



**IFMA**<sup>TM</sup>  
International Facility Management Association  
Empowering Facility Professionals Worldwide

**CBRE**



# Facility Management Trend Report:

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## Emerging Opportunities for Industry Leaders



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# Facility Management Trend Report: Emerging Opportunities for Industry Leaders

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# A Foreward from CBRE

Jack Welch, the former CEO of General Electric, is often quoted as saying, “If the rate of change on the outside exceeds the rate of change on the inside, the end is near.”

In order to succeed in this increasingly complex and ambiguous world, we must adapt quickly and embrace change as a conduit to innovation. A successful corporate real estate organization must understand the forces driving change and must anticipate, forecast, respond and recommend real estate and facility focused strategies to support the business for internal customers.

CRE, and in particular, facility management, is in a unique position to observe many current demographic and workplace trends to which the business may not have the same vantage point. The facility management team therefore has a unique opportunity to share trends and observations and to make recommendations that will enable the business to change strategically rather than reactively.

We are pleased to support the International Facility Management Association in advancing this conversation through “**IFMA’s Facility Management Trend Report: Emerging Opportunities for Industry Leaders.**” IFMA’s commitment to developing thought leadership is important to the evolution and future growth of the CRE and facility management industries. IFMA — through its position as the largest network of facility management professionals worldwide — allows its practitioners the opportunity to look deep and wide across all functions and specializations, to collaborate with each other, and to create standards and innovations that connect within as well as beyond the organizations our members serve.

We look forward to working together with you as we identify and create facility management strategies that support our industry and professionals.

Maureen Ehrenberg

As FM trends continue to evolve and integrate, based in large part on the macroeconomic climate, IFMA periodically conducts workshops to examine the emerging issues that will influence facility management in the coming years.

## Purpose and Goal of Research

IFMA defines facility management as a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place and process. These capabilities are driving FM professionals out of obscurity and closer to the C-suite: 11 percent are senior executives working alongside the CEO, CFO and COO.<sup>1</sup>

However, while most businesses understand the nature and value of information technology (speedy and efficient connectivity) and human resources (the management and development of talent), facility management by definition covers such a wide array of capabilities that its meaningful impact becomes difficult to succinctly define. Without clear definition, successes are reported in tactical, individual ways that offer no connection to greater business implications, or to the body delivering the effort, thus creating an “invisible” team and organization.

IFMA continues to advance the profession by conducting research that puts a spotlight on the value FM brings to the global economy, while strengthening the knowledge, skills and capabilities of FM professionals. It also offers opportunities to share best practices and ideas with other service professions with which it intersects, including information technology, human resources, accounting and finance and other similar functions.

As FM trends continue to evolve and integrate, based in large part on the macroeconomic climate, IFMA periodically conducts workshops to examine the emerging issues that will influence FM in the coming years. Globalization and privatization have forced companies to face keen competition and bring expertise in their respective fields. This trend further impacts how FM and similar industries deliver services. Future workshops and conversations will advance the dialogue on the trends identified in this report and identify key, tangible ways in which practitioners can use the material presented in their daily operations.



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<sup>1</sup> “More facilities managers moving into the C suite,” North Bay Business Journal, February 2013.

# Readership Takeaways from Global FM Trends Research

Several components comprised the development of this paper, primary among which was a two-day workshop at IFMA's 2013 World Workplace Conference and Expo, held on Oct. 1-2, 2013 in Philadelphia, Pa., USA. More than 20 facility management practitioners, real estate leaders, service partners, academics, consultants and members of IFMA participated in the discussion, which explored facility management trends in three key areas: (1) leadership, (2) sustainability and (3) technology. The group analyzed where these three areas converge and diverge, and uncovered issues and opportunities that the facility managers should monitor and prepare for to support the future of the profession and the organizations it serves. The outcome of the workshop led to three action areas:

-  **Leading the Conversation**
-  **Speaking the Right Language**
-  **Building the Future of FM**

Supporting this activity, IFMA conducted an extensive examination of supporting papers, articles, surveys, analyses and trends.

## About IFMA

Founded in 1980, IFMA is the world's largest and most widely recognized international association for facility management professionals, supporting more than 23,500 members in 94 countries.

The association's members, represented in 130 chapters and 17 councils worldwide, manage more than 37 billion square feet of property and annually purchase more than US\$100 billion in products and services.





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# Leading the Conversation

## Increasing FM's impact on the C-suite

FM leaders need to position themselves more directly around the promotion of activities and programs that drive productivity, efficiency, recruitment and retention of top talent.

Among the business areas influenced by FM are:

- Sustainability
- Productivity
- Profitability
- Risk mitigation
- Business continuity
- Employee well being

The role of FM, or the role it should strive for, in creating change and value for organizations was the first discussion point in the two-day workshop and was an often repeated theme throughout the event. This can be challenging given the various operational requirements of the profession, often rendering the reporting of successes highly compartmentalized and/or decentralized.

Many participants agreed with the sentiments of Maureen Ehrenberg, global director of FM for CBRE and topic leader for the session, who indicated that FM leaders need to position themselves more directly in the promotion of activities and programs that drive (1) productivity, (2) efficiency, (3) recruitment and (4) retention of top talent.

