

For him this is a very exciting and rewarding project, and looks forward to point when he can see a clear direction for the workplace over the next 10 years. That will be the day when he can reflect on the fact that his efforts will have a continuing positive impact on the business and the lives of the 900 staff working for the organization.





7.4 Case Study: Standard Chartered Bank – A Personal Story

Prepared by:

Marcus Bowen
Occupiers Journal

This case study illustrates how facilities managers can address the evolving demands on the FM profession in advancing authentic risk-reward-based Outsourcing Partnership while advancing themselves personally with new skills outside traditional FM subject matter areas.

This study illustrates three trends highlighting what many facilities managers are now doing in continually 'raising the bar':

1. FM outsourcing projects require value and partnership driven approaches that acknowledge the project objective is more sophisticated than cost reduction;
2. Leadership, change management and communication skills are increasingly a necessary part of the facilities manager's skill set;
3. Facilities Managers are pursuing continuing professional development avenues that take them outside the normal FM subjects and into fields related to Organizational Behaviour and applied Psychology;

7.4.1 About the Facilities Manager

Alex Sweeney is Global Head of Facility Management for Standard Chartered Bank (the Bank), has lived with his family in Singapore since 2006 and has worked with the Bank since 2012. Alex has been a Service Provider, Consultant and has also worked Client side with other leading international organizations.

In this case study, Alex shares a personal perspective on the organizational factors and self-growth necessary to sustain successful global outsourced partnership outcomes with leading industry workplace companies.

During the course of the Bank's 2013-16 outsourcing project, Alex in parallel to the change project completed a double Masters in Applied Psychology and Management. Alex also studied at the London College of Clinical Hypnosis (LCCH) and became a Virtues Facilitator, a programme designed to commit individuals to live by their highest values, embedding ethics and operational excellence in the Workplace.

7.4.2 Background

In January 2013, the Bank commenced a three year vision to deepen its capability in rationalising and outsourcing all workplace related execution activities across a 15m sq/ft portfolio spanning 66 countries and 1500+ buildings. The range of Services included all Facility Management, Project Management, Energy & Environment, Security and Safety. The Partnership promise established a new Property organization where the in-house team focused on strategy, governance and business stakeholder engagement, with the vast majority of day-to-day and tactical activities carried out under a mostly Principal Agent Partnership agreement, moving from over 1600 vendors to just three global Partners. The challenge was to find the right companies who shared the same Partnership Vision, with an operational reach spanning the Americas, UK/Europe, Africa, Middle East, Pakistan, South Asia, Asean, Greater China and North Asia.

At the time of writing this case study (February 2017), these aims have been achieved.

The project initiated a deeper personal growth interest for Alex that focused him on what future leadership skills will be necessary to build and sustain adaptive strategic partnerships.

7.4.3 Realities of Modern FM

Alex's experience highlights three requirements that senior facilities managers face in order to remain relevant in their roles:

- **Personal Development** – Facilities Managers need new business and personal skills in order to meet the needs of modern FM. The ability to reorganise your lifestyle to make the time and effort to acquire new skills, requires a disciplined change in priorities and disciplined time management.
- **Leadership and FM** – Leadership represented by effective change management and effective communication skills are increasingly necessary. Stepping up to this challenge can take Facilities Managers outside their 'technical' comfort zone and places a greater reliance on understanding organizational behaviour.
- **Partnership Approach** – FM services procurement is traditionally a 'them and us' relationship. In more sophisticated risk reward models the traditional model is not a recipe for success. Alex highlights a Partnership prescription he championed with close colleagues where value was promoted in successfully executing a predominantly Principal Agent agreement, pushing northwards over the five-year term in the direction of a \$750m deal.

7.4.4 Define the Partnership Success Journey

One of the first activities for the 2013 team was to define the key building blocks underpinning an adaptive transformation journey.

Create a Partnership Destination:

Speaking about 'Partnership' is not enough; both parties must proactively live the right behaviours.

'Assume Best Intent'

"We had a starting mantra for success too – "always assume best intent". Most people wish to do their best and with the right recognition and encouragement will achieve it. ... We set out to respect all employees and advocate a belief in showing Virtue in the service of people. I recognise this may sound idealistic however we believe service excellence and mediocrity are separated by small margins so we are keen to be mindful of our behaviour".

