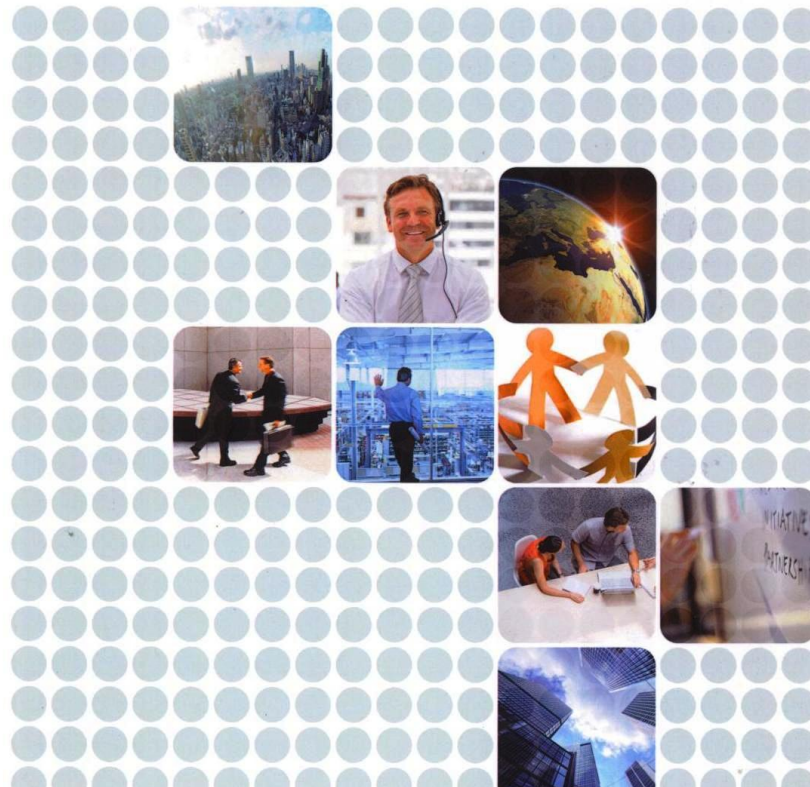


FM in the Future



CRE&FM FUTURES FORUM

Final report June 2012



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CRE&FM
Zurich Insurance plc



Disruptive thinking...



**EuroFM: Research meets
Practice meets Education**

6th Feb 2013, ZHAW
Wädenswil, Zurich

The Futures Forum



Question

What does the FM industry need to do to significantly improve its relevance to the enterprise it exists to support?



Views

- CRE&FM currently has no objective way of evidencing the value that it brings to business
- This is a fundamental blocker to being seen by the business as an asset rather than as a cost
- Before commencing collation of the necessary evidence there is a need for a fresh understanding of the CRE&FM value proposition to enterprise
- A resulting natural evolution for CRE&FM may be for it become part of a reformed wider 'business services' function
- Evidence of CRE&FM's impact on workforce productivity could be key.

“The core issue is no longer about buildings or services but about enabling productivity that delivers competitive advantages for your organisation”.

Question

What does the FM industry need to do, and how does it need to change, to consistently provide a great experience for all consumers?



Views

- CRE&FM is currently positioned between the unending demands of business units and the continuous pressure to contain and reduce costs... a natural cause of dissatisfaction
- CRE&FM currently pays insufficient attention to the evidence of how customer value is created or lost
- A shift from a primary focus on building-centric inputs to customer-centric outcomes may require a redesign of the entire CRE&FM ecosystem, and certainly it's delivery models
- Tomorrow's CRE&FM teams will have to sense, mediate and monitor for and with clients, customers and consumers – and understand deeply the meaningful distinctions between each and their expectations
- Great consumer and customer experiences will differentiate CRE&FM in the future by appealing to both the heart and mind of consumers whilst providing a tangible difference to the business.

“if we really want to re-centre CRE around the quality of customer experience, does it make sense to retain the same delivery model?”

Question

What does the FM industry need to change to enable it to guarantee to its customers that they are getting the service quality that they are paying for?



Views

- Service quality expectations may differ by stakeholder. For example the CRE&FM client will be more interested in overall value-for-money whereas end consumers, with no cost reference, expect quality
- CRE&FM can learn from adjacent industries such as Logistics where the industrialisation of core service components and a clear focus on understanding customer needs leads to greater efficiency and performance certainty
- A continuous improvement culture, supported by effective performance measurement frameworks, will be important for not only driving better service quality, but also in evidencing it
- As with all service industries the quality and attitude of the people employed in the service delivery will be a critical issue.

Question

What are the characteristics of a modern FM organisation that is successful at aligning with both the enterprise and suppliers?



Views

- The Intelligent Client concept is considered to have most potential to be effective in a true partnership arrangement with suppliers (an arrangement concluded to be elusive for the most part) backed up by an excellent governance regime that ensures smart decision making at the right levels by the right people
- The role of the Intelligent Client is to assemble and catalyse multi-faceted and cross-border / cross-organisational networks, combining their strengths and attaining a synergy around business alignment
- Key skill sets include strategic planning, change management and adaptability. This will need to be infused with deep business understanding and a confident disposition so that necessary business challenge will be communicated when necessary
- Evidence of high performing Intelligent Clients will include effective forward planning, the extensive use of analytics, appropriate organisational models, and close internal customer relationships.

Question

How can the industry go beyond its current fragmented nature to deliver truly-integrated solutions with a value that is more than the sum of their parts?

Views

- So-called 'integrated solutions' to date have tended to support existing operational and industry fragmentation rather than catalyse profoundly new ways of operating
- True integration will be based around partnerships, co-ordinated processes and data technology
- Business benefits must drive the nature of integration, and not the other way around (as is currently pursued)
- Understanding and defining integrated problems will help the development of integrated solutions.