“As an industry and depending on the scenario, there are opportunities to have a productive conversation within these areas, but often it digresses into basically a cost reduction exercise.” She cited as an example one large corporation that was looking to FM to identify cost reduction opportunities within its firm. Ultimately, the only area where the FM team found it could impact cost reduction was via energy auditing, as the landlord had control of all other areas. Ehrenberg suggested, the FM team could have created more substantial outcomes had they instead taken the opportunity to steer the conversation into other areas of bottom-line value known to the organization that may directly or indirectly reflect cost reduction (e.g. leveraging procurement economies of spending, creating more efficient reporting or operational processes, etc.) they could have created more substantial outcomes.”

Facility managers are in a strong position to lead and inform the conversation regarding the future of the commercial office, showcasing knowledge of what does work and what does not in practical, specific ways.

*Work on the Move: Driving Workplace Strategy* helps facility managers prepare for the future of work. Learn how to become more strategic and lead change in the workplace. Find out more at [www.ifma.org/marketplace/store](http://www.ifma.org/marketplace/store).



### Showcasing Relevancy

Workshop participants agreed that FM professionals and leaders need to create influence in strategic, rather than tactical, ways, and that these opportunities already exist. For example, Ehrenberg shared that real estate investors are asking for research on what the future of the commercial office environment looks like in order to make sound investment decisions. Workshop participants and industry practitioners agree that facility managers are in a strong position to lead and inform that conversation, showcasing knowledge of what does work and what does not in practical, specific ways. According to global workplace product and furnishings provider Steelcase, the FM's role and relevancy is centered at the nexus of business strategy, organizational culture, brand promotion and the workplace. Real estate investors are looking for research in this area to help guide their investments, and facility managers can greatly impact these decisions.



### Promoting FM Value at all Professional Levels

The job of evangelizing the value of FM doesn't simply rest with the person holding the title "leader of facility management" within an organization. To create the greatest level of impact, industry practitioners, from engineer to energy manager, procurement specialist to building concierge and all positions in between, must play a part in educating themselves on what creates value, how that value may best be expressed to the C-suite and how to actively showcase results in high-profile ways. As Bruce Graham, president of Americas projects/design and construction services for Johnson Controls' Global Workplace Solutions division, reflected, "We may be considered poor self-promoters. We receive lots of accolades for savings achieved, but those sentiments typically disappear by the next month. Rather, we need to train people and their networks dynamically to be better advocates for the profession, even so far as to take some of the more mundane activities and showcase them in a more compelling way, and on a more regular basis in a fashion that is meaningful to our customers' senior leaders responsible for talent retention and financial performance."





### Engaging Shared Services

A significant amount of time throughout the two-day workshop was spent on the position and connectivity of FM among its shared services peers, including human resources, information technology, finance, procurement, legal and other functions. It was commonly recognized by the group that a connected organization of these peers would create stronger reporting and analysis, processes and programs where value is more integrated and meaningful to the business as a whole. This is particularly the case when outsourcing of one or more of these functions is contemplated. Conversely, when one of those entities is left out of the conversation, organizational relevancy is lessened.

Several participants indicated that FM professionals should model their leadership capabilities in a manner similar to that by which information technology leaders conduct themselves and position requests for support. However, this idea may be challenging in practice. For example, when it comes to funding for technology in FM, proving value in the investment may be more difficult, according to a participant who worked as a consultant for a Swiss pharmaceutical company. He relayed how he went through extensive planning and an investment committee to request funding for an FM project involving IT, but was ultimately denied despite a sound, safe business case.

The need to engage connected services is not uniquely driven by FM professionals, the group noted — this is a recurring theme within human resources and information technology as well, as evidenced by HR's increasing demand for data and the solutions that support data management needs for example.<sup>2</sup>



### Being Agile, Measured and Predictive to Reflect Changing Business Needs

As organizations evolve with changing business priorities, including the entrance or exit from certain markets, services or capabilities, participants generally agreed that FM leaders must be able to not only anticipate and measure impact, but also nimbly adjust resources and processes to reflect new working models. One effective way this may be accomplished is by establishing a respect for and prescribed rigor for transitioning and change management strategies to create a smoother evolution and greater foundation for further productivity.

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<sup>2</sup> "Five HR technology trends for 2013 — and three critical action items," SearchFinancialApplications.com

# Specific Tactics & Strategies

### IFMA FM Leadership and Strategy Competency Areas

#### COMPETENCY 1

The competent facility manager is able to lead the facility organization.

#### PERFORMANCES

1. Lead, inspire and influence the facility organization, search for best practices, manage change, promote continuous improvement and provide tools.
2. Advocate for facility management needs and priorities.
3. Develop, implement and evaluate policies, procedures and practices for the facility organization.
4. Clarify and communicate responsibilities and accountabilities.
5. Resolve conflicts (organization, personnel).
6. Organize and staff the facility organization.



