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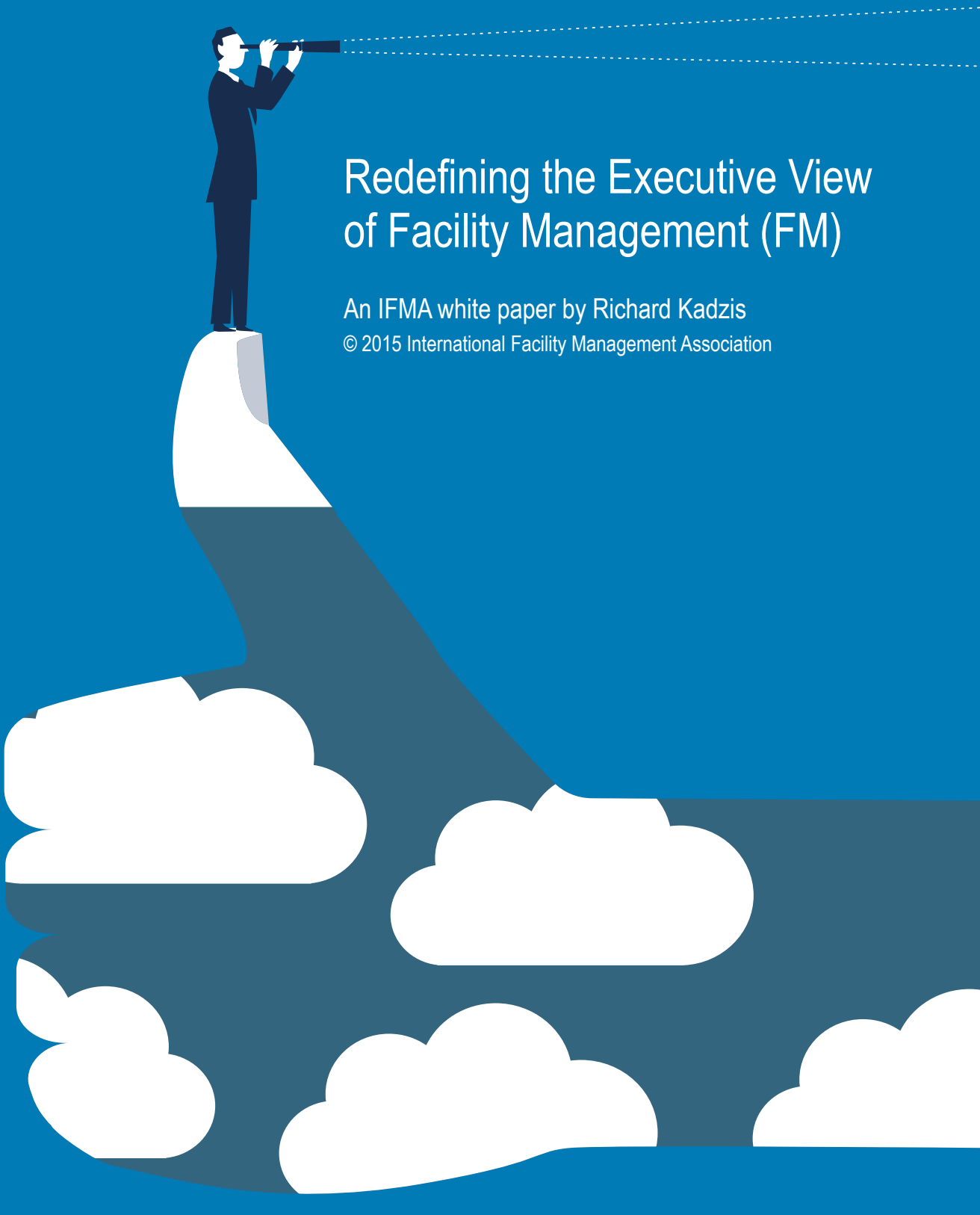

Redefining the Executive View of Facility Management (FM)

An IFMA white paper by Richard Kadzis

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Redefining the executive view of facility management (FM)

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Foreword from JLL

Cost reduction, productivity gains and risk mitigation will always be important factors in facility management. Ensuring operations and maintenance are run effectively and efficiently is core to a high-performing facility management team. But facility management continues to expand its mandate and move outside its traditional comfort zone. The value that can be delivered by facility management is increasing as innovative companies focus more on the employee experience through services enhancement, workplace innovation and technology enablement. This convergence of the "enterprise of things" enables better data, analytics, forecasting and decision making. However, without facility managers driving changes in how they work, deliver and communicate their value, executive views of the FM function will remain focused on FM as a cost center.

We are pleased to support the International Facility Management Association in this important discussion of executive views of facility management and how facility managers can positively impact and influence executive views, creating strategic partnerships with the business.

As the FM industry advances and transforms with the workplace, it requires new business skills, innovation and new ways of thinking. New types of career opportunities hold much promise for the future of FM and its relationship to the business. The implications of the convergence of technology, workplace and facilities services will be to impact the business enterprise well beyond the traditional "comfort zone" of FM as it has been defined in the past.

Best Regards,

Maureen Ehrenberg
Executive Managing Director and Chair of the Global Board
Integrated Facilities Management, Americas, JLL

Executive Summary

The executive view of facility management (FM) continues to evolve as the industry itself shifts and adapts to new influences, technologies, and challenges. These shifts take many forms and ultimately have an effect on the perception of FM by the C-Suite and the industry's success in positioning itself as a valued strategic partner to the business.

Fundamentals of the FM/C-Suite Relationship

Research suggests that executives often perceive FM as a support function, with minimal strategic value. Furthermore, the C-Suite most frequently measures FM performance in terms of cost savings. As a result, many facility managers face a "glorified custodian" stigma that prevents them from gaining traction with the C-Suite and perpetuates the perceived gap between facilities, core business strategy, and, ultimately, profitability.