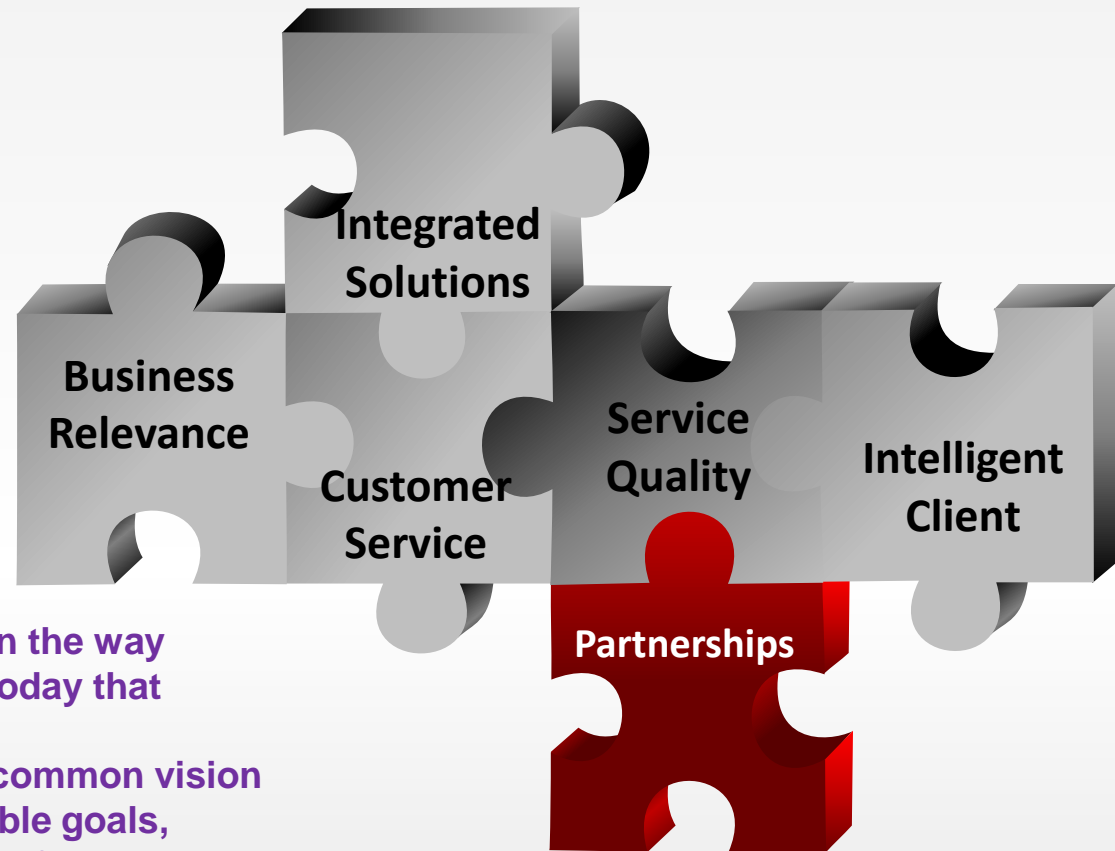


Question

What are the characteristics of the most meaningful and creative partnerships and context(s) in which they will most likely succeed?

Views

- There are multiple tensions inherent in the way procurement and CRE&FM operates today that makes partnering a challenge
- True partnerships will be driven by a common vision for the relationship, mutually compatible goals, transparency, trust, and time and effort from all parties
- Mutual learning and development – working together to do better – will be key
- Ultimately partnerships stand or fall on the attitude of the people involved and their approach.

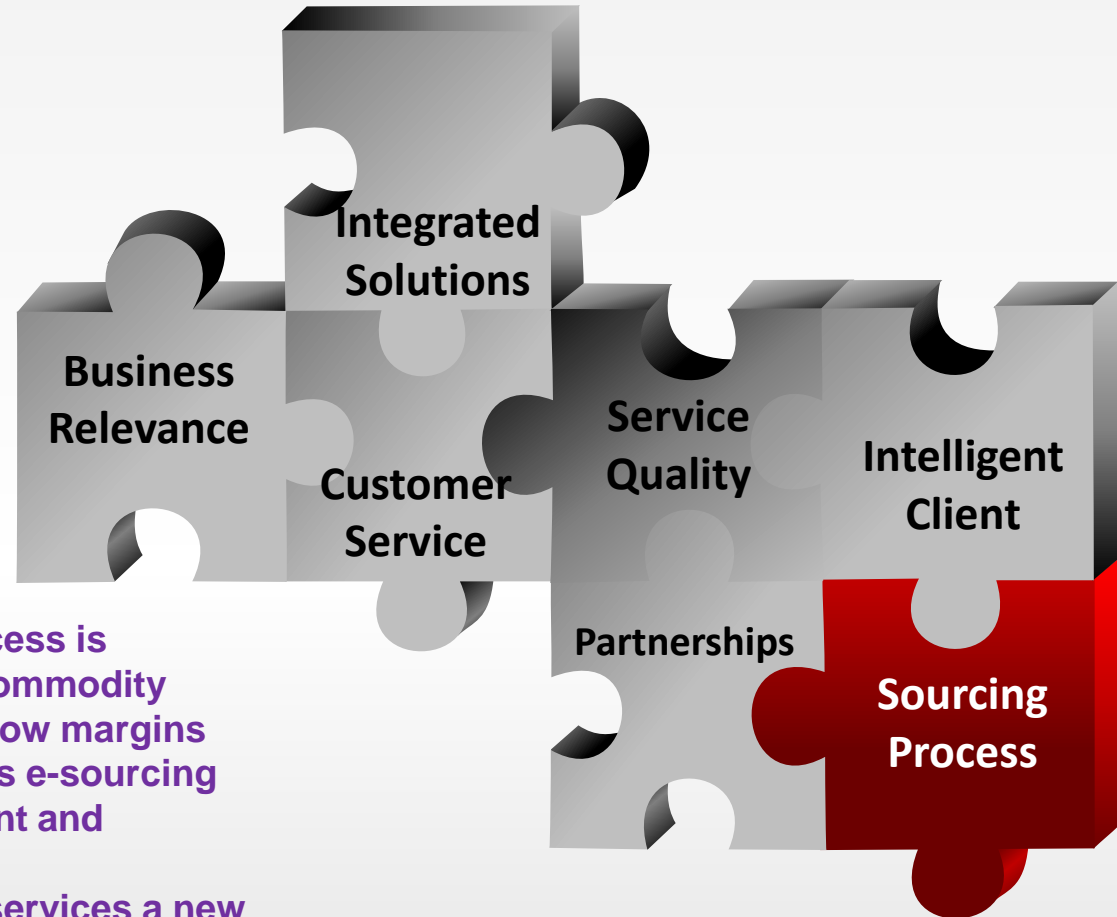


Question

*Is the two-stage RFI/
RFP approach to
sourcing suppliers the
most effective way of
achieving today's vital
relationships?*

Views

- The traditional, lengthy, sourcing process is arguably causing a vicious circle of commodity services, dissatisfied customers and low margins
- For commoditised task-based services e-sourcing looks certain to continue as an efficient and effective approach
- For more complex outcome-focused services a new approach is needed. This will likely embrace different supplier selection criteria and longer term management approaches. At its heart will be a much more collaborative engagement both before and after the contract is signed.