Eye the (Non-Monetary) Prize

Alex recognised early on in the programme that there is only so much cost that can be reduced from the Facility Management budget. There is a need to continually articulate the non-monetary benefits of the project. The 'big prize' can be found in understanding building occupancy, coupled with intelligence in how employees utilise the space.

"We needed to instil confidence supporting a Property vision to show our bank retained team moving to become a smaller team over time, moving "up out and forward" to focus on strategy, while showing our Partners growing and expanding their influence by taking care of an increasing number of "down and in" execution services."

Consult first, do later

It was clear that the Property team had to learn a lot through listening to the service providers. Believing in the process of 'seeking first to understand' is fundamental to a successful outcome. Understanding came through a series of Yellow Pad informal dialogue sessions prior to RFPs.

"The original intention was to challenge our own thinking by asking the market what it could deliver and avoid making dangerous assumptions. Humility was important and became the bedrock to forming enduring partnership."

Invite only the Best

The Bank only appointed bidders they believed could be successful. There was no making up numbers.

"Service Partners invest significant amounts of money throughout the process, we needed to evidence respect in our behaviour".

Focus on Outcome

The Request for Proposals was presented in 'Outcome' terms and was not overly prescriptive. This was the first time that the Bank had entered into a contracting process where they did not tell the bidders how (i.e. the process) to reach that outcome. As Alex explains: "This approach was important as all too often we can assume we know better how to create the solution... We wanted to avoid that value trap".

Create Knowledge

The Partnership constructed a shared 'Knowledge Passport' framework of learning, enabling both organizations employees to be educated and sustain a culture of well-trained effective individuals.

"The knowledge passport is a fantastic way to preserve the good and continually introduce innovation into the process. The passport comes in diploma, advanced and masters modules and speaks to the values of the relationship, encompasses virtues of behaviour and crucially evidences we are building a sense of belonging in all who join us... By deliberately changing the conversation from being "compliance to contract" to "enabling people to belong and grow" we shifted the paradigm to one of progression for every employee over company interest."

Promote Risk & Reward

The agreement commenced with a relative simple agreed framework of Key Performance and Assurance metrics in place:

"We set a six month 'grace period' with no fee at risk across many parameters."

This was deliberate, required courage and was intended to create a sense of honesty in achieving optimal Partnership metrics and targets within a guaranteed maximum price (GMP) commercial model and guaranteed annual energy reduction target. The result created risk appetite and introduced an achievable reward mechanism designed to continually motivate the Partnership to exceed contracted Outcomes.

Not everyone was comfortable with the initial ambiguity, but the team came to accept that these were important principles in which to form a long-term Partnership.

"To begin with it felt uncomfortable and there were many times we needed to challenge our behaviours ... There is no place for ego and hierarchy of power if you

truly want successful partnership."

Open Book Policy

From the start, the team decided to approach contracting on an open book basis i.e. declare all costs of operation.

"By offering every bidder even in the early stages access to the open book we built trust and enabled de-risking on both sides".

7.4.5 FM and Leadership

For the project to be successful, the leadership team needed to be able to evidence humility and build and sustain trust in co-workers.

The leadership team needed to form a Project Working Group accountable to living up to the Partnership promise. Alex's experience advocates empowering the Project Working Group (PWG) to make decisions and only include people who are heavily invested in the transition process as well as post go live operational outcomes.

"Be sure that when you start this process the people left holding the weight of this project and facing off to Country stakeholders are PWG members. Demonstrate courage and be very clear from the start on the PWG stated objective. Flush out any team cognitive bias and always trust in the process to reveal the evidence you need to make an informed decision"

In the today's world of banking FM, we live in a state of constant change and this sense of change is very present in Alex's daily life. Workplace effectiveness, occupancy management, space utilisation, new technologies, speed to market, build time, banking sector regulation and the evolving digital customer all serve to raise the bar.

He offers the following message to other FM leaders tackling this aspect of their work:

"We are living through exciting yet stressful times, we face seemingly conflicting challenges to make it better, make it cheaper. The only area I can control is my behaviour and my choice of words. I remind myself that as a role model I exist not to perform tasks but to create belief in others, confident in the fact this converts to a deep sense of belonging and success over time. Those who lead best are the individuals who place great care in their use of words, are confident in being vulnerable and readily identify other role models behaviours that enable them to grow in perpetuity."