Changing the C-Suite Conversation: Value Creation

While FM's rise to a more strategic role is still a work in progress, key shifts within the business environment have created tremendous opportunities for facility managers to advance their strategic value with business leaders. This convergence of trends (surrounding the employee experience, facilities as brand extensions and new metrics to benchmark performance, among others) has primed the business environment for facility managers to improve executive perceptions of the function and engage in increasingly strategic partnerships with business leaders.

Growing demand for employee-centric workplaces is one such trend, which allows facility managers to capitalize on the strong linkages between facilities, the employee experience and productivity. For example, a new HVAC system that improves air quality may be perceived as a basic cost increase. However, if this HVAC system also reduces employee sick days (and the corresponding productivity loss due to illness), then the net savings (and increased productivity) should also be considered as part of the cost-benefit analysis. This approach to work-life supports provides a strong business case for the strategic role of FM.

Emerging perceptions of facilities as brand extensions have also created an opportunity for facility managers to advance their strategic value. As organizations refine their approach to corporate real estate — often with fewer, more strategically located facilities — businesses have begun to assign a renewed importance to the brand experience that the facilities create for both occupiers and visitors. This increasing emphasis on the facility as a central brand expression allows facility managers to act as brand stewards and more closely align the FM function with the core business strategy as a result.

New opportunities to quantify and communicate FM performance (beyond cost savings) also offer facility managers the tools to prove their strategic value to the C-Suite. The Rocky Mountain Institute's (RMI's) Deep Retrofit Valuation (DRV) Guide provides an example of one such approach to evaluate both the quantitative and qualitative benefits of, specifically, facility retrofits. The DRV provides a framework to measure nine 'value

elements,' including risk mitigation, employee engagement and property-derived revenues, among others, which go beyond cost savings to add value to retrofitted facilities. This methodology provides a useful roadmap for facility managers to use when conveying FM's strategic value to executives, particularly because it measures factors that go beyond traditional FM performance metrics and which are integral to the C-Suite's core business strategy.

What can facility managers do to improve executive perceptions?

The changing nature of the business environment provides ample opportunity for facility managers to move into a more strategic role and gain traction with executives. The first step in this process is for facility managers to operationalize the hallmarks of high-performing FM management. Once this strong foundation of operational excellence is established, facility managers can use a variety of tools to adopt a more strategic approach.

To lay the groundwork for an increasingly strategic role, facility managers must first ensure that their day-to-day tactical responsibilities are handled efficiently and consistently demonstrated and communicated to executives. In developing this foundation of operational excellence, facility managers should strive to improve and streamline workflow processes, develop strong, trusting relationships with executives and facility occupiers and establish a sharp understanding of the business' strategic objectives and market position, as well as the nuances of the overarching industry. Promoting core competencies in each of these areas sets the stage for facility managers to align FM more effectively with the larger enterprise.

Outsourcing the FM function also presents an opportunity to elevate the strategic role of facility managers, by leveraging the demonstrated core competencies and expertise of dedicated FM service providers. This shift to a more strategic outsourcing partnership — coined "Outsourcing 4.0" by JLL — in turn offers facility managers the opportunity to frame the FM function as a key player in operational strategy, and by extension align their FM capabilities with the core business strategy.

Facility managers can also utilize emerging technology solutions to capture real-time data and robust analytics that further promote the FM function's value to executives. In an increasingly data-driven business environment, business leaders seek better data to drive smarter decision-making, and facility managers can maximize their strategic value by meeting this need head-on. Cisco, for example, cites the use of "smart" building data to optimize building performance to "create an environment where people inside prosper" and, by extension, prove the strategic importance of FM to executives.

Finally, mastery of soft skills — including communication, collaboration, relationship management, and innovation — is crucial for facility managers seeking to improve their strategic relationship with executives. It is particularly important for facility managers to hone their communication skills to facilitate effective and productive interactions with business leaders. As stated by Professor Kathy Roper, "FM requires an unusually broad balance of activities… making it one of the most precarious yet rewarding activities."

Embrace the shift to strategic FM partner (or risk irrelevance)

The business environment is uniquely primed for facility managers to strategically advance the function, and shed executive perceptions of FM as an order-taking role. Business leaders need strategic FM partners that can both contribute to their enterprise's productivity and profitability and meet tactical objectives. Facility managers that can deliver both operational excellence and strategic value will become an integral part of the organization's team for planning and execution. Facility managers that do not embrace this new strategic role and build their skill set risk being left behind without a voice in the C-Suite (and little influence over C-Suite perceptions of the function). Facility managers who position themselves to take advantage of this opportunity will set the stage for productive relationships with C-Suite leadership and improve executive perceptions of the FM function. The time for action is now.

About IFMA

Founded in 1980, IFMA is the world's largest and most widely recognized international association for facility management professionals, supporting more than 24,000 members in 105 countries.

The association's members, represented in 134 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.

Introduction – The many faces and forms of FM

The executive view of facility management continues to evolve as the industry itself shifts and adapts to new influences, technologies and challenges. These shifts take many forms and ultimately have an effect on the perception of FM by the C-Suite and the industry's success in positioning itself as a valued strategic partner to the business. As the experts who helped inform our findings underscored, the greatest determining factors in the perceived value of FM may be inherently tied to the impact a facility or location has on the success of the business. As such, it is worth reviewing these factors and their impact on executive perceptions of the FM profession today.