## 1 Develop and Promote Relevant Case Studies and Success Stories

Documenting storytelling in a succinct, value- and metric-driven way is often considered one of the best methods of showcasing issue identification and risk analysis, collaboration and problem solving. The effort also helps uncover best practices that align with values and needs from other shared service organizations, and creates an opportunity for greater communication and collaboration in the future. Identifying the right type of case study, as well as the appropriate data that directly resonates with your audience, is often the biggest predictor of impact with organizational leadership. Below are examples of successful topic areas for FM leaders to consider when showcasing their value, whether via internal communication tools, as part of executive-level reporting or authorized for discussion with third-party industry publications. Identification of the right metrics will be covered in the section “Speaking the Right Language.”

### Workplace Innovations

According to market research firm Frost & Sullivan, while sustainability itself was the main focus of FM in 2010, workplace management will lead the charge by 2020. This sector-neutral prediction was agreed upon by the majority of workshop participants. When the workplace has low turnover and retains talent, organizations maintain revenue and avoid additional costs. Others indicated that workplace should be considered more of a tool than a physical location, and that there are different generational and gender requirements in enabling positive, productive workplace environments. Underlying all of these areas of consideration is the impact of technology and mobility as a workplace innovation enabler.

### Sustainability Initiatives and Corporate Social Responsibility (CSR)

Commercial real estate is responsible for approximately 20 percent of the Earth's carbon emissions. But as Chris Hodges, principal of Facility Engineering Associates (FEA) and sustainability topic leader during the workshop pointed out, how well a building reduces its carbon footprint is only one relatively small component of sustainability impact. More forward-thinking FM organizations consider and promote sustainability as it relates to overall social value, which also involves the impact of energy and sustainability initiatives on worker productivity, satisfaction, attention and ultimately retention. These areas could be quantified and indexed against other similar organizations into a combination of metrics focused on productivity, sustainability and livability — a

# Specific Tactics & Strategies

### IFMA FM Leadership and Strategy Competency Areas

#### COMPETENCY 2

The competent facility manager is able to provide leadership to the entire organization.

#### PERFORMANCES

1. Promote, encourage and adhere to a code of conduct.
2. Develop and manage/oversee relationships (supplier, community, government, tenants, business partners, occupants).
3. Ensure compliance with the organization's social responsibility policies.



“quality of life” index, stated Stephen Ballesty, director and head of advisory for Rider Levett Bucknall, a global property, construction and facilities consultancy. “Consider the empowerment of this contribution to the built environment by turning this into the question ‘do we want to enhance quality of life?’ Surely the answer would always be ‘Yes!’” added Ballesty. The more globally the story is told, the more relevant and useful it will be to reporting organizations. “There isn’t a CEO out there who hasn’t wanted to track this,” said Hodges. These CSR stories are further reinforced when developed in partnership with other shared service functions most closely aligned with human capital.

The ability of sustainability initiatives to capture the attention of the C-suite and to underscore the relevancy of the FM profession cannot be understated, indicated Hodges. “We can leverage our deep experience in this area to drive home our value and impact.”

**CORPORATE SOCIAL RESPONSIBILITY, AS  
POTENTIALLY SEEN BY FACILITY MANAGEMENT:**

**Productivity + Sustainability + Livability  
= Quality of Life**

### Life Cycle Decisions Contributing to Cost and Risk Reductions

Another area of case study development may include the consideration of how firms allocate real estate costs, as this can drive positive and negative behavior. For example, legacy building space may look inexpensive to the business units occupying it, when in fact the actual operating costs are high or the assets hold embedded equity. Highlighting opportunities to harvest the value of these assets or prune costs can help generate worthwhile conversations with CFOs. In addition, rigorous facility capital planning allows firms to more tightly manage the trade-off between capital investments and obsolescence. Asset planning for each building can also help ensure that significant investments are not made in facilities that will soon be vacated or recycled.

Greater consideration is required beyond mere “condition based” life cycle issues in order to plan for technological, functional, legal, social and economic obsolescence risks.

# Specific Tactics & Strategies

### IFMA FM Leadership and Strategy Competency Areas

#### COMPETENCY 3

The competent facility manager is able to plan strategically.

#### PERFORMANCES

1. Align the facility's strategic requirements with the entire organization's requirements.
2. Develop and implement a strategic planning process.
3. Assess what services are needed to meet organizational (business) requirements.



### ⊕ FM's Contributions to Early Stage Portfolio or Significant Location Leasing Strategies

Facility managers offer a unique perspective on the comparative operational value of one significant facility versus another. How this is communicated is critical to preventing metric analysis missteps and creating an opportunity for FM leaders to demand a seat at the strategy table during the development of site selection criteria and analytics. As one FM report put it, corporate real estate professionals and FMs have the ability to understand and influence outputs through space provision, but communicates and sells mainly cost and efficiency issues. "This is not the reason the CRE and FM functions exist," according to an FM trend report from Zurich Insurance Group.<sup>3</sup>

### 2 Take Time to Connect Operational Activities to Organizational Outcomes

All too often facility managers are mired in the complexities of routine FM operations — reporting, interactions, deliverables and FM-specific measurements — without taking the time to step back and qualify how those FM operational processes support business drivers. This is particularly found in site-based resourcing or tactical functions. For example, how does supplier management impact employee productivity? What is the impact of ENERGY STAR® programs on stock prices? If FM professionals institute regular education, best practice development and the creation of case studies where facilities resources show specific impact beyond their immediate function, this will create opportunities for FM teams and resources at all levels to take an active role in understanding, promoting and ultimately appreciating the broader value of their role to the organization.