7.4.6 Learning to Evaluate Your Own Effectiveness

In preparing Alex for the modern FM industry, he invested his own time and resources in obtaining credentials in Applied Industrial Psychology and Management in addition to Hypnotherapy and Virtues facilitation. While the former two relate to academic growth, the latter two represent a deeper need to grow in the service of others.

We asked Alex what triggered this further educational journey.

“I felt confident that I was accomplished in FM, so with a desire for knowledge I needed to go beyond the Workplace. I believe rank and status are determined more by how many people trust in you, believe in you, and share a deep sense of belonging from your words and actions. Those who hold real power and influence in the workplace are people who are consulted most by all levels. We consult people we trust and for me there can be no more satisfying metric of success than to be trusted in for your advice.”

Alex’s experience and further education drew him to make a number of observations about the way the FM leadership role is evolving:

The ability to think critically

All too often FM managers launch into the solutioning part of change without reflecting beforehand on the critically important question: ‘Am I professionally prepared for this change on a personal level and do I have the right rationale and emotional balance for success?’

Enhanced levels of curiosity

Alex questions if subject matter expertise alone is enough and points to the need to continually show evidence that you care for those people affected by the change around you:

“Expectations in leadership grow ever higher, especially among young employees who appear far more questioning of authority figures than previous generations... Being an experienced manager is only relevant if you can combine the wisdom your age gives you with a distinct sense of youthful curiosity. Combine the two and you stand to be considered wise. Remember, be obsessively curious!”

Remain open to new knowledge pathways

With the outsourcing of all Facility Management execution to service providers, the client retained team– to be valuable – needed to be able influence business leaders, align to successful outcomes, and work across a complex people matrix. FM leaders today need to remain consciously aware of the human stressors driven by accelerated change in company business model , the impact of new disruptive technology and the entry of robotics that are now automating traditional human Workplace processes.

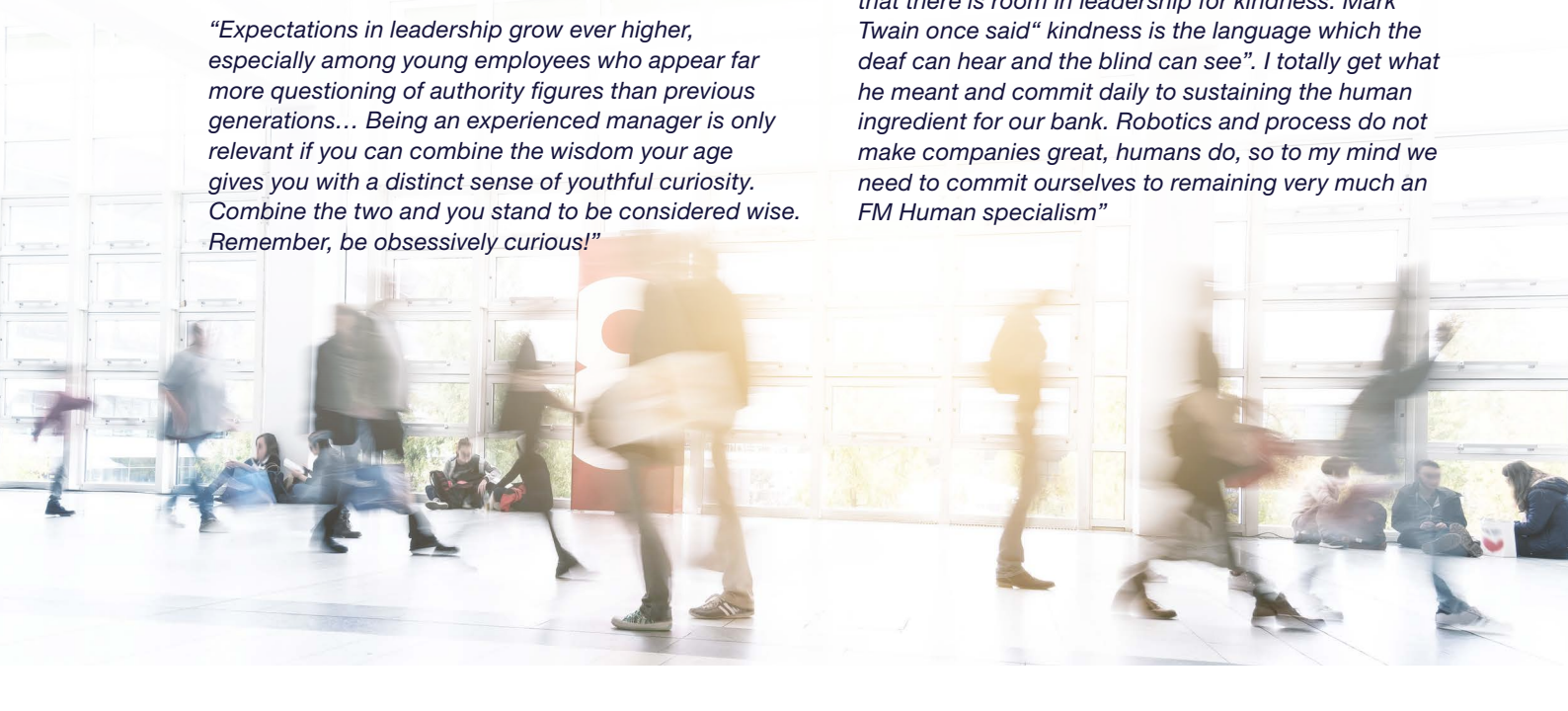
“Knowledge pathways are moving away from many of the traditional industry recognised credentials... At an executive level, FM has become a social behavioural science over basic property management. Those best prepared (for this change) will become the most successful... I had to accept that if I was not personally growing I was going to be overtaken by others more curious. We can only transfer knowledge to others if we too are building knowledge in ourselves”

