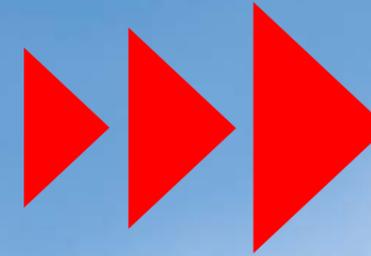


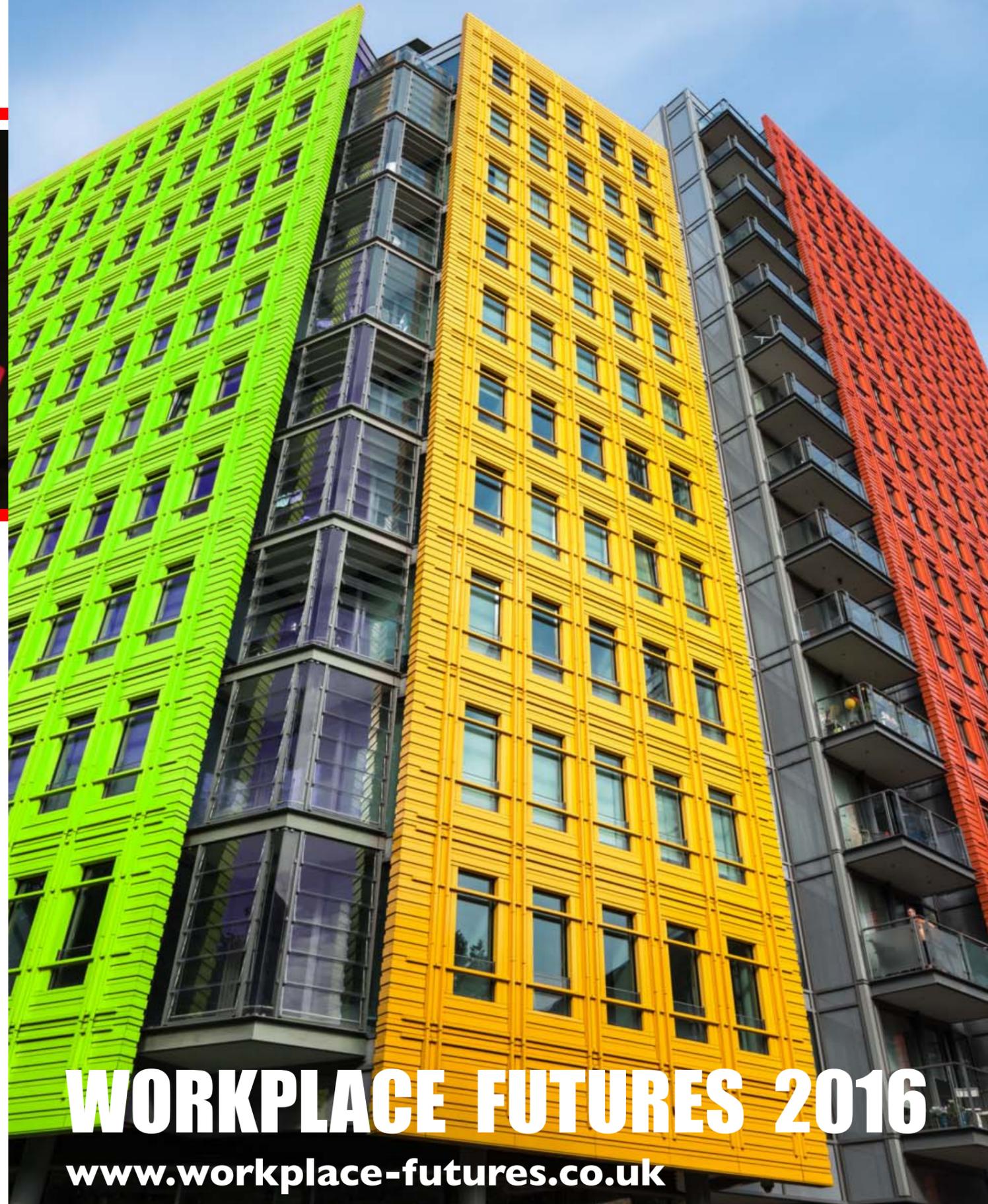
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# FM: Agent of Change



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**“As the world of work changes, our support of the workplace has to change with it.”**

The facilities management discipline has always have been intimately connected with the concept of change. As the world of work changes, our support of the workplace has to change with it. When computers changed the nature of work, we redesigned our buildings and maintenance functions. When the mobile phone gave some workers the ability to work remotely, we developed new service models with flexible support. As society, technology and economies change so too must we.

