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Executive Summary

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

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

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

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

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

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

Chicago // United States

27 March 2013

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



What issues and challenges are facilities managers facing in 2013?

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

How should FM performance be measured and evaluated?

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

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

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



How should FM performance be measured and evaluated?

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

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

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

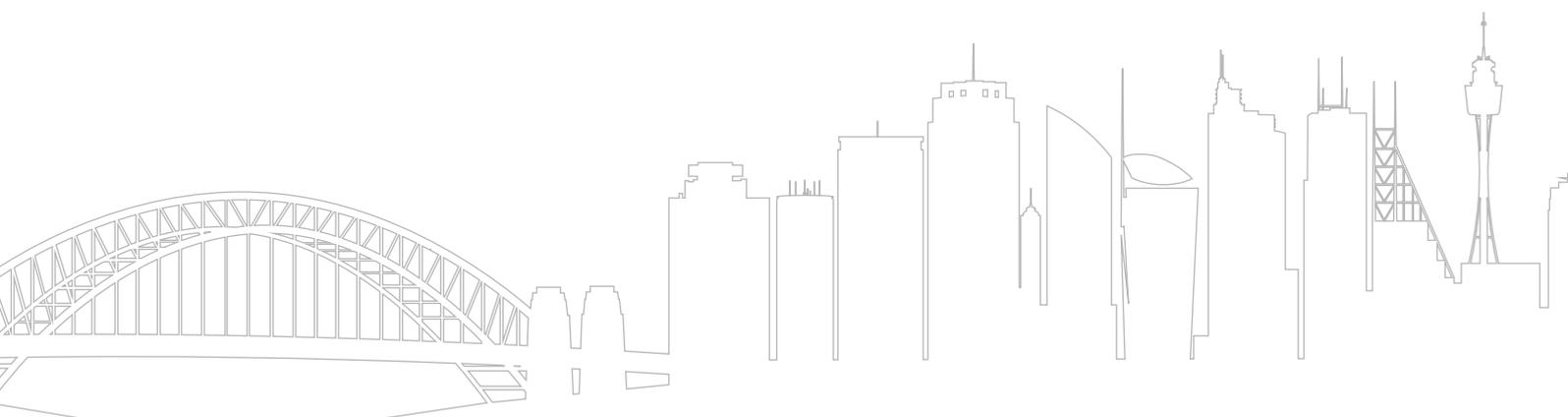
What are the barriers to more effective alignment between FM and other functional areas? How can FM achieve strategic alignment?

- No comments; not discussed.

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

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

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



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

Measurement and Evaluation of FM

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

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

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

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

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

Achieving Strategic Alignment

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

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

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

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



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