7.4.7 What Next?

Alex is not only executing on 2017 objectives he is already planning his next decade and is moving in the direction of Workplace behavioral science.

Alex is drawn to conclude:

“The conversation I’d like to hear among FM leaders is one where the industry sincerely focuses back on People in Partnership. Workplace space & use of technology continue to dominate the industry conversation and in many quarters frontline people who deliver the service seem somewhat forgotten... With competition pressures, management respect and humility can often be in short supply right at the point when organizations need it the most. I hold to the belief that there is room in leadership for kindness. Mark Twain once said “ kindness is the language which the deaf can hear and the blind can see”. I totally get what he meant and commit daily to sustaining the human ingredient for our bank. Robotics and process do not make companies great, humans do, so to my mind we need to commit ourselves to remaining very much an FM Human specialism”





7.5 Survey Demographics

A total of 1750 individuals responded to at least some of the 15 survey questions.

Over 50% of the respondents described themselves as either senior FM professionals or Heads of FM. This is a somewhat more senior group than responded to the 2012 survey (see Figure A-2). In addition, almost 12% of the respondents are client account managers in a facilities service provider organization.

Interestingly, 2.7% of the respondents described themselves as Chief Operating Officers. We believe this reflects the growing level of visibility and importance for FM; we report elsewhere that over a quarter of the FM organizations represented in the survey report directly to a Chief Operating Officer.

We also note the growing presence of Workplace Designers and Workplace Strategists in the sample. And we are pleased that many business strategists and business line executives also took part in the survey (Figure A-2).

The 2017 survey respondents represent every major economic region in the world (see Figure A-3). We believe North America (U.S. and Canada) is over-represented in the sample, largely because of IFMA's active support in recruiting survey participants.

As shown in Figure A-4, below, the respondents are also diverse in terms of industries represented. One significant difference from 2012 is that the largest number of respondents identified themselves as service providers, or simply as 'FM management' (because of the way the question was worded we do not know the industries of the service providers' clients).