But FM can also be a catalyst for change. From simple office relocations to more complex reengineering of public services, FM can be used as an effective lever to enable strategic redirection, transformation or efficiency initiatives. Case studies consistently show that well designed and operated facilities management operations can and do make a significant contribution to the strategic and tactical objectives of the organisations they serve.

The agenda for this year's Workplace Futures conference celebrated this simple truth with a series of excellent speakers exploring both the impact FM has already made and the role that both the profession and the industry could play in the years to come. As the speed of technological change accelerates, social networks evolve and the facilities service market matures, it was interesting to hear the range of issues that each speaker thought would dominate the future of the FM industry.

The challenge for facilities service providers was perfectly highlighted by Nigel Stirk of OC & C Strategy Consultants. The cost of bidding FM contracts is high and the returns from traditional service models are depressingly close to commodity levels. Without innovative propositions that genuinely address customers' business-critical outcomes the sector will be forced to continue in that direction. The supply side must work harder to identify and engage with target customer segments to add value.

Mike Cant from Mercury Infrastructure supported this view, stressing the need to clearly articulate the contribution that FMs are making for each specific client's needs and deploring the number of bids that are driven from the service provider's viewpoint rather than the customer's. Once such objectives are clear it becomes easier to engage our people by enriching their role with a sense of purpose that is more rewarding than a pay packet alone.

A perfect example of this was demonstrated by Debbie Thomson from BDO who has been working with Karen Plum of AWA to examine the cognitive fitness factors affecting their workforce. Facilities management initiatives can be used to address the wellbeing, productivity and effectiveness of workers. Here was a first-class case study of this in action, driven by structured and scientific data-gathering rather than intuition and philosophy.

The case study on high performing facilities teams at Johnson & Johnson by Liz Kentish and Vince Edge showed the same level of discipline and purpose. Effective change has to be planned, managed and rigorously implemented. Chris Weston of Bellrock added some clear examples of what happens when change overtakes you and reactions are too slow. The use of data and new technology as a disruptive catalyst presents a very real opportunity for the facilities management industry.

Graham Perry from the building intelligence business i-Site argued that the convergence and growth of FM services could be empowered by these new technologies and data availability to create a new role for the facilities manager as the custodian of information. This is an important step as information is key to any change process. Poor change managers seldom do enough listening to their customers and other stakeholders but plough on regardless of the views of others.

Bobby Hughes from ENGIE gave a perfect example of how to effect positive change in a presentation that had hairs standing on the back of my neck. It is relatively easy to clean and maintain a facility efficiently, but to make a real difference to the patients and relatives in a dementia ward takes a different approach involving genuine effort, empathy and communication. There is a need for FM to think differently and to engage behind strategic purpose not just short-term objectives.