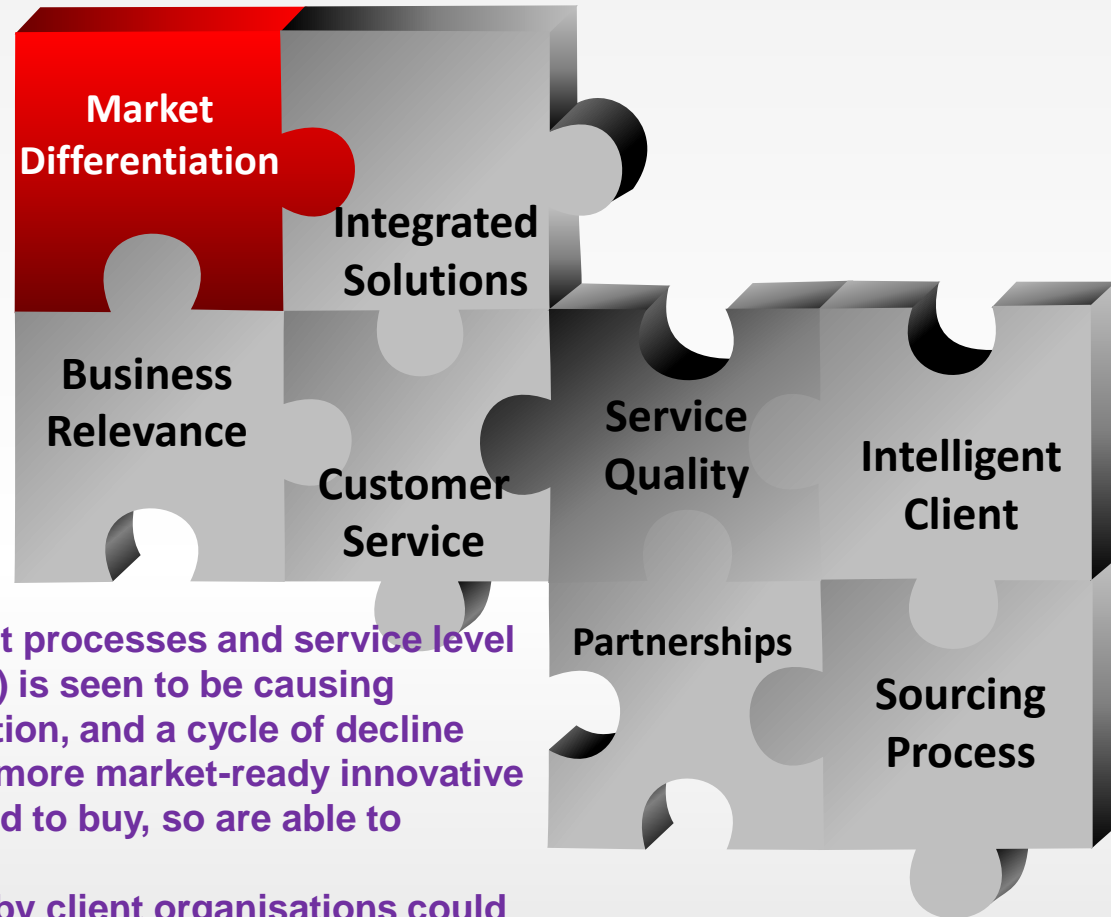


Question

Why is there so little differentiation between suppliers in the FM marketplace, also between FM teams in different organisations?

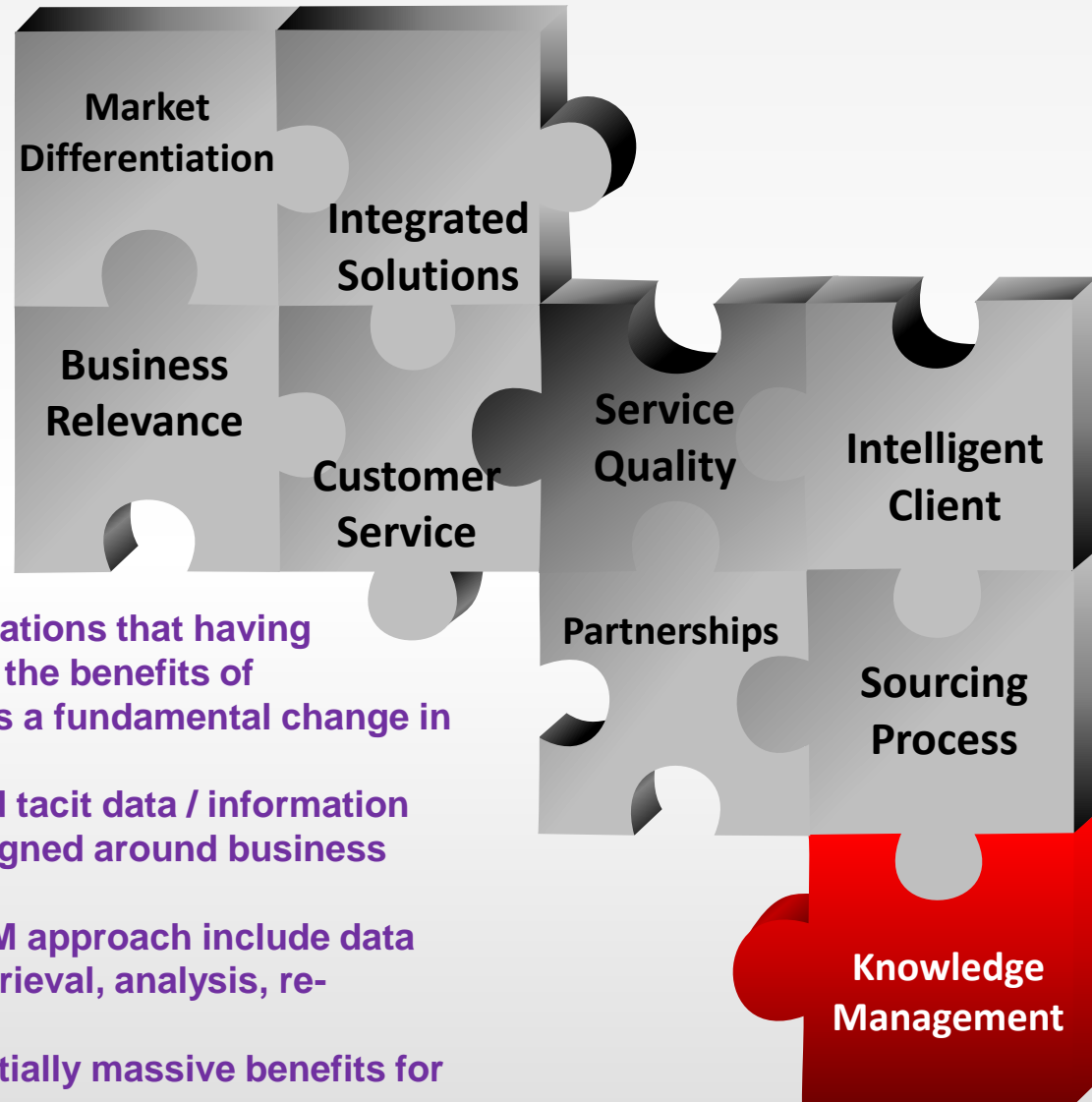
Views

- A combination of current procurement processes and service level agreements (with their inbuilt metrics) is seen to be causing commoditisation, a lack of differentiation, and a cycle of decline
- Service Providers feel that they have more market-ready innovative solutions than customers are prepared to buy, so are able to differentiate only if allowed
- Benefits from differentiation enjoyed by client organisations could include improved productivity (direct and via asset utilisation), recruitment and retention, satisfaction, and brand enhancement
- Attaining this differentiation and their benefits will require new business models and methods of operation. This in turn will only happen if all stakeholders commit to investing in it both financially and personally.