Figure A-2: Survey Responses by Job Title

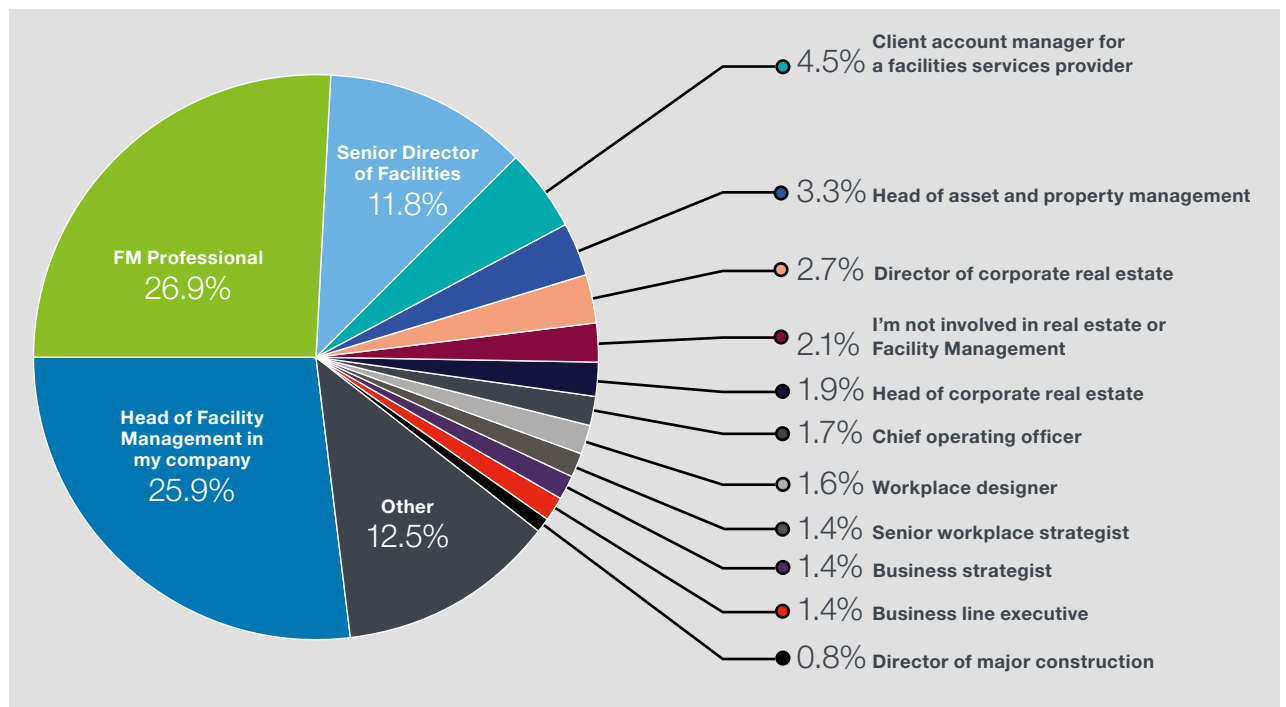


Figure source: Raising the Bar Survey, 2017

Figure A-3: Related Publications/Resources

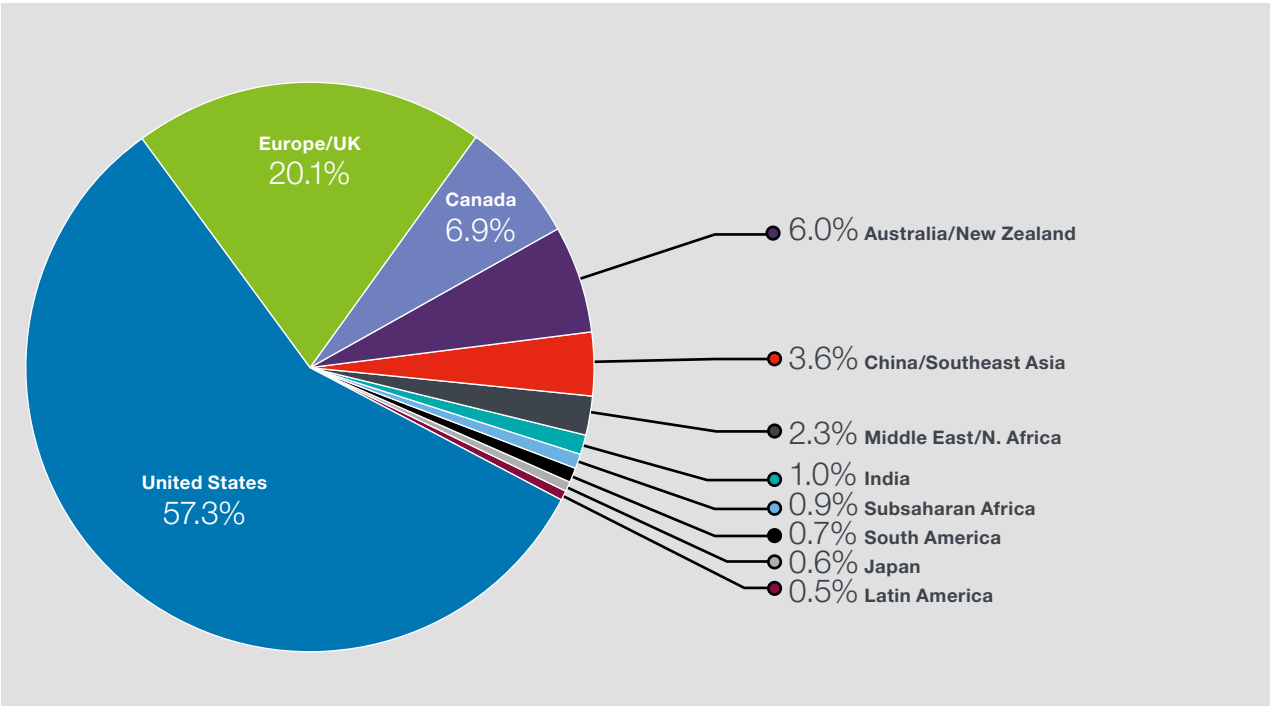