<sup>3</sup> RE&FM Futures Forum, Zurich Insurance Group, Inc., June 2012.

# Specific Tactics & Strategies

### Case Study

#### FM, IT AND CLIENT COLLABORATION — The CBRE Site Inspection Mobile Application

The CBRE Site Inspection Mobile App initiative was created by the Sprint/CBRE Innovation Council to enable more efficient inspections through technology. Sprint's wireless/mobile technology was used to automate checklist templates for data collection which eliminated manual processes. The focus was delivery cycle time reduction and cost savings. Additionally, the council's vision included the many types of site assessments that require a significant number of labor hours to complete (i.e. facility management (building condition), transaction (broker site selection), project management (punch list) and sustainability (green building assessment)).

#### RESULTS

- 2.5- to 3-hour reduction in cycle time per inspection (retail and office) due to end-to-end process automation.
- Advanced analytics and reporting. Web-based database
- 10 percent reduction in operational impacting events due to equipment failure.
- 5 percent reduction in related vendor costs due to the ability to monitor preventive maintenance program effectiveness.
- 6 percent reduction in mean time to close for work orders dispatched due to a formal inspection.

## 3

### Understand Intersections Between FM, IT, HR, Finance and Procurement

Uniformly, workshop participants continued to identify a need for greater collaboration with their shared services counterparts, recognizing their routine involvement in activities affecting FM functions, sometimes without their awareness or consultation. By proactively identifying key projects that would require active input and support from these groups and asking for committee participation, collaborative learning and shared outcomes can be achieved. Some known areas of intersection between shared services are reflected in the following illustration:

|                        | FM Training & Development | Workplace Transformation | Supply Chain Management |
|------------------------|---------------------------|--------------------------|-------------------------|
| Facility Management    | ✓                         | ✓                        | ✓                       |
| Information Technology | ✓                         | ✓                        | ✓                       |
| Human Resources        | ✓                         | ✓                        |                         |
| Finance                |                           |                          | ✓                       |
| Procurement            |                           | ✓                        | ✓                       |

# Specific Tactics & Strategies

Some workshop participants believe that thinking “outside the FM box” will help facility management organizations stay ahead of trends.



## Develop Governance Models to Re-evaluate Processes Against Strategic Business Priorities

Tying back to the earlier concept of creating a more agile and predictive facility management organization, some workshop participants believe that thinking “outside the FM box” will help FM organizations stay ahead of trends. These opportunities may occur in the course of discussing a particular project, or during strategic planning and budgeting processes where business units are focused on their growth projections and related reporting to executive leadership. These can even occur during “water cooler” moments; one forum participant spends time speaking to people in various departments in order to anticipate their needs. FM leaders need to think about non-FM problems.” Leading a structure of cross-functional resources focused on evaluating the direction of FM requirements on a periodic basis will help combat the volatile, uncertain, complex and ambiguous (VUCA) changes affecting today’s business climate. (More on VUCA in the “Building the Future of FM” section.)



# Speaking the Right Language

## FM's direct connection to strategic business priorities

### Business Value Metrics

- Contribution to revenue
- Decreased property, plant and equipment (PPE) costs
- Decreased insurance costs
- Increased shareholder value or stock price

### People Value Metrics

- Worker satisfaction
- Worker wellness (fewer sick days)
- Worker productivity
- Increased external branding/PR/media coverage

A significant amount of time was spent by the workshop participants analyzing how FM leaders and professionals can better explain the value they bring to organizations using the “language of the business.” Participants agreed that by aligning language to business goals, executive leadership would place greater significance on and have more demand for such reporting. To achieve this opportunity, FM leadership must understand the type of business metrics most valued by their respective organizations: how these metrics are constructed, who owns the data, how it is maintained, and how the metrics connect with FM and support organizational objectives.



## Defining the Right Metrics that Resonate

Workshop participants categorized organizational metrics into two main repositories of information to which FM teams could contribute: business value metrics and people value metrics. Below each category are some examples of metrics analyzed today or contemplated for the future.

### Business Value Metrics

**Contribution to revenue** – The percentage of contribution an FM activity or related profit center contributes to earnings.

**Decreased property, plant and equipment (PPE) costs** – The extent to which FM contributes to operational savings or the avoidance of costs.

**Decreased insurance costs** – The extent to which FM contributes to the decrease of risk and resulting reduced insurance costs (e.g. lower number of safety breaches, increased training, business continuity planning, etc.).

**Increased shareholder value or stock price** – The support FM activities provide that increases the net worth of shareholders (return on investments, corporate social responsibility investments, operational efficiency programs, satisfaction programs).