Question

The information that we routinely capture and use to manage performance and inform decisions is often out-of-date and incomplete. How can we advance ...?



Views

- There is a culture in too many organisations that having knowledge is having power. Realising the benefits of Knowledge Management (KM) requires a fundamental change in mindset for many away from this
- KM needs to address both explicit and tacit data / information
- The entire KM process should be designed around business needs
- Priority components of an effective KM approach include data collection, categorisation, storage, retrieval, analysis, re-application, and disposal
- A truly effective KM system has potentially massive benefits for all CRE&FM stakeholders.

Question

How can the FM industry attract far more talent?

Views

- Too high a proportion of the CRE&FM industry's talent intake probably occurs by 'happy accident'. It certainly isn't high on the list of career possibilities of high-fliers
- Part of the problem is the narrow 'gene-pool' that is typically considered. There is a need to look more widely across different industries for talent
- We also need to get better at developing those we have, especially in general business leadership skills
- The industry should target potential sources of talent far earlier. This needs to be aligned to clear and appropriate education. This will require a rethink of how the industry is made compelling and attractive – 'millennial' talent will expect to work in a different way to the current 'baby boomer' leaders trying to recruit them.



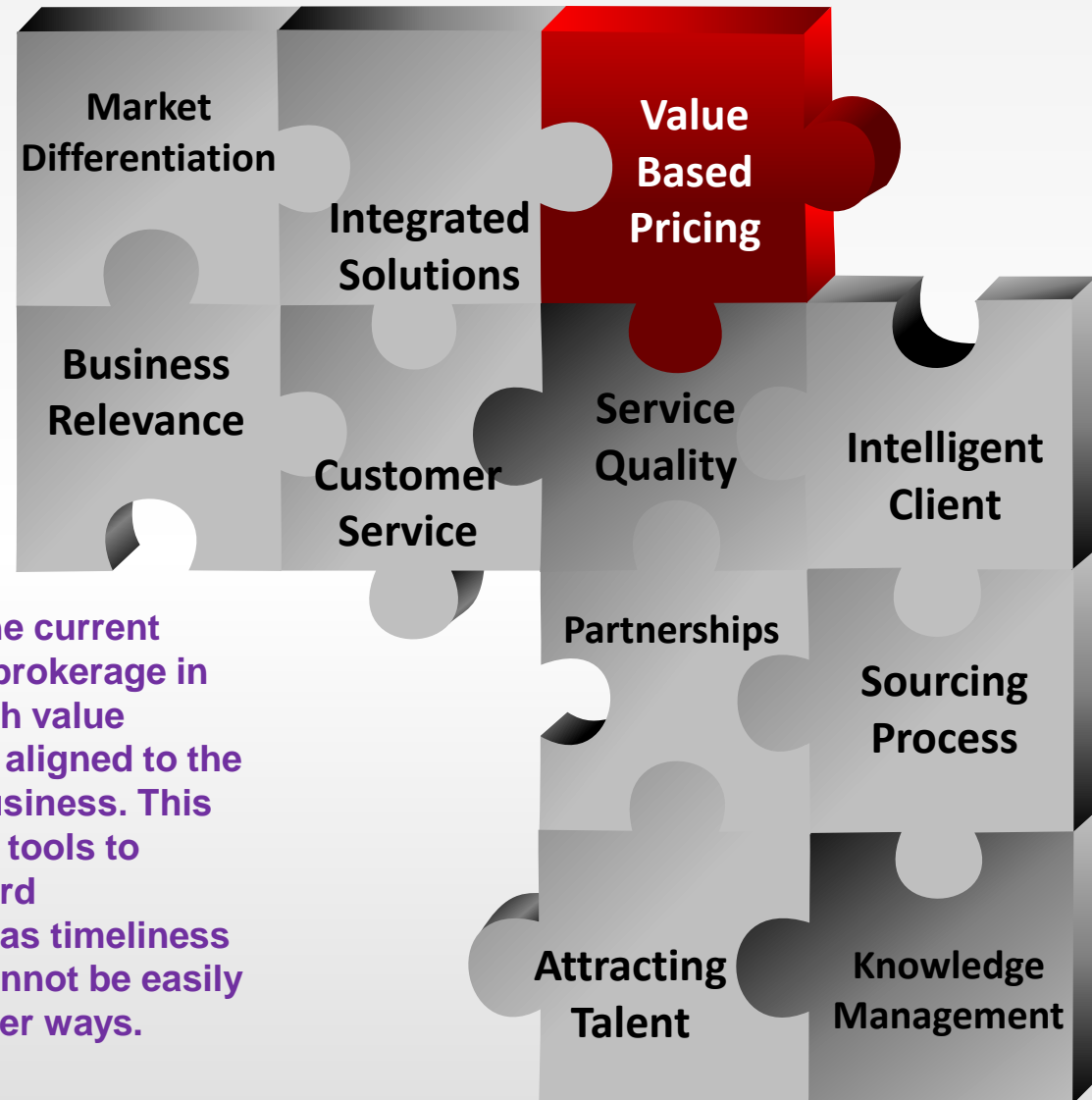
Value-based Pricing

Question

What would a value-based pricing model for FM services look like?

Views

- A fundamental change is needed to the current pricing models, which for real estate brokerage in particular seem to have lost touch with value
- In the future fees will be more closely aligned to the value they drive for the customers' business. This will require appropriate measurement tools to evidence relative success in this regard
- New areas of value will emerge, such as timeliness and flexibility. Intangible value that cannot be easily measured will need articulating in other ways.



Question

What value should FM be generating from globalisation?

Views

- Globalisation has undoubtedly been one of the key drivers of change in the CRE&FM industry... but has it merely served to provide the same fragmented services on a much larger scale?
- A sympathetic balance between global ideas and standards and local conditions and particularities is essential
- Globalisation benefits should be possible through both 'single supplier/global client' and 'multiple suppliers/local clients' approaches
- Global standardisation of every component of the CRE&FM model is not thought to be desirable.
- It is questionable whether CRE&FM leadership collectively has the cultural skillset and experience to achieve sustained competitive differentiation through globalisation.