- **Economic growth:** The importance of facilities has been known to rise and fall with macro-economic growth and contraction. For example, in North America, Latin America and Asia, companies are currently increasing their facility investments with rising regional economies in those locations.
- **Relation to end product/service:** Facilities are viewed as more critical when they drive or support a company's end product or service. For example, facility management becomes a more strategic function in cases when the facility is integral to a product launch, market entry or a post-merger consolidation, and the facility itself is a higher value location.
- **Branding:** The built environment is also seen now as an extension of the corporate brand and reputation, so facility management plays an important role in locations designed as showcases for recruiting, marketing, customer relations, community affairs and other outward-facing needs. Facility management helps shape the employee experience.
- **Asset age:** Another variable impacting executive views of FM is the life cycle of a building and the asset's age. The older or more outdated the building, the less value is perceived – which directly impacts the value placed on the FM team. There are, of course, some notable exceptions like properties that are heritage assets and those recognized for contributions to the company's historical, cultural and brand significance.
- **Risk reduction:** The C-Suite expects FM to optimize building performance, and risk reduction is part of that mandate. Thus, the ability to proactively manage risk and disruption also influences the level of importance of facilities in the eyes of senior management. One example is how FM supports business continuity through effective preparedness, crisis management and recovery by people and building systems alike when there's a threat to or interruption of operations.
- **Cost containment:** Along with reducing risk, the C-Suite expects FM to contain the costs of facilities and have an accurate and detailed plan for expenses, including regular maintenance. Ensuring facility managers have a clear budget and capital plan in place for facilities and that costs are managed according to those plans is critical.
- **Co-working:** The injection of co-working spaces, or the space-on-demand phenomenon, into the real estate portfolio mix is also beginning to have an effect in terms of adding more leasing and workplace flexibility for corporate occupiers while third party providers assume most of the risk. This is causing a shift in the strategic value of FM to the supply side.
- **Employee experience:** With an increased emphasis on employee experience in facilities as a means to increase productivity as well as a means of attracting and retaining top talent, facility managers and the facilities they operate can increase strategic value by improving the employee experience. Imperative to increasing the strategic value of FM is the measurement of the impact of the facility's employee experience on overall productivity, employee attraction or retention.

Another variable changing the nature of FM is the FM industry itself. As the field evolves into cloud management, automation, intelligent infrastructure, data analytics, net zero buildings, smart grids, nano-technology, instrumentation, 3D simulated life cycle management and other advances, facility value will rise or fall – in some cases with new locations, and in other cases with retrofits or expansions. Regardless, the importance of FM services will grow as business priorities change in tandem with the real estate portfolio and the need for dynamic and agile analysis increases. "FM's strategic value gets higher as companies are forced to continuously restrike a balance with their people, technology and places," according to strategist Robert T. Osgood of Flad Architects.

In this regard, one of the biggest opportunities for FM professionals to strengthen their value is the shift toward worker enablement. Maureen Ehrenberg, International Director and Global Chair of Integrated Facility Management at JLL, describes it as a refocusing away from FM providing services to the business unit in favor of supporting the employee as an end user or consumer of the facility and services (the workplace). This focus on employee engagement aligns FM with the business, and their shared focus is upon enabling employee productivity, well-being and satisfaction. Connecting the dots between the business and FM will transform the enterprise as it takes a far more holistic view of the role the business can take. By propelling results through the convergence of technology, services and workplace, it will change the way people are "provisioned" to work more effectively wherever that may be.

It is also being described as the employee stakeholder model inside innovative companies like Cummins Diesel, W.L. Gore, Unilever and Google. With this shift toward FM delivery of "work-life supports" comes the realization that what were once facility management strategies are now in fact a business model, as Dr. Tracy Brower of Herman Miller observed in her 2012 study of more than 200 C-Suite executives.

Top challenges facing FM professionals

We asked our white paper contributors about challenges that are evolving into opportunities as the FM profession moves to a more strategic level. There was consensus around the following:

1. A lack of access to the C-Suite is hindering the ability to adequately, proactively align facilities with core business strategy.
2. Smaller staffs than 10-15 years ago means managing a number of outsourced service providers.
3. The need to transition from traditional rear view mirror, static benchmarking (i.e., what's been done) to forward-looking, dynamic, innovation-oriented analytics.
4. Meeting or exceeding expectations of the business units, and delivering cost savings
5. Education – developing the soft skills and the technical skills to be more effective at leading change in the evolving environment.

Part 1 – Fundamentals of the FM/C-Suite relationship

Industry practitioners in general, and those involved in the dialogue around this white paper tend to hold the view that facility management is like "the third person" in a cockpit of an airplane. Like an aviation navigator or radio operator, the FM function or team is a critical support that helps guide the enterprise but doesn't necessarily pilot or drive it. As one retired facility executive puts it, "When the C-Suite talks about FM, they think first about cost savings, optimizing operations and striving for higher levels of efficiency."

However, when placed in the context of new economy drivers like worker enablement, relationship management, globalization, big data management and governance, the same notion of efficiency takes on higher levels of value and meaning. There is a shift happening among FM executives from "tell us what to do and we will get it done" to a higher level approach of "tell us about your business needs and we will address them," where the quality of the performance outcomes is the basis of measurement.

Although this changing perception of FM is occurring in leading companies, a comparison of three recent studies on the executive view of facility management shows that, while the FM "holy grail" of becoming a trusted advisor versus order taker (or even glorified janitor) is still a work in progress in some companies, it continues to gain more traction:

- IBM's CFO survey on economic growth spurring expanded corporate investment in facilities and how value is being viewed against cost (2014)
  - **Key finding:** The C-Suite is focused on space usage. "This opportunity for increased facility utilization serves to underscore the profound strategic and financial impacts that the facility management function can contribute to overall business performance."
- Centre for Economic and Business Research for the British Council for Offices (BCO) (2013)
  - **Key finding:** With 68% of organizations surveyed likely to review how their office space is used in response to organizational growth or investment, the BCO believes that there is a significant opportunity, as economic recovery accelerates over the next few years, for businesses to start to see property as having the potential to bring significant benefits to their overall performance.
- Survey by Dr. Tracy Brower of 200+ Fortune 500 CEO's and CFO's on facilities becoming a strategic asset to enable work and productivity (2012)
  - **Key finding:** The work-life supports that enable engagement, productivity and innovation "started as real estate and facilities strategies," Brower notes, "but it's now an actual business model for a growing number of companies."

In addition to the aforementioned surveys, there are others that benchmark how facility management is gaining more recognition as a strategic asset, not just a cost center. Within all of these surveys, there is not a clear majority, however, that says that FM has a seat at the C-Suite table, but rather FM continues to strive to be seen as a trusted advisor.

"...while the FM 'holy grail' of becoming a trusted advisor versus order taker or even glorified janitor is still a work in progress in some companies, it continues to gain more traction."