Figure source: Raising the Bar Survey, 2017

Figure A-4: Respondents by Industry

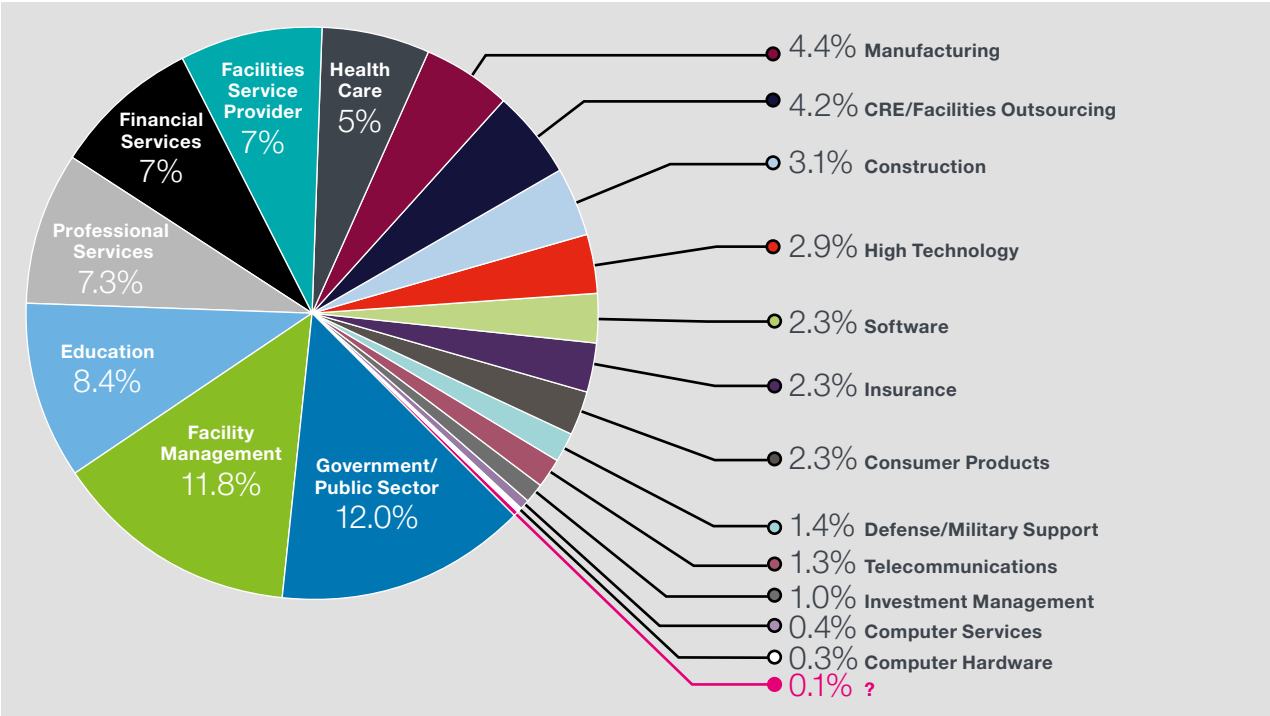
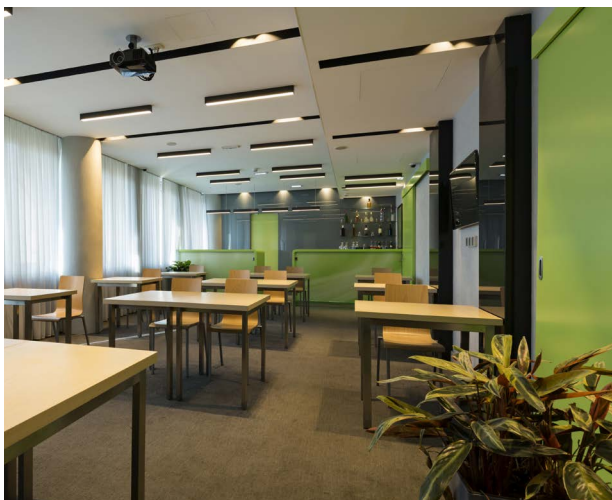
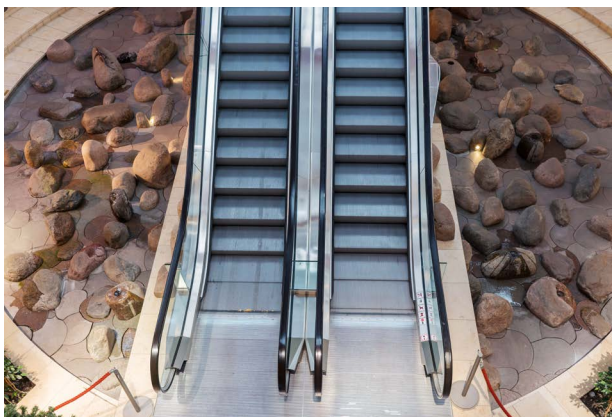