### People Value Metrics

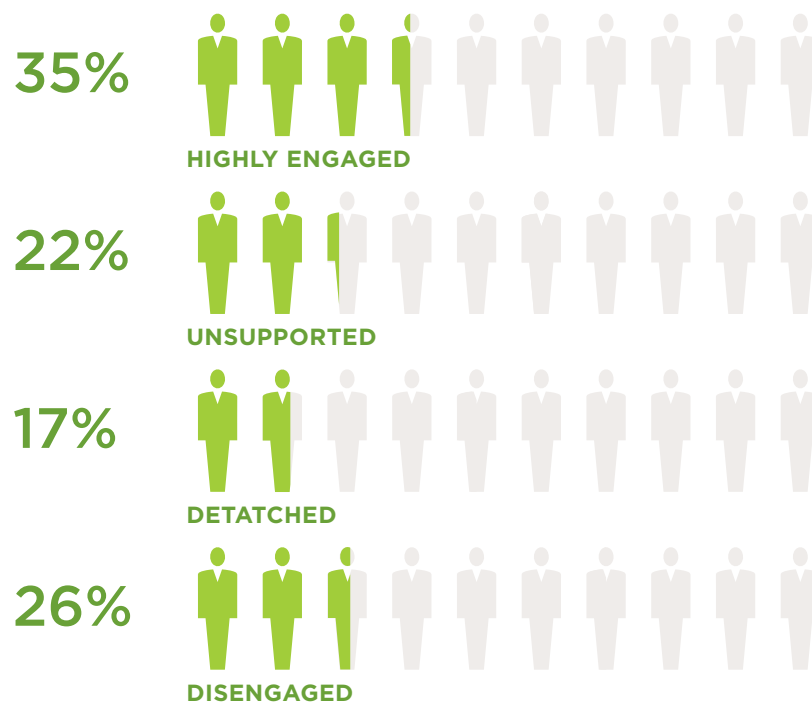
**Worker satisfaction** – The direct relationship between facility operations and employee satisfaction (e.g. sustainability initiatives, building controls, etc.).

**Worker wellness (fewer sick days)** – How FM leadership contributes to the health of employees (e.g. indoor air quality tracking, ergonomic workspaces, advanced cleaning of work areas, better lighting, etc.).

**Worker productivity** – More than 60 percent of employees are unsupported, detached or disengaged per a 2013 TowersWatson report. Tying a relationship between FM operational support for individual or divisional workers and worker productivity (e.g. energy and sustainability initiatives, market tracking reports). According to a 2013 IFMA World Workplace session, four key ways real estate can influence business productivity include the alignment of supply and demand, the effective channeling of information flow, the enablement of individual productivity and the strengthening of internal and external relationships.<sup>4</sup>

**Increased external branding/PR/media coverage of all of the above** – The ability to create enough impact through individual and collective facility management leadership to increase internal and external communications, press releases and media pickup, and case studies directly correlating with worker satisfaction, wellness and productivity.

### Percentage of Employees Who Are Disengaged:



Sources: 2012 Global Workforce Study, Towers Watson

<sup>4</sup> JLL 2013 World Workplace session, "Workplace Strategy Game Changers."



The more opportunities there are to collaborate with other shared services, the greater the collective strength shared in reporting to executive leadership.



### Aligning Facility Management Metrics with Other Shared Service Metrics

The more opportunities there are to collaborate with other shared services, even going so far as to identify metrics that require input from these groups, the greater the collective strength shared in reporting to executive leadership. Workshop participants recognized that these functions typically have the same goal in mind — to create value and influence at the highest executive level — so it stands to reason that the collective sum of activity of these groups in measuring impact is greater than their individual parts.

To identify the metrics that collectively matter, one can analyze opportunity costs and key performance indicators for shared projects. For example, what are the costs associated with improved work environments where each shared service played a role? Employee satisfaction and retention are often connected to these investments, so how are the costs associated with employee turnover (including the cost and time it takes to source, interview, hire, train, mentor and monitor the best individual employees) identified, and how do those costs adjust over time when improved work environments are put in place? All things being equal, the Center for American Progress puts replacement costs at upwards of 20 percent of salary for positions under \$50,000, and low-cost benefits can make a difference.<sup>5</sup> More than one workshop participant stated that being specific is important, however; otherwise “it becomes too esoteric.” Such experiences are echoed internationally.

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<sup>5</sup> “How much does it cost companies to lose employees?” CBS Moneywatch, Nov. 21, 2012.



### Training Resources in New Metric Development/Deployment and Reporting

Engaging the next generation of FM and other shared service leaders to identify the most relevant metrics to executive leaders, through inclusion and leadership in project coordination, will allow new thinking to permeate traditional FM functions. Should these resources come from information technology backgrounds or other expertise, their identification of new measurement tools or the optimization of existing ones, their approach toward aggregating data and even a potential focus on predictive modeling can help innovate facility thought processes.



## Specific Tactics & Strategies

Identifying, aligning and training on relevant FM metrics can be challenging and often considered an academic exercise. Workshop participants identified a few ways to make the process less onerous:

1

#### Tie the Process to Projects Already in Progress

If the process is tied to individual projects already in progress, the activity and the individuals involved will collectively benefit. Operational or innovation subject matter experts will often have knowledge of projects that may benefit from the additional reporting rigor and analysis. The project could also consider lean sigma principals.