As the BCO study showed, CEOs and CFOs of multi-national companies tend to think of cost savings in the language of operating expenses (OpEx), capital expenses (CAPEX) and rent before more strategic-level value creators such as:

- Business resources
- Change management
- Compliance
- Data analytics
- Effective CRM
- Financial acumen
- Global scaling
- Productivity
- Risk reduction and mitigation
- Shareholder value
- Talent supply
- Technology platforms

Instead of talking about FM increasing the organization's productivity, many non-facilities executives regard or treat it as a series of one-off fixes like replacing lights, adjusting temperature levels inside the office or repairing a leaking roof. "The C-Suite often focuses on operating minutia," observes Rex Miller, lead author of the book *Change Your Space, Change Your Culture* and culture and keynote speaker at IFMA's 2015 Facility Fusion Conference and Expo. "FM has been isolated from the business strategies of the organization and can only impact the cost side of the equation," Miller says.

Past IFMA President David Cotts and IFMA Fellow Edmond P. Rondeau have studied first-hand a large number of facility managers, speaking to their bosses and colleagues about their perceptions of facility managers. They co-authored the book *The Facility Manager's Guide to Finance & Budgeting* and reported three "troubling conclusions" in their 2004 analysis:

1. Facility managers are less sophisticated in financial management than most of their colleagues at an equivalent management level.
2. Upper management does not view facility managers as contributors to the corporate bottom line or even as being particularly conscious of that bottom line. They certainly do not view facility managers as business innovators.
3. Facility managers are often unaware of how they are viewed.

More than a decade later, Rondeau believes that the C-Suite perception of FM's financial and management acumen has improved with the spread of FM professionals' development in concert with the growth of certification programs, such as IFMA's Certified Facility Manager® credential program. The inception of employee-centric work models and settings, along with greater strategic alignment of FM and the enterprise, are also making a difference.

Part 2 – Changing the C-Suite conversation: value creation

On a global level, one survey supports the view that FM's rise to the level of a strategic asset is still a work in progress, but that there are tremendous opportunities for those who can inform the evolution.

According to a 2013 study by the Centre for Economic and Business Research for the BCO, 40% of senior executives surveyed admitted they do not look at the role of facilities and workspaces when productivity issues arise. Well over half (57%) said facilities issues were not regularly discussed in the boardroom. 73% said cost remains the most important factor in assessing facility performance.

"Isn't it time for a structurally new strategy; not simply by reducing operating costs, but by proving the relationship between facilities and the productivity of those they house?" This question, posed recently in the Leesman Review of global workplace strategies, also represents a critical dividing line for facility managers today seeking to transform the function from order taker to trusted advisor. But how can facility managers bridge the gap?

The BCO claims the answer starts with companies that choose to treat their facilities as value creators instead of cost centers. "We're seeing C-level executives realize that real estate, facilities and portfolio management holds a key to unlock business value," says Ehrenberg. "We've never seen anything like the change that is occurring in our industry right now."

Effective data gathering, management and analytics represent a crucial way for FM professionals to add more value, as well as to inform a running narrative on how FM helps affect business outcomes. Taking an enterprise approach to the provision of facility services and a proactive management of the portfolio is changing the impact of the facilities to deliver business results.

"Core business leaders are spending a lot of effort on analytics, and facility managers can position themselves to show the value of land and buildings — beyond just saving money, but also making deals and providing competent service," adds Osgood.

A new direction

With some exceptions by culture or industry, facilities generally have not been top-of-mind in the C-Suite before now, as Cotts and Rondeau's 2004 analysis demonstrated. Yet, 10 years hence, the clear linkage of facilities to outcomes like productivity and engagement is beginning to influence a change in senior-management perspective. The key to this change is how more companies are treating worker enablement as a business model. Thus, the formula for FM as a strategic partner couples company culture with worker engagement, resulting in innovation and survival. "What you don't know can kill you," Miller explains, "That's why FM professionals need to be able to engage in another conversation." A big part of the dialogue needs to center on creating and measuring value, Miller notes.

Part of that higher-level conversation is framed in Dr. Kathy Roper's book, *Managing the Professional Practice in the Built Environment*. Roper underscores the importance of soft skills like relationship management, integration, influencing and managing upwardly. Roper, Associate Professor at the Georgia Institute of Technology's School of Building Construction and IFMA Fellow, cites IFMA's 2009 definition of FM as "a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology."

Gaining an understanding of work behavior is part of the growing mix of skills. In his book, Miller makes a clear argument that facilities should be seen as a tool that will improve work behaviors and enhance performance. "After all," he asserts, "the C-Suite speaks a different language and uses a financial lens to evaluate the impact of spending one dollar on improving the workplace versus the return on that dollar if spent on new equipment."

According to Miller, when FM teams work to reduce costs, the facility manager should next ask: "How will it impact employee productivity?" The tangible connection between cost cutting and value creation, tied to the corporate spend percentages, at right, raises the question of how the facility manager can best grasp the interdepen-dencies of HR, IT, Procurement, Legal and FM

Annual Corporate Spending Allocations	
Employee cost	82%
Technology	10%
Facilities	5%
Operations and maintenance	3%
Design	Less than 1/2 of 1% (part of Facilities 5%)

Source: *Change Your Space, Change Your Culture* via BOSTI

within the corporate budget. The answer can be found again within the more people-centric view that companies are applying to their facilities and workplaces. After all, a new HVAC system that improves air quality might seem like an increase in cost, but if it reduces sick days, the net savings and increase in productivity should be considered. The result of a more people-centric view is proving to be how FM is playing a strategic role in the employee experience – to maximize on the biggest investment and cost for companies: their people.

Facilities adapting to new work styles

Global economic expansion is boosting corporate real estate's (CRE's) standing, according to finance executives polled in a 2014 study by IBM and CFO Research. Nearly half of those surveyed expect business growth and expansion to trigger an increase in CRE spending over the next three years:

- CFOs in the survey predict they will be adding more real estate assets in North America, China and Central and South America
- More than half of the CFOs polled place facilities among the top four investments that companies make each year
- Strategies for managing the substantial costs of real estate portfolios will include improved utilization of workspaces, adapting the portfolio to changes in the size or type of their workforce and adapting facilities to the types of work being performed in them (telework, automation, etc.)