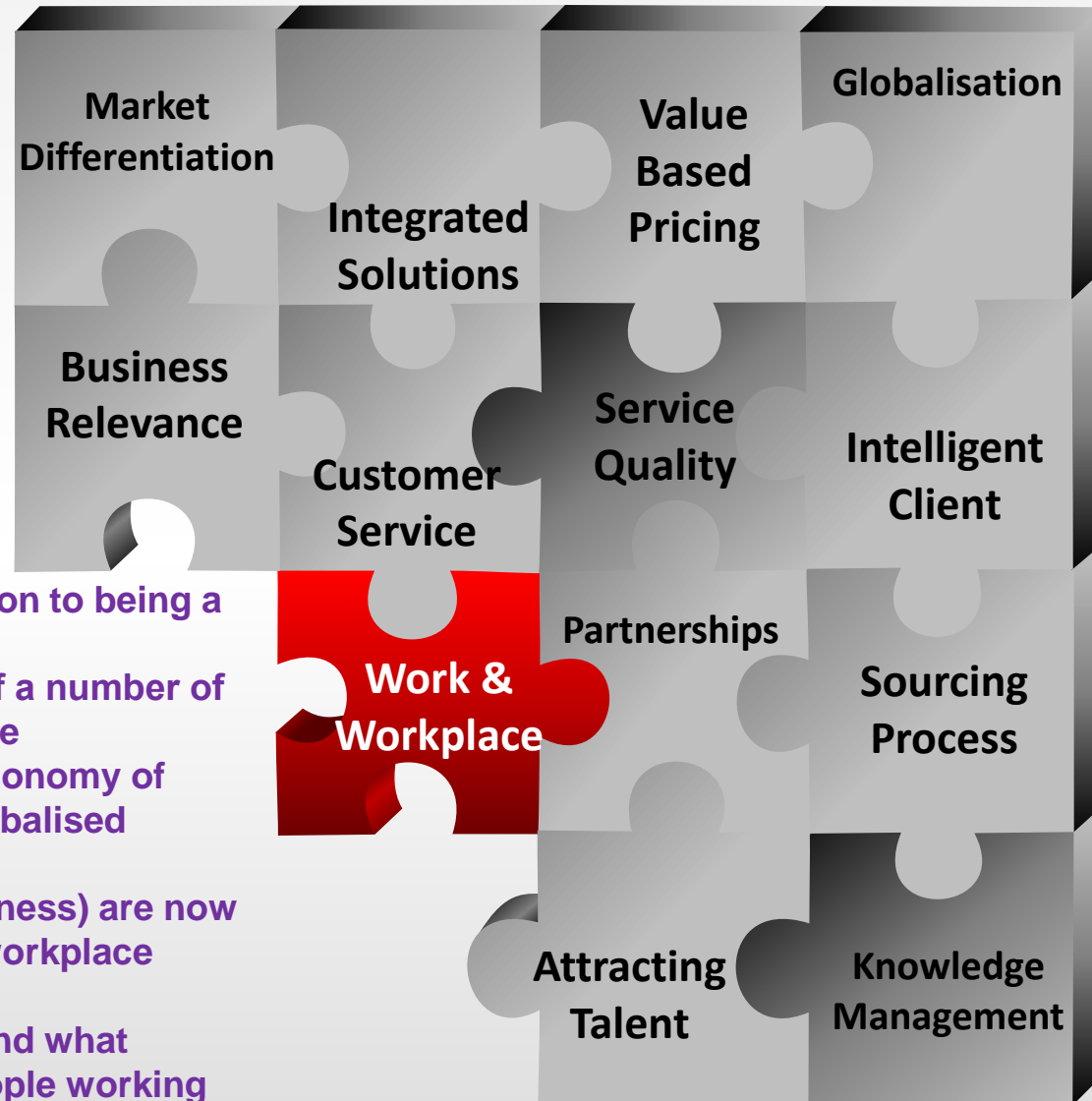
The Nature of Work and The Workplace

Question

What will 'work' be like and what will the (unconstrained) office of the future look and feel like by 2017?

Views

- The workplace will continue a transition to being a social hub...
- The 'office' will be (is already?) one of a number of places where work routinely gets done
- Economy of flexibility will succeed economy of scale as a primary value focus for globalised business platforms
- The worker and their needs (effectiveness) are now the primary CRE&FM focus, not the workplace (efficiency)
- CRE&FM will need to better understand what releases productivity for different people working on different tasks in different contexts.



Question

What is the true and full extent of the risks that FM manages?

Views

- It is crucial for CRE&FM to fully understand the business appetite and capacity for risk in order to be able to design and manage the service resilience accordingly
- Risk is broader and must go beyond building operation risk and business continuity.



Question

What should we be doing together and individually to meet our moral obligation across all sustainability issues?

Views

- There are several 'levers' available to CRE&FM to reduce carbon intensity, but all require a base of reliable data and performance targets
- Five themes emerge as being important: behaviour change, standards, building and environmental performance management, knowledge sharing, and supplier management.



Question

How can the FM industry become more innovative?

Views


- Innovation has become a fundamental imperative for CRE&FM.
- A number of forces have mitigated against innovation in the past
- CRE&FM as an industry needs to respond, including a radical change of mindset (a blend of boldness, tolerance and patience at the same time), a culture of openness, reflection and questioning, a focus on how practically to catalyse and encourage innovation, and the development of innovation tools and processes.



Overall, what did the forum tell us?

We need a revolution in KM, R&D, and talent management...

Advances are required in leadership capability, especially strategy and change management