2

#### Look to Other Industry Best Practices

One workshop participant suggested that FM leaders could look to other industry best practices that have determined how to co-mingle and make relevant analytics collection and analysis simpler. For example, the health care industry and its need to make big data more relevant, integrated, accurate and portable to the patient and the clinician may offer some parallels and insights.<sup>6</sup>

6 "Making Big Data More Relevant to Patients," Transformative Health, 2013.



# Building the Future of FM

## Setting a baseline for future excellence

There is a need to look more widely across different industries for talent.



In many instances, workshop participants identified future activities, projects, education and other endeavors that established a foundation for future collaboration, rapport and respect for the FM profession. These activities fell into three general categories:

- **Building talent**
- **Building integrated systems**
- **Building agility and change management processes**



## Building Talent

According to IFMA's 2011 Salary & Demographic Report, the average age of facility managers is 49. This aging population was also recognized at a recent Facility Fusion conference by Leadership FM author Steven Sonsino. "A related challenge facing FM is the serious shortfall in men and women in their 20s and 30s actively choosing FM as a profession. Within 10 years, maybe even within five, we predict a significant shortfall in the number of FM professionals ready to fill leadership vacancies."<sup>7</sup>

This is a continually recognized issue, one that requires more of a concerted effort to attract and develop the next generation of qualified talent, while at the same time requiring the industry to "reinvent itself, hopefully with the next generation at the helm of this process," according to one workshop participant. Part of the problem is the narrow "gene-pool" that is typically considered — those with CRE and FM skills and experience by those with the same level of skills and experience. There is a need to look more widely across different industries for talent.

### **The Next FM Technical Talent Pool - IT**

If the industry requires fresh perspective and new idea generation, where are the new pockets of talent capable of bringing these skills to the table? Many workshop participants pointed toward information technology professionals as the pool of the future, due in part to their similar project management approach and the ability to create new technology-based solutions so important to the optimization of global FM and real estate "big data" and analytics initiatives. Indeed, one firm suggests FMs have an opportunity to "reshape their career" through embracing their work with IT groups and being more collaborative.<sup>8</sup> At the same time, these resources do not typically understand from the outset "the language of the building," requiring a greater emphasis on the optimization of people, work, data and training to create better understanding and analytical collaboration.

<sup>7</sup> "Leadership FM," Jacqueline Moore and Steven Sonsino, 2013.

<sup>8</sup> 2013 World Workplace, Teledata, "Behind the Curtain."



### People Analytics:

#### THE INFLUENCE OF WORKSPACE AND PEOPLE PLACEMENT ON CREATIVITY, EFFECTIVENESS, COMMUNICATION AND SATISFACTION

Managing workers to create optimal performance is an exercise in complexity, where the often subjective accounting of such variables as skill, education, personality and talent is challenging to systemize and predict. However, with the advent of “people analytics,” there is a new recognition that to be innovative requires a rethinking of how employees are recruited and retained using a combination of performance, environmental and behavioral analytics.

According to a February 2013 article in TLNT, “Google is replacing the 20th century subjective decision-making approach in HR” using people analytics, or alternatively defined as “data-based decision-making,” “algorithm-based decision-making,” or “fact- or evidence-based decision-making.”

### The Socially Connected and Conscious Generation

It is expected that the next generation of FM professionals will look nothing like the generation before it in such ways as communication and collaboration. In turn, this generation may relate more directly to the employee and younger corporation generation they serve. As Maureen Ehrenberg pointed out, “Younger companies and executives don’t want to go into buildings to begin with — the leases are too onerous, expensive, and the facilities do not ultimately serve their needs. They are looking for work enablement and thinking partners, not order takers.” Others agreed, also pointing to how a greater focus on mobility and the merger of the physical and virtual environment (i.e. Gartner Group’s “Nexus of Forces,”<sup>9</sup> as referenced by technology topic leader Nancy Johnson Sanquist of Manhattan Software and further refined in this report) enable people, not infrastructure, to drive their changing working needs.

Recognizing how the new class of employees works with each other will help FM leaders and their shared service partners at least start to identify how to support their work environments effectively. As described in research conducted by Steelcase, “Having spent most of our lives functioning as part of a group, the new age workforce has a deep desire for teamwork and collaboration rather than individual functions. We are a generation cultivated by continual advancement in which the latest information and technology is brief and fleeting. Adapting to our surroundings, we have learned to leverage our social networks and group intelligence for staying ahead of the curve.”<sup>10</sup>

With an extreme social generation, often more dependent on collaborative technologies and online interactions than offline ones, a tremendous amount of new operational data and employee pattern information is being generated. This is big data beyond what’s collected from energy and building sensors, the group noted. The combination of building and technology automation and the kind of “people analytics” productivity tracking done by the likes of Google and MIT’s Media Lab<sup>11</sup>, the opportunity to create robust analytics on human behavior, productivity and the environments within which they operate is creating a new position: data scientist. “Data doesn’t mean anything without analytics. A data scientist can generate hundreds of millions in savings with their work,” indicated Sanquist. In fact, a McKinsey study found that one retailer using big data to its full potential could increase its operating margin by 60 percent.<sup>12</sup>

### Encouraging and Engaging K-12

Inspiring the future generation of FM professionals may indeed start at a young age, noted several workshop participants. With the increased focus on elevating the education of science, technology, engineering and math (STEM) activities in elementary, junior high and high school age children, those in the building sciences field have carved out a unique niche that will provide benefits within and beyond the discipline.