With more FM professionals expected to reliably inform the larger CRE portfolios into which FM often reports, FM is now more aligned with corporate budget and planning discussions. One supporting outcome of the study is how financial executives today view CRE, and by extension FM, as a key strategic component that connects with human resources, information technology, globalization and the workplace.

"A majority of companies have shifted their focus to programs that fuel corporate growth — a shift that nearly half of executives agree is best achieved by optimizing their real estate portfolios," says George Ahn, Vice President of Smarter Infrastructure at IBM. "This opportunity for increased facility utilization serves to underscore the profound strategic and financial impacts that real estate and facilities can contribute to overall business performance."

The report also finds that interlocked CRE and FM strategies "are becoming more and more integrated into corporate strategies." Regardless of CRE and FM reporting lines, more companies are "right-sizing the portfolio to balance growth and cost management." A major outcome will be how companies pursue a range of asset management strategies "to better match facilities with both changing work practices and economic conditions."

Convergence of place and brand

One prediction for the decade ahead is how the title of facility manager might morph into new-economy renditions such as Net-Zero Facilitator or Director of Workplace Experiences, as buildings — and the workplaces they house — determine a lot about an employee's level of engagement, and thus a company's competitive edge.

"A majority of companies have shifted their focus to programs that fuel corporate growth — a shift that nearly half of executives agree is best achieved by optimizing their real estate portfolios."

Workplaces can also be an expression of the company brand and culture, as Mercedes Benz recently demonstrated with the unveiling of its new North American R&D center in Sunnyvale, CA. As the first automotive company to locate in Silicon Valley, Mercedes has also placed a high value on the role of such strategic facilities and locations, as a growing number of other companies are also doing.

According to FM industry veteran Ed Nolan, Senior Vice President of Workplace Strategies at JLL, the corporate brand should be included on any list of C-Suite interests relative to portfolio assets and their level of care, which equates to FM.

"I can see where C-Suite interests in location will become more about brand and community presence in fewer strategic locations, given locations will no longer be full-time workspaces for many employees," predicts Nolan.

"The daily care and experience offered at these facilities will also reflect the brand," Nolan adds. It's not just about signage, either. "I can see progressive companies opening their doors more to others with a '3rd Place' offer, or maybe even a '4th place,' to help connect people to their brand and as a recruiting tool."

Nolan regards the role of FM as wide-ranging and well defined. "But if you break it down into major elements, it will translate better into the C-Suite," as he views its higher-level construct:

- Employee, contractor and visitor experience offered and supported each day
  - Collaborative
  - Individual
  - Technical (i.e. labs, data center, demonstration, etc.)
  - General services (mail, food, etc.)
- Arrival, greeting, and exiting experience
  - Signage - Reception
  - Parking - Other
- Energy and sustainability
- Health and safety
- Asset maintenance, utilization and efficiency

Communicating FM effectiveness in measureable terms

Cost reduction remains a clear mandate for FM, regardless of evolutionary stages. One result is an emphasis on managing existing assets and the frequency of facility retrofits. Effectively quantifying and communicating the results is a skill an FM professional must master along with the tools that enable such analysis. The Rocky Mountain Institute's (RMI's) new Deep Retrofit Valuation (DRV) Guide provides a clear pathway for FM executives to reliably inform senior management on the impact that facility retrofitting has on enterprise effectiveness, accounting for a wide range of benefits.

"RMI's recent Deep Retrofit Value report frames and illustrates how to calculate these benefits —both the more obvious and observable and the less obvious that require more detailed research," explains RMI Senior Fellow Robert Hutchinson. "The fact is that these value levers are things most companies not only do not think of often enough — many do not think of them at all."

How work-life supports became a business model

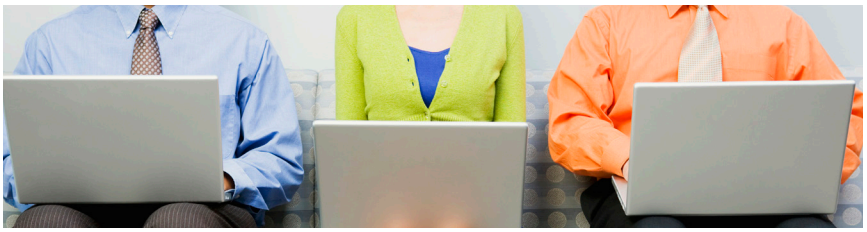
A 2012 C-Suite study conducted by Dr. Tracy Brower provided one of the earliest indications that the senior-level view of facilities and workspaces is now more aligned with the business itself. The work-life supports, or greater focus on employee satisfaction and well-being at work, that enable engagement, productivity and innovation "started as real estate and facilities strategies," Brower notes. "But it's now an actual business model inside a growing number companies."

Before, work-life supports were based on policies and cultural practices. Executives are now adding flexible work environments and alternative working options to that definition. Both are combining to contribute positively to organizational outcomes like cost savings, recruitment and retention.

Brower proves that not only are facilities an expression of a company's brand and culture, they also drive the output and organizational results that determine whether a company is profitable or not. As one non-FM executive commented, "This is more than just a trend. It's a reality now. It's the way work is done. Those individuals and companies that aren't familiar with working this way will become obsolete."

"Ultimately, work-life supports matter," Brower insists. "This research helps prove a business case for the effects facilities and work environments can have — and this is helpful to all of us who are telling the story and proving the importance of the work environment every day."

Brower's dialogue with more than 200 senior-level non-CRE and non-FM corporate executives clearly demonstrates how changing employee and societal demands for more flexible working environments and terms have directly impacted decision-making for FM executives.



"Though perceived to be intangible, firms like Google that are studying these matters intensively and firms the world over that have fully understood the role of 'place' in employee health, wellness, comfort, satisfaction and company culture have long known that investments here can pay off substantially," adds Hutchinson.

"RMI's report presents tools to use to better describe, make the case for, and in many cases quantify what these benefits might be worth. Without this ability, many services and employee-intensive businesses may soon lose competitive advantage," he cautions.