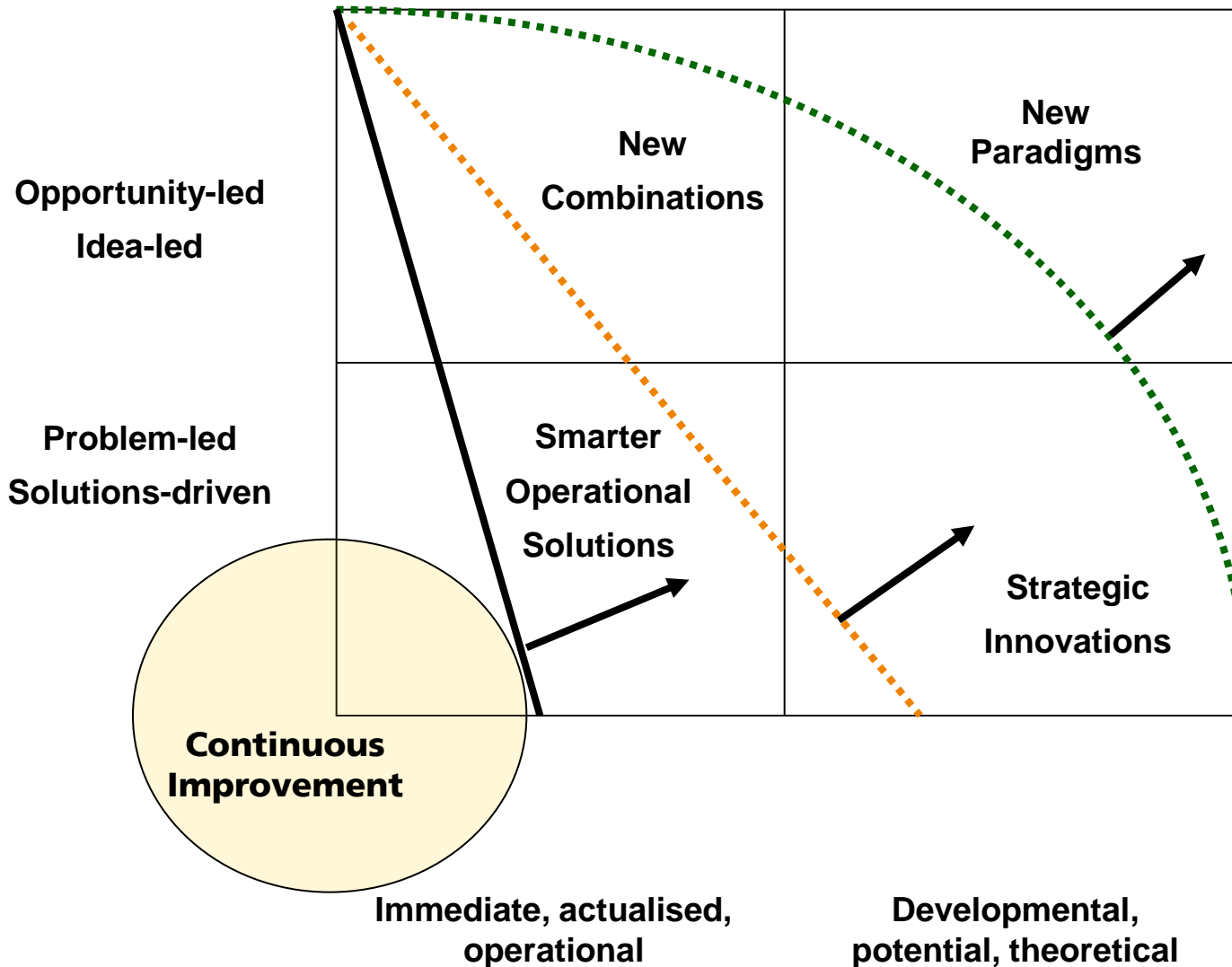


FM needs to re-align on supporting the effectiveness of people and the productivity of business

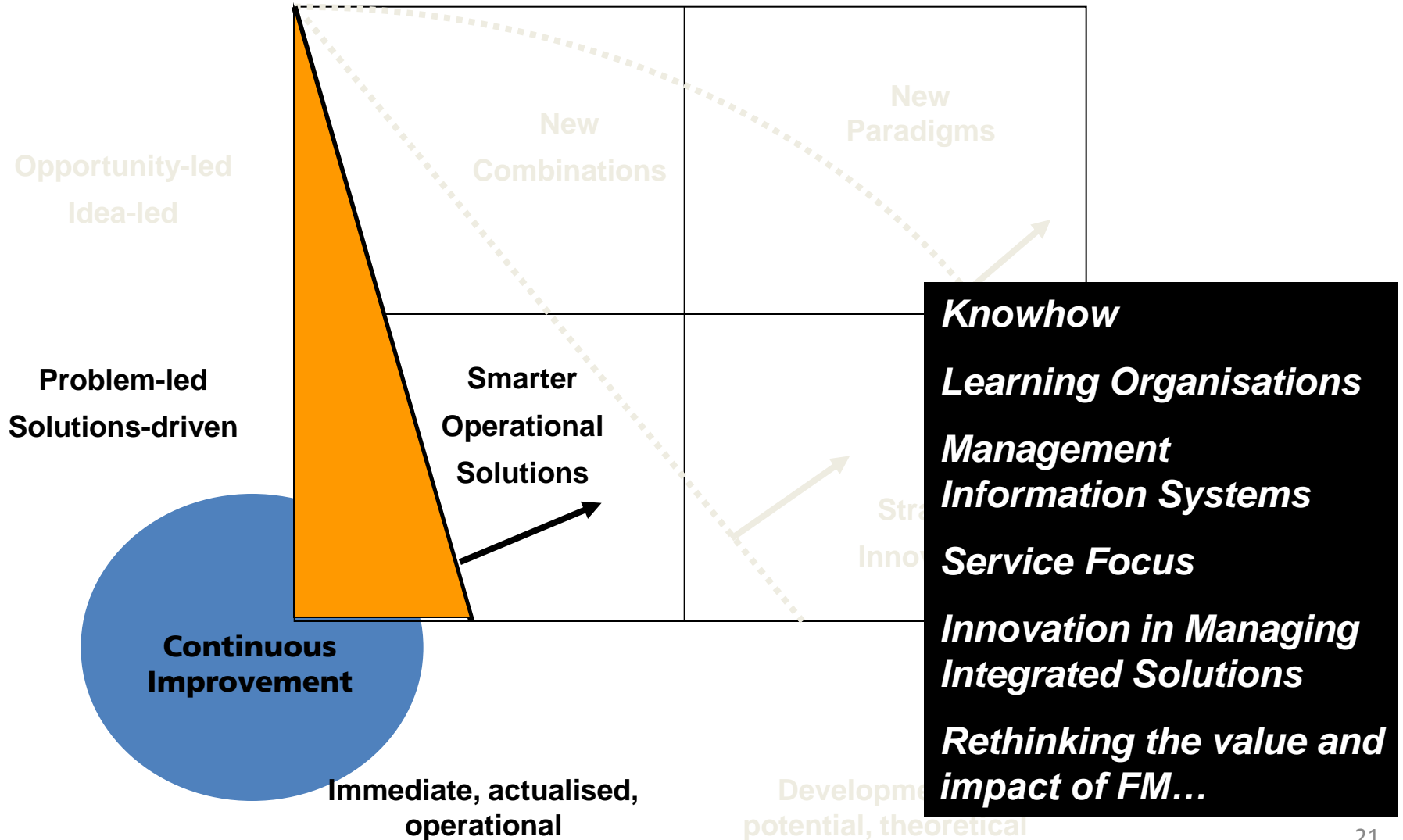
...Plus advances in integrating services, systems, and providers

We need disruptive innovations in procurement, partnering and performance management