9 <http://www.gartner.com/technology/research/nexus-of-forces/>

10 Steelcase 360 Research “How the Workplace Can Improve Collaboration,” Steelcase 360 Research “Amplify your Innovation Quotient: The New I.Q.,” ValueOptions Workplace Spotlight.

11 <http://blog.media.mit.edu/2013/05/people-analytics-using-social-sensing.html>

12 “Big data: The next frontier for innovation, competition and productivity,” McKinsey Global Institute, May 2011. “Five tips to find and hire data scientists,” CIO, Nov. 29, 2012.

(continued)

Through this focus, Google has created several new and groundbreaking people management practices, according to the article's author:

1. Redefinition of great leaders through eight specific qualifications identified by internal data
2. Applied incentive and management experiments conducted by "PiLab," a unique subgroup
3. Retention algorithm
4. Predictive modeling
5. The use of analytics to solve diversity challenges
6. Hiring effectiveness algorithm
7. Calculations of the value of top performers
8. A heightened focus on workplace design as a means to increase collaboration
9. Increased focus on hands-on discovery and learning
10. Data driven influence versus dictatorship – operating as a consultancy versus domineering change agent.

"How Google Is Using People Analytics to Completely Reinvent HR," Dr. John Sullivan, TLNT, Feb. 26, 2013.

For example, the U.S. National Institute of Building Sciences (NIBS), the Total Learning Research Institute (TLRI) and the National Aeronautics and Space Administration (NASA) have established a joint venture designed to solve for the recycling of wastewater and other sustainability projects in "Mars City," a simulated facility on Earth, but modified to fit the conditions of the planet. Students work in teams to manage the facility, including identifying controls, sensors, emergency response requirements, preventive maintenance needs and other activities. This focus is geared in part by the need of NASA and other federal facilities to increase maintenance, renovation or replacement efforts while adopting new technology.

"Astronauts can't just plug into the grid to get electricity, connect to a central water utility or go to the local hardware store to get more construction supplies," said Ryan Colker, presidential advisor at the institute. "We can take the lessons learned from Mars City and other NASA programs and carry them over to inspire students to become interested in ways to more effectively use limited resources right here on Earth. This program will help inspire the next generation to think about ways of reusing building materials, recycling grey water and finding ways to use old supplies in creative new ways — all while using STEM concepts."

### Training

Whether the next generation of FM leaders comes from outside traditional channels or among the more mobile, socially connected ranks (or both), more specialized training and retention techniques will need to be considered. To best interpret the data generated by those with information technology backgrounds, there must be a parallel training focused on facility management operational principals and the functional metrics important to their role. Socially connected and conscious emerging leaders may be trained to harness their creativity and innovations in specific project settings.

For both groups, as well as the rest of the leadership set, new "soft" skills should be developed so FM talent may engage more strategically with organizational leadership as opposed to technical capabilities. In recent upskilling research from CBRE, soft skills not commonly tied to FM or corporate real estate management tactics — such as relationship building, strategic thinking, cross-functional collaboration and change management — are growing in importance and are tantamount to currying greater influence at the highest organizational levels.<sup>13</sup> ISS also notes in its 2020 Vision White Book that facility managers will need to "engage customers and able to seek alliances with others, including competitors, in order to help customers maximize utilization of assets, reduce risk and exposures, increase flexibility and improve the working lives of employees."<sup>14</sup>

<sup>13</sup> "CRE execs upskill to meet today's challenges," Atlanta Business Journal, Aug. 2, 2013.

<sup>14</sup> ISS 2020 Vision White Book.



### Building Integrated Systems

FM's role in designing and creating systems that connect data from disparate resources, whether building or employee driven, needs to be heightened, said workshop participants. The group noted a lack of consistent involvement, conversation, educational opportunities or projects where FM professionals had a leadership role. Where technology-driven firms are more naturally native to the development of big data-generating systems and analysis — firms like Zappos, Amazon, Microsoft, Cisco and others — the FM professional can also take greater steps in understanding IT convergence (between systems as well as in connection with mobility elements), building in capital investment and horizontal partnerships with related groups to become greater experts and creating integrated reporting and analytics.

Perhaps the greatest potential for value-added integration within FM systems, data and users is in the use of Gartner Group's ongoing research concept, the Nexus of Forces: "The convergence and mutual reinforcement of four interdependent trends: social interaction, mobility, cloud and information." These forces integrate and empower individuals as they interact with each other and their information through well-designed ubiquitous technology.<sup>15</sup> Companies are starting to build upon this concept into their business strategy, particularly around staffing, priorities and portfolio management. This level of adoption varies by industry; those particularly focused include companies that conceive of their assets as digital assets, such as media companies, particularly if consumers access those assets directly, according to Gartner. However, there are also instances in which even manufacturing companies are becoming very sophisticated around asset management and "contextual maintenance."