While RMI is known primarily as a non-profit, expert advocate of energy conservation and efficiency, it has taken a precedent-setting step by designing a framework for accurately forecasting the return on investment (ROI) not only for energy management, but also for many other related, critical aspects of workplace transformations.

There are nine 'value elements' in the guide illustrating the wide-ranging nature of retrofits, which companies must often opt for in lieu of building more costly new facilities. Considering how there are 200-billion square feet of existing commercial, industrial and other types of business space in the world, the stakes are pretty high.

1. **Retrofit development costs** – critical because they represent the initial capital investment against which future cost savings and other benefits are measured
2. **Non-energy property operating costs** – include maintenance, water, insurance and occupant churn rate
3. **Retrofit risk mitigation** – future operating costs can be compounded by other risks like new products and systems, interoperability problems, new contracts and design processes and complex financing requirements
4. **Health costs** – reduced absenteeism and other positive outcomes contribute to productivity and satisfaction, which creates value through employee cost reductions
5. **Employee engagement** – better work environments lead to higher engagement as well as cost savings
6. **Marketing costs** – deep retrofits can provide the content many companies seek to shape their branding stories, strengthen reputations and improve the value of buildings
7. **Sales** – retrofitted buildings often represent a company's commitment to sustainability that consumers, businesses, governments and other types of customers look for today
8. **Property-derived revenues** – added revenue in the form of subleasing or selling retrofitted spaces is another advantage
9. **Enterprise risk management** – risk is reduced when enterprise performance is measured along the lines of individual occupant health, productivity and satisfaction, and space flexibility

"We don't expect everybody to focus on all nine," advises Mike Bendewald, an RMI Senior Associate. "Each is developed to help users identify areas of focus applicable to their scenarios."

Companies where facility managers are winning a seat at the table using approaches similar to those in the DRV guide include AT&T, which has demonstrated how the DRV benefits energy conservation and costs. A recent area of focus for AT&T's energy management program has been on what John Schinter, Assistant Vice President of Energy and Smart Buildings, calls the "intelligent integration of multiple benefits into a single expenditure."

When AT&T thinks about the value of LED lighting and controls, for example, it considers the multiple benefits the investment can provide. This decision-making process emphasizes that LEDs and controls do not just result in reduced energy costs but also lower maintenance costs, generate information about space utilization and lead to greater workplace comfort and productivity.

RMI strongly recommends linking deep energy retrofits and energy planning to the benefits of excellent building space. As Hutchinson concludes, "It's all about becoming an enterprise leader and giving your FM team a great platform to work with the C-Suite."

Part 3 – What can facility managers do to improve executive perceptions?

The executive view of FM is complex and evolving, especially in light of CRE-industry shifts towards increasingly employee-centric workplaces and data-driven decision-making. The changing nature of the industry, including advances in technology and FM outsourcing provider capabilities, provides ample opportunity for facility managers to move into a more strategic role and gain traction with executives. The first step in this process is for facility managers to develop a keen understanding of the hallmarks of strong performance (outlined below). Facility managers can then build on this strong foundation of operational excellence to adopt a more strategic approach and thus improve executive perceptions of the FM function. Some techniques that facility managers can utilize to redefine the executive view of FM as a strategic partner are:

- Demonstrating results-driven successes
- Outsourcing the FM function
- Implementing data-driven technology solutions
- Improving soft skills

Foundation of operational excellence primes facility managers to add strategic value

To lay the groundwork for an increasingly strategic role, facility managers (whether in-house or outsourced third parties) must first ensure that their day-to-day tactical responsibilities are handled efficiently and, importantly, demonstrate standards of operational excellence and consistency. As such, facility managers should strive to understand and operationalize the hallmarks of high-performing FM teams, including:

	Process	People	Strategy
Activity	• Establish sound business controls, standard operating procedures (SOPs) and compliance protocols • Proven process to achieve compliance objectives, meet operating standards and mitigate enterprise risk • Strong, proven process for vendor management • Consistently meet or exceed expectations (metrics as proof) • Quantifying cost savings	• Trusted relationship with the business • Ability to deliver improved employee experience • Customer service orientation • Subject matter expertise and continuing education • Business and financial acumen • Leadership • Solutions-oriented approach • Collaboration • Emphasis on frequent and clear communications	• Clear understanding of the portfolio (owned versus leased and occupancy data) • Knowing the market's perception of the assets in the portfolio • Strategic view of FM within the CRE strategy and broader business goals • Simplify and improve mindset • Approach to measure and report upon business impact of FM initiatives • Innovation
Skills required	Knowledge of operations, design, life cycle costs, construction, data/project/process management, P&L, budget and how decisions impact value	Soft skills, including effective communication, collaboration, integration, negotiation, influencing and managing upwardly (among others)	Ability to translate business objectives into FM strategy; ability to use data to make key decisions; ability to make recommendations to the business based on larger understanding of portfolio and CRE industry
Tools	Established and documented SOPs, processes and reporting formats; benchmarking and measurement processes; established business case and capital investment request/ROI format; emergency response, business continuity, incident management and reporting protocols	FM training and credentials (which may include an undergraduate degree in FM); defined protocol for issue escalation and resolution; communications plan; CRM plan and protocol; defined approach for customer service; HSE planning and reporting	SWOT Analysis of the FM function; 5-year business plan (including anticipated investment); annual budget; operating and business plan; occupancy plan and process

Establishing core competencies in each of the categories listed above, based on strong skills and established processes across the FM function, provides facility managers with the opportunity to more effectively align their role with the larger enterprise. Developing a strong foundation in FM fundamentals opens the door for facility managers to work more effectively with the business as strategic partners, and ultimately improve executive perceptions of FM.

Outsourcing FM leverages service provider expertise and increases FM's strategic value

Outsourcing FM to a dedicated service provider allows businesses to leverage the provider's proven operational excellence, core competencies and deep subject matter expertise, and by extension, frame FM as a key player in operational strategy. "When FM is central to operations, the best FM people have the ability to contribute as highly valued members of the organization," JLL's Chris Pesek, Chief Operating Officer of IFM in the Americas, relates. "That's because FM service provider expertise is treated as a dynamic and innovative core competency and it is not viewed in a simplified way as a support function."