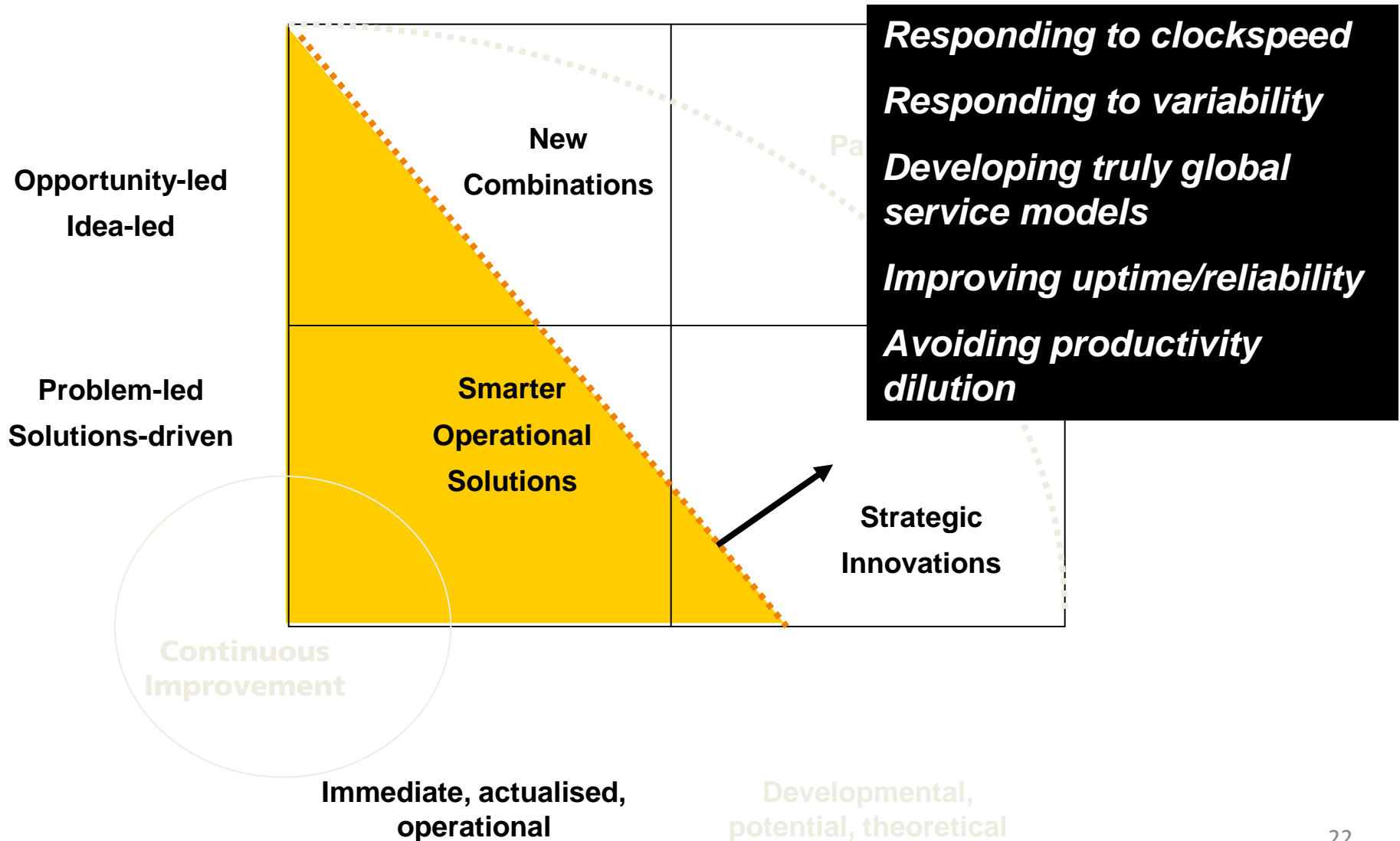
FM needs a portfolio approach to innovation