Once integrated facility and people analytical systems are built and significant data collected, how might these be used to create the greatest impact? One answer might lie in the transition of big data to "thick data," which is defined by ethnographer Tricia Wang as an approach that uncovers the meaning behind big data visualization and analysis, "revealing the social context of and connections between data points."<sup>16</sup> Put another way by Wang, "Big data delivers numbers; thick data delivers stories." This relates back to the premise described earlier in this report that storytelling and case studies are significant tools to creating impact with the C-suite.

#### Understanding IT Convergence



*Be your company's infrastructure expert*



*Think big picture*



*Accept the role of business integrator as well as systems integrator*



*Embrace working with IT groups*



*Prepare for technology infrastructure mandates coming from the executive level*

2013 World Workplace, Terradata

<sup>15</sup> <http://www.gartner.com/technology/research/nexus-of-forces/>.

<sup>16</sup> <http://ethnographymatters.net/2013/05/13/big-data-needs-thick-data/>.

Those able to create the skill to dodge, weave and redirect as they make decisions, plan forward strategies, manage risks, support change and problem solve will be better prepared to provide information and guidance to executive leadership.

Standing for volatility, uncertainty, complexity and ambiguity, VUCA represents the base framework in which many organizations identify their current and future operation.



## Building Agility and Change

Workshop participants identified early on the need to create flexibility as the job of FM evolved, indeed as quickly as the workplaces they manage evolved, if not faster. Being reactive to productivity trends, while supporting at the core the dynamic change of the business and culture, makes a FM leader an “agility enabler,” said one leader.

This skill is important as individuals and companies increasingly live in a “VUCA world,” agreed the group. Standing for volatility, uncertainty, complexity and ambiguity, these elements represent the base framework in which many organizations identify their current and future operation. Those able to create the skill to dodge, weave and redirect as they make decisions, plan forward strategies, manage risks, support change and craft solutions, will be better prepared to provide information and guidance to executive leadership.

Change management is an often discussed, but not so explicitly codified or respected process that should be factored in all significant FM agility enabling opportunities, for both routine but significant events and project based activities. Identifying and managing primary and secondary stakeholders, staying on mission, and keeping up a consistent array of communication opportunities all contribute to effective change management processes. Most importantly, documenting how change is to occur will help legitimize the process.





# What's Next?

### Next-Gen FM

#### KEY QUESTIONS

1. Are you engaging in non-FM related conversations with your business units or key stakeholders?
2. Is the data you analyze building related, people related or both?
3. Do you create metrics that directly correlate with and contribute to specific balance sheet line items?
4. How many projects are you involved in that also directly involve your CFO and/or accounting department? Your chief strategist? The developers of your CSR report?
5. What are the backgrounds/ undergraduate degrees of your younger FM teams?
6. How often are you brought in to discuss workplace transformation needs from idea inception?
7. What, if any, key corporate initiatives are you engaged in that also routinely include your counterparts in IT, HR or accounting? Are you regularly collaborating with these counterparts in those projects?

Awareness of trends and opportunities impacting the FM profession is one key step in marching historical tools, processes, strategic thinking and new employee resources toward the future. However, awareness alone is not sufficient. FM professionals must develop an action plan to meet changing expectations. As one workshop participant put it, "It's hard get out of our own mindset of being reactionary, as opposed to mining and gathering opportunities proactively with our service partners. However, we need to be willing to find something different and be experimental. We need to go there to be relevant."

Asking yourself and your team pointed questions about certain aspects of this analysis will help guide you to an effective FM evolution. To the left are some key questions to consider.

Given the potential for significant influence of worker productivity alone just in the deployment of workplace sustainability and operational improvements (at minimum 5 percent of employee costs, according to Chris Hodges of FEA), FM has a lot to gain in pushing breakthrough initiatives and partnering with business units and shared service functions to achieve them. Sometimes this means being bold when explaining to the C-suite the value you bring to the table, even during challenging funding conversations. Maureen Ehrenberg relayed one story of a hospital FM professional who asked for needed capital for operational improvements despite it being out of a budget cycle, and was turned down. Without hesitation, he responded with warnings of emergency room cooling and other equipment failures impacting long-term patient continuity of care, and received approval for his request. He knew the language of his business, and used it.

FM professionals continue to identify ways to further assert themselves within their respective organizations, using metrics and value propositions that connect with their business and create compelling stories, and are building the future for a more socially connected and technologically enabled next generation in meaningful, specific ways. But as the old adage goes, the only constant is change. Facility management leadership needs to flex and evolve to reflect new approaches, skills and systems that are sure to replace innovations just emerging even today. According to Ehrenberg, "We have the credibility, and the solutions. The opportunity is ours for the taking."



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Formed in 1980, IFMA certifies professionals in facility management, conducts research, provides educational programs and produces World Workplace, the world's largest facility management conference and exposition.

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