Outsourcing the FM function to dedicated service providers allows businesses to take advantage of the provider's developed and tested core competencies, reduce risk and cost, reinforce compliance, and promote new efficiencies and innovations. Businesses that choose to outsource FM also often benefit from exposure to cutting-edge FM technologies and the provider's FM-dedicated talent pool (which may include embedded, outsourced employees).

These key benefits allow FM outsourcing providers to address both everyday facility management tasks, while also working with executives to achieve high-level strategic goals that have a direct impact on the company's productivity and profitability. JLL has described this industry-wide shift to more strategic client-FM provider partnerships as Outsourcing 4.0.

Within this new Outsourcing 4.0 model, businesses increasingly acknowledge the benefit of strategic FM to their core business activities and view outsourcing as an effective marketplace solution to their real estate portfolio needs. As a result, many enterprises increasingly rely on their FM partners to align their capabilities with operational and real estate strategies. This in turn offers facility managers a critical opportunity to leverage their expertise, demonstrate the value of FM beyond cost savings and gain traction with executives.

FM technology solutions drive better data and smarter strategic decision making

Emerging technology solutions across the FM discipline also offer facility managers the opportunity to deliver real-time data and robust analytics to key business leaders, which boosts facility managers' strategic value in an increasingly data-driven business environment. According to a 2014 Forrester Consulting survey commissioned by JLL, more than 50% of respondents see corporate real estate data and analytics as entirely supporting broader business strategies. This finding suggests that facility managers who effectively harness cutting-edge technologies to supply dynamic data and powerful analytics to business leaders will have a strong case for their role as strategic partners. Smart building technology, enhanced communication infrastructure and social media tools represent, among many others, only a small portion of the technology solutions that facility managers may implement to streamline and strategically manage operations.

Advancements in CMMS tools for facility managers

Supporting increased measurement and improved operations, advancements in CMMS tools that now have mobile apps allow for maintenance validation with photo submission, GPS location validation, time stamping the work order, scanning the bar code, or an RFI attachment to the equipment. Some applications are seamless, end-to-end systems from the initiation of the work order request to payment of the vendor. These systems eliminate the manual handoffs that can occur in most processes and are the weak points in those processes. The technology for these applications has been enhanced to include customer satisfaction surveys, life cycle management of the assets, CAPEX budgeting and benchmarking.

In addition to the need for increased measurement and analysis within FM tools, it is important to integrate the information generated in FM with the enterprise's overall data collection and analysis efforts. To drive this important integration, facility managers should collaborate with IT, finance, and data governance teams when evaluating systems.

Case study – Cisco invests in intelligent infrastructure and smart building technology to enable faster, smarter decisions across its global portfolio

Gordon Feller is Director, Office of the Executive Vice President, at Cisco, and his office oversees more than 80-million square feet of space housing approximately 85,000 employees. Cisco's senior management has taken a strategic approach to facilities, where the FM function is valued as a driver of productivity, profitability and innovation; Feller holds a slot in the C-Suite as a result.

Feller cites changes in the built environment as a key driver in establishing FM's strategic role within the executive mindset. "Buildings are transmitting data. Buildings are waking up," Feller relates. "As 'dark' assets light up, the role of FM, operations, tenants and our outsourced real estate partners is also changing."

The ability to utilize this data effectively, (i.e. connecting the dots), is a key responsibility for the FM function within this changing landscape. More than ever, Feller says, "We all need to be good at taking small bits of data from many end points, continuously in real time, and having the tools to make intelligent decisions" on how to improve or optimize a building's performance, and thus address strategic factors like the worker experience and productivity levels.

To address the demands for increasingly rich data and enhanced global integration, Cisco is working closely with JLL to plan and implement expanded broadband, wireless and digital infrastructure in South Korea as part of a connected cities strategy. The main focal point is the "Cisco Smart + Connected Communities" initiative. "What we do internationally is relevant to emerging markets, social media and the Internet of Everything," Feller says, tying the conversation back to an uber-connected world.

An increased spectrum of data points, available in real-time and integrated with intelligent infrastructure, provides facility managers with the opportunity to implement actionable, cost-saving changes. For example, organizations and individuals can utilize social media channels, like Twitter, to communicate specific FM needs — such as frigid office temperatures — which facility managers can adjust remotely using Internet-based controls and connected systems. Furthermore, facility managers can utilize this data to deliver real cost-savings and seamlessly quantify this value for executive teams.

Feller foresees how facility managers can use their core competencies to drive additional advancements within this strategic landscape, starting with worker enablement that leads to critical business outcomes like increased market share, higher levels of innovation, greater competitive advantage and improved shareholder value. "Reducing costs while optimizing building performance…it's not just the flow of resources like air, water, electricity or sewer that gets it done. It's more about creating an environment where people inside prosper."

Cisco's investment in smart building technology and intelligent infrastructure provides a clear example of the role that data and technology can play in gaining traction with the C-Suite. As exemplified in this case study, facility managers that are able to effectively implement innovative technology solutions to gather faster, more accurate data and deliver actionable insights to business leaders are uniquely poised to promote their strategic value within the C-Suite.