Figure source: Raising the Bar Survey, 2017



8.0 Related Publications/ Resources

In the course of designing and conducting this research we found several reports, white papers, and published articles from other sources that solidified our perspectives on the state of FM in 2017. Those resources also helped us to understand how we got here, and why. We make no claim that this is a definitive or comprehensive list; it simply represents resource materials that we found useful.

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9.0 Acknowledgements

The Occupiers Journal Team

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Interviewees/Case Study Sources

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Richard Myers, Regional Director (APAC), JLL

Johnny Yip Shing Fai, Hong Kong-based FM commentator and blogger

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Alex Sweeney, Group Head, Facility Management, Standard Chartered Bank

Terry Wood, Vice President, Global Real Estate, Kaiser Permanente

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Survey Respondents

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About RICS

RICS, The Royal Institution of Chartered Surveyors, is a global professional body. Founded in 1868 RICS accredits 125,000 professionals in 148 countries, promoting and enforcing the highest professional standards in land, real estate, construction and infrastructure. Incorporated by a Royal Charter, RICS is required to promote the public advantage. The name promises the consistent delivery of professional standards – bringing confidence to global markets. There is global demand for our professional credentials underpinned by ethical principles and independent regulation.

About IFMA

The International Facility Management Association (IFMA) is the world's largest and most widely recognized international association for facility management (FM) professionals, supporting 24,000 members in 104 countries. Formed in 1980, IFMA certifies professionals in facility management, conducts research, and provides educational programs, content resources, networking and conferences.

The RICS/IFMA affiliation

In 2016 RICS and IFMA announced an historic collaborative effort to build a global FM professional capability.

The IFMA-RICS alliance represents the most significant evolution in the history of facility management, providing an unprecedented level of industry support to meet the growing demands of the 25 million FM practitioners around the world.

The strength of IFMA in the FM sector complements that of RICS in the wider built environment. By extending its global reach in FM, RICS can support the establishment of FM as an attractive career option for the next generation and, together with IFMA, provide a talent path to drive best practices around the world. Leveraging RICS' focus on standards serves a unique fit for IFMA to unify strategy across the life cycle of the built environment, helping facility managers get a seat at the table earlier and more often.



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