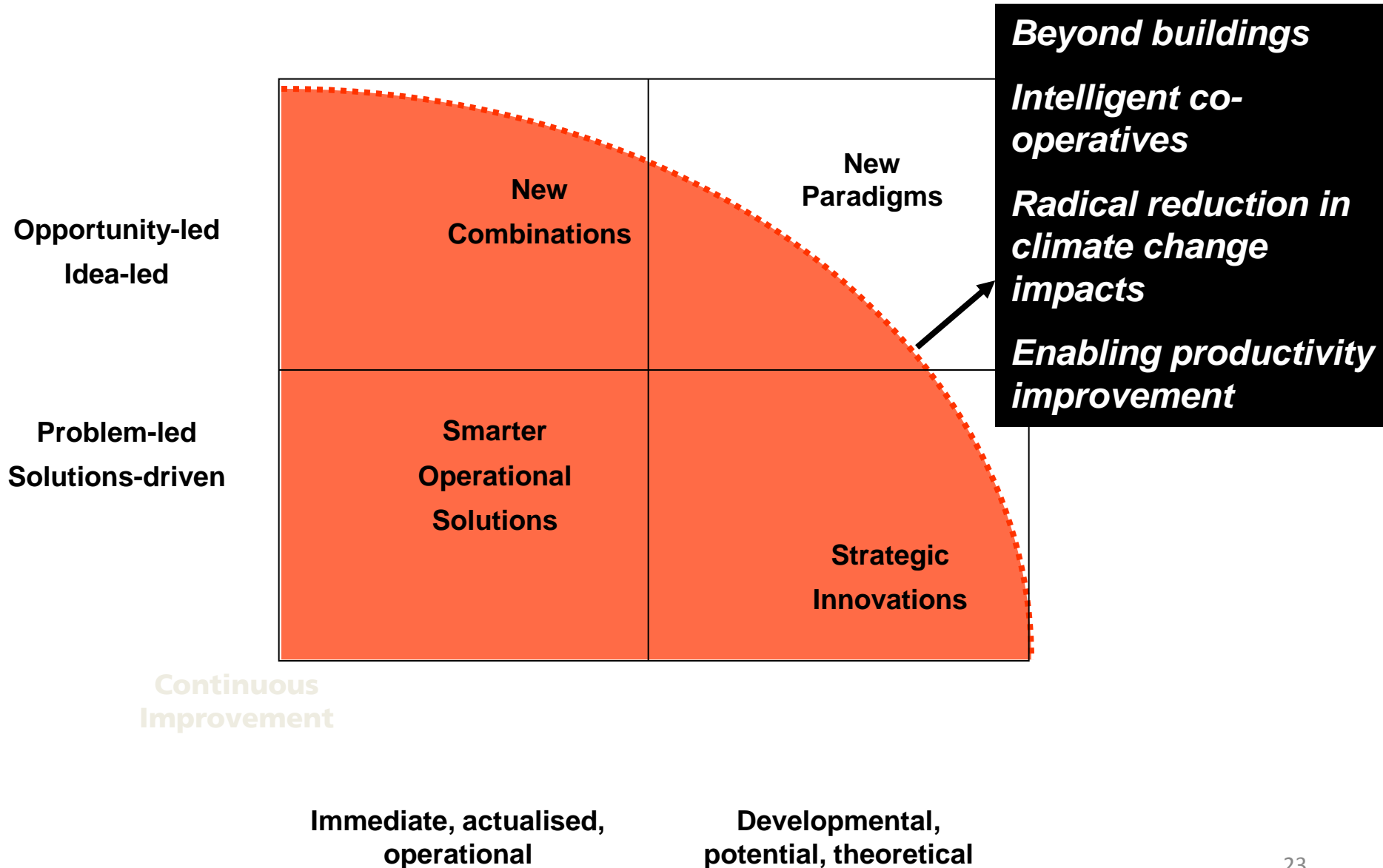
Foundations first



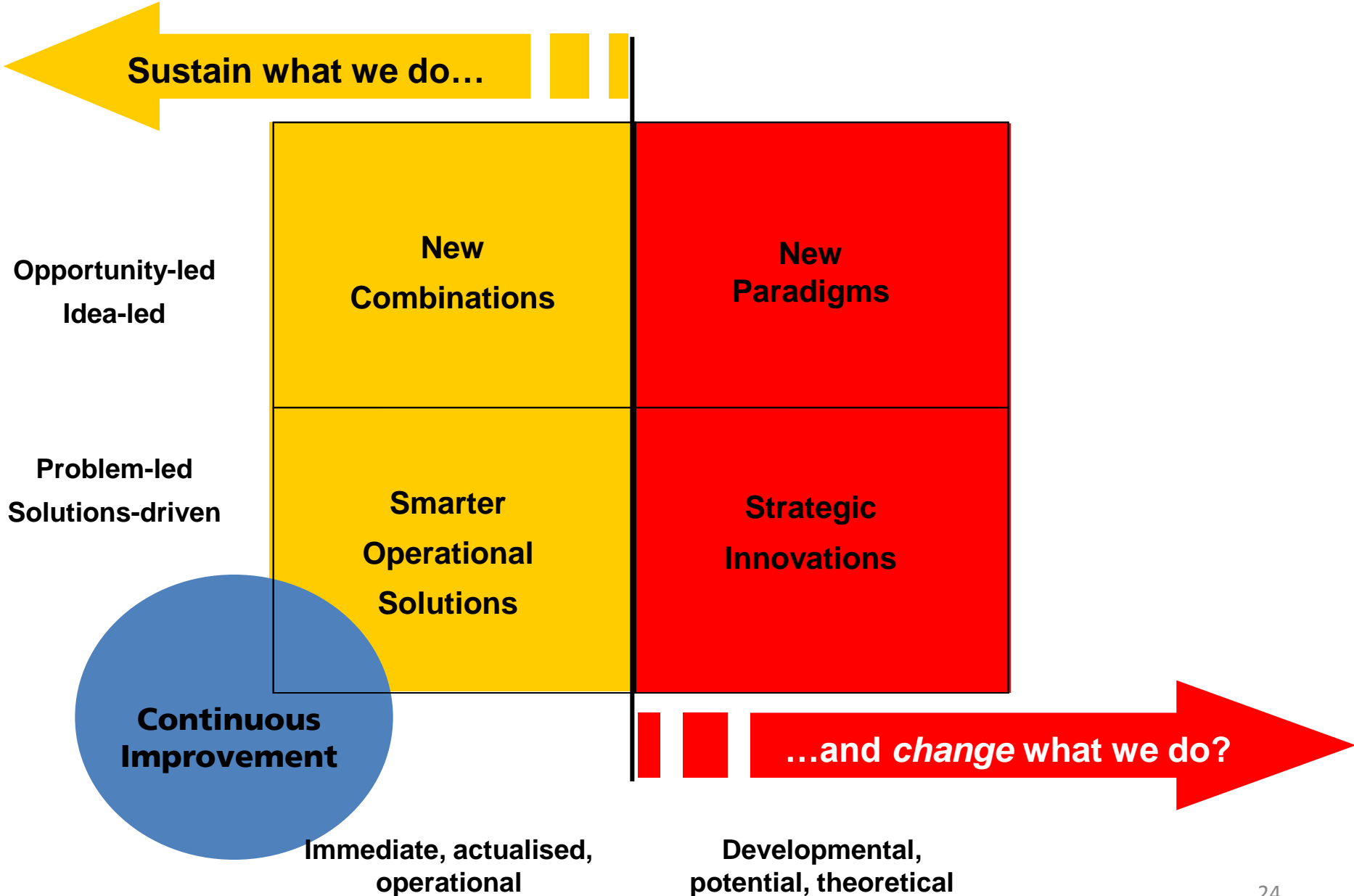
Plus some crucial sustaining innovations



But disruptive innovations matter most...



FM needs a balance of innovations



FM has some opportunities to innovate what it provides by developing new service dimensions.

Our recent *Intelligent Client* and *Future Workplace* forums indicated that:

- Designing the future of FM depends on the client and service providers operating cooperatively – the future belongs to the **Intelligent Cooperative**.
- As technological innovations have freed people from the workplace, so the concept of work has changed. Work is now truly dynamic and **people-centred**, it encompasses a broader blend of services within concepts of wellbeing... so the old building-centric model that has dominated FM is obsolete. (Is it time for a new title?)
- Furthermore, there are several candidates to lead an **integrated new service** (including but not limited to IT and HR); so the existing FM knowhow is no longer a barrier to entry.



Research meets Practice meets Education...



Sustain what we do...

- FM needs a unified, authoritative knowledge base, based on evidenced and accredited knowledge = *a requirement affecting both R&D and education content*
- Plus, how do we affirm/modify or sift out the now-obsolete research data, the outdated workplace and work models and disproven concepts = *a massive meta research task*
- Inconsistencies, vagueness about assumptions and safe applicability remain obscure in our R&D base = *how do we change this?*
- FM needs the research and educational communities to help its ideas evolve through evidencing not just fashion = *action research, action learning and rapid prototyping opportunities*
- Practice needs to do much more to engage with R&D and education... and R&D and education needs to be more relevant to practice.

- Leading edge FM is now part of a wider, integrated service model, moving from building centricity to people centricity = *where is the new knowledge we need going to come from?*
- Global FM practices and capability maturities differ, so the industry faces the challenge of cascading best practices adapted to local needs = *How can the global R&D and education communities help?*
- At the cutting edge we need R&D to be more proactive about engaging with practice, also in pursuing stretch concepts and convincing the industry into engaging with these.



...and *change* what we do?