Mastery of soft skills enhances opportunity for productive dialogue with executives

FM professionals should not underrate the importance of soft skills when striving to redefine executive perceptions of the FM role. Developing them will help build the facility manager's leadership image and influence in the organization. In fact, mastery of soft skills, such as effective relationship management, communication, collaboration and problem-solving skills, provides a crucial mechanism through which facility managers can convey their strategic value to executives. Soft skills central to the FM role include (but are not limited to):

Skill	Manage relationships effectively	Communication	Collaboration	Innovation
Examples	• Establish clear expectations with stakeholders • Adequately screen, train, and support third-party vendors • Promote knowledge sharing among teammates and colleagues, across disciplines (i.e. HR, IT, etc.)	• Establish regular dialogue with senior management to discuss FM alignment with business objectives • Do your research (i.e. bring relevant and objective data to the discussion) • Know the language of the business (and of the C-Suite) and respond accordingly • Listen effectively to stake-holder needs and goals	• Partner with other business units and support functions (i.e. HR, IT, finance, etc.) to harmonize across business • Build consensus and influence change • Work with end users to craft a desirable environment for employees	• Develop new solutions • Manage change proactively • Engage in effective communication and collaboration throughout the process

While all aspects of soft skills are equally important, it is worth acknowledging the role of communication in facility managers' success as strategic contributors to the business. In particular, those facility managers who communicate their results in relevant and impactful terms for the C-Suite will see greater success in their role as a strategic partner. Facility managers should look at their results in the broader context of business goals and report them in terms that align with overarching business goals. For example, results around worker productivity, savings that can be reinvested into key projects and employee attraction and retention improvements could all be attributed to facility management activities; position them as such.

Facility managers that neglect such soft skills may find it difficult to gain traction as value creators, while facility managers that are able to nurture strong relationships with their stakeholders, facilitate a mutual exchange of ideas and expectations and collaborate across business units and disciplines set the stage for executives to treat them as strategic partners.

Competencies of the successful facility manager

IFMA's Global Job Task Analysis has defined a broad range of skills required for a strategic facility manager. Simply understanding what training is needed is the first hurdle. Knowing where to go for training is the next challenge. IFMA offers an easy-to-follow roadmap with the 11 global competencies they've outlined for FM. Each competency provides guidelines on the role and skills required for a strategic facility manager.

Facility managers can look through this research-based list of competencies and identify areas where they might have gaps. IFMA then offers training geared toward filling those gaps and succeeding as a strategic facility manager. (See chart on the next page.)

The competent facility manager is able to...

	Communication	Manage/oversee the development and use of the facility communications plan plus prepare and deliver messages that achieve the intended result.
	Emergency preparedness and business continuity	Plan, manage/oversee and support the entire organization's emergency preparedness program as well as plan, manage/oversee and support the entire organization's business continuity program.
	Environmental stewardship and sustainability	Manage/oversee and support the entire organization's commitment to protecting the environment as well as manage/oversee the entire organization's commitment to the sustainability of the built and natural environments.
	Finance and business	Manage/oversee the financial management of the facility organization, administer and manage/oversee the finances associated with contracts, and administer procurement and chargeback procedures.
	Human factors	Develop and implement practices that support the performance and goals of the entire organization as well as the performance of the facility organization.
	Leadership and strategy	Lead the facility organization, provide leadership to the entire organization, and plan strategically.
	Operations and maintenance	Assess the condition of the facility, manage/oversee facility operations and maintenance activities, manage/oversee occupant services (parking, janitorial services, food services, concierge, facility helpdesk, security and safety), manage/oversee the maintenance contracting process and develop, recommend and manage/oversee the facility's operational planning requirements (temperature control, lighting, equipment replacement and so forth).
	Project management	Plan projects and manage/oversee projects.
	Quality	Develop and manage/oversee the creation and application of standards for the facility organization, measure the quality of services provided, manage/oversee the improvement of work processes, and ensure and monitor compliance with codes, regulations, policies and standards.
	Real estate and property management	Develop and implement the real estate master plan and manage/oversee real estate assets.
	Technology	Plan, direct and manage/oversee facility management business and operational technologies.

Conclusion – Embrace the shift to strategic FM partner (or risk irrelevance)

According to empirical research studies, experienced industry practitioners and thought leaders, non-facility management executives tend to agree on one point: facilities aren't usually the first thing that C-Suite and business unit executives think about when they wake up every day. Historically, executives have perceived the FM function as a support service with minimal strategic impact on core business objectives. This perception has left facility managers struggling to gain traction with the C-Suite.

However, key shifts in the business environment have created new opportunities for facility managers to advance their strategic value. The growing demand for employee-centric workplaces has reinforced the role that facility managers play in creating satisfying work environments, and thus provides an important link between the FM function and employee productivity, wellness, reduced employee turnover and profitability. An emerging emphasis on facilities as brand extensions has similarly tied the FM function to the larger scope of core business activities. Finally, rapid advances in technology, data and analytics have primed facility managers with key tools to prove their strategic value in an increasingly data-driven business environment. The key to participating in this evolution is for the facility manager to master the technical and business skills required and develop their soft skills.

The convergence of these factors is creating a significant opportunity for facility managers to be strategic and align the CRE function with the core business, and by extension improve executive views of FM to that of a strategic business partner. To operationalize this perceptual shift, two things are incumbent upon facility managers. First to ensure the fundamentals of the FM organization are right, meaning: high performing teams are in place, operating processes and procedures are documented and followed, proper financial controls are exercised, meaningful data is collected for analyzing performance and communication channels are open for sharing information. Second, the FM professional must develop the leadership and managerial skills and establish the internal and external relationships that will enable him or her to effectively lead the FM team. Once these basics of operational excellence are firmly established, the FM structure and leadership will be strong enough to support the stress created by workplace strategies and meet the C-Suite's expectations for developing and executing those strategies.

The business environment is uniquely poised for facility managers to strategically advance the function, and shed executive perceptions of FM as an order-taking role. Business leaders need strategic FM partners that can contribute to their enterprise's productivity and profitability. Facility managers that are able to deliver both operational excellence and strategic value will become an integral part of the organization's team for planning and execution. Facility managers that do not embrace this new strategic role and build their skill set risk being left behind. They will have no voice in the C-Suite and diminished ability to impact business results or executive perceptions of the function. The time for action is now. Facility managers who position themselves to take advantage of this opportunity will set the stage for productive relationships with C-Suite leadership and improve executive perceptions of the potential and value of the FM function.

IFMA is the world's largest and most widely recognized international association for facility management professionals, supporting more than 24,000 members in 105 countries. The association's members, represented in 134 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.

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.

To join and follow IFMA's social media outlets online, visit the association's LinkedIn, Facebook, YouTube and Twitter pages. For more information, visit the IFMA press room or www.ifma.org.

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