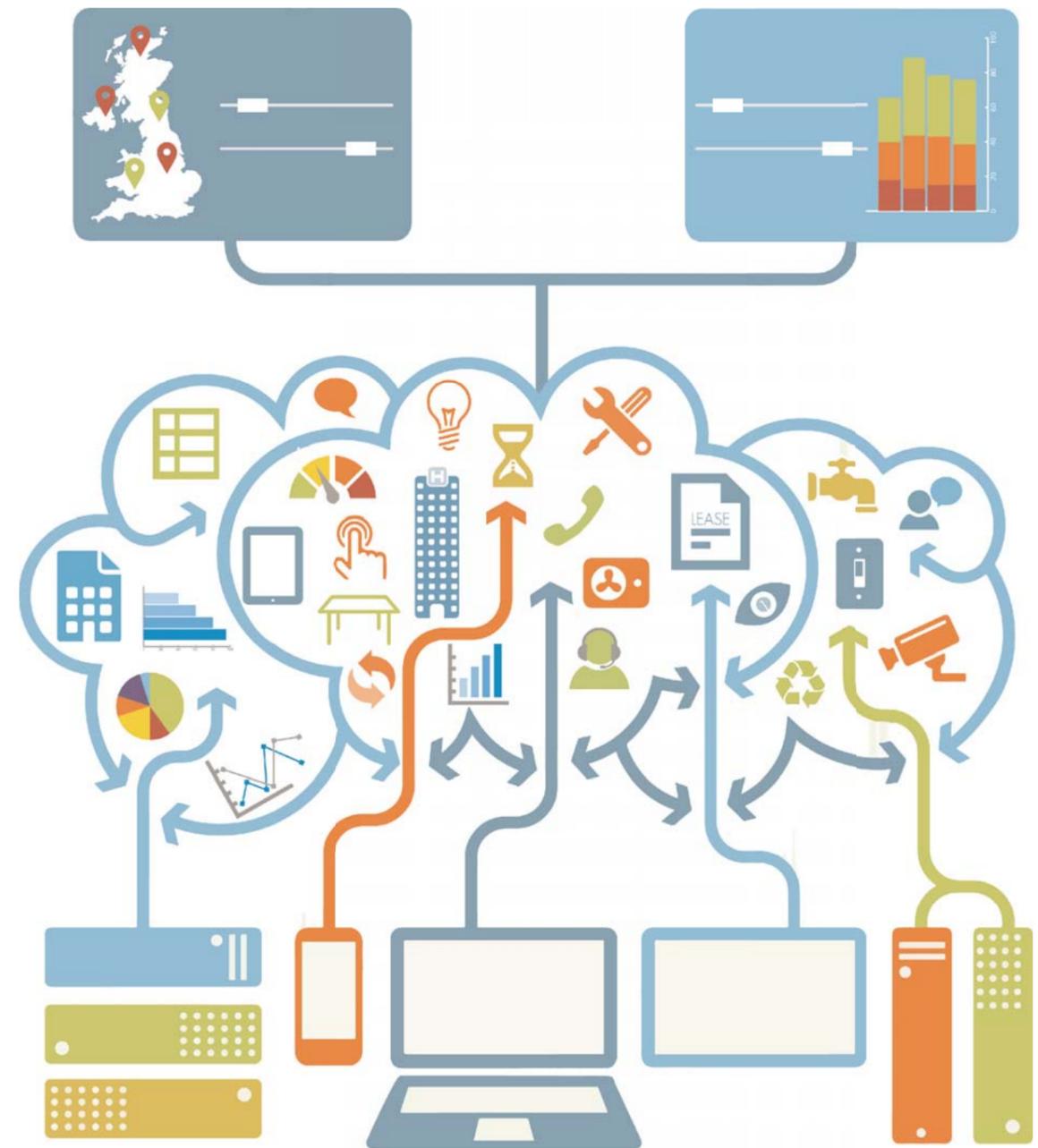
The same concept was illustrated in the energy presentation by Keith Pedder of Bouygues. When FM takes a lead and applies its expertise and knowledge to a bigger agenda than planned maintenance it can effect enormous change of benefit to both clients and society. Martin Boden from Sodexo and Simon Wells from Zurich Insurance then showed how an intelligent approach to workplace design can bring similar benefits to commerce by focusing on the user experience.

In recent years some of the most thought-provoking and well researched thinking in facilities management has come from the ISS White Papers on outsourcing. Peter Ankerstjerne shared some of the thinking from their latest publication which observes trends in our industry and speculates on a future where business propositions are rooted in relationships and outcomes, rather than transactions and inputs.

The overall message from the conference was loud and clear. Facilities management must continue to embrace and enable change. Clients will demand more from FM as they come to realise the strategic value of work, workforce and workplace in enabling organisational transformation. To quote Bobby Hughes: "Today's added value will become a standard. We need to think about tomorrow's added value. We as an industry can't stand still; we have to be thinking for the client and not just do what they ask."

**“The overall message from the conference was loud and clear. Facilities management must continue to embrace and enable change.”**

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## 2 The big picture: understanding today's shifting business environment

Nigel Stirk,  
Partner, OC&C Strategy Consultants

**“Major opportunities exist for those who prove to be genuine agents of change.”**

There are many reasons to be optimistic about the future of facilities management. FM providers routinely make a big difference to the quality of workplaces, and the quality of working lives, for their clients, and there are also several potentially transformative trends underway – in underlying client needs and in new ideas about the role that FM can play. The teams that manage workspaces, and some of the activities that happen within them, clearly have the opportunity to influence not just the basics of security and comfort, but business-critical issues such as staff productivity, environmental impact, efficiency in the use of scarce, expensive city centre locations, and so on.

The trends that should be reinforcing the importance of FM include the rise of remote working, more corporate concern about environmental footprints, increasing awareness of the value of employee engagement - all of which raise questions that FM can help to answer. The long-term move from being a non-core cost of doing business to an investment that affects core challenges seems inevitable, and in the short-term, the examples of innovation and value-add in FM are mounting up.

However, these trends – and the interpretation that FM will be increasingly central to business-critical issues – are not entirely new. Looking back at the research and the various White Papers published over the last five years (and even the content of the Workplace Futures conference itself), we can see repeated interest in employee

wellbeing and productivity, more efficient use of space, energy efficiency, and convergence with elements of HR and IT to deliver more holistic approaches to the workplace.

So the title 'Agent of Change' needs a question-mark – there is still a doubt about how much FM's role has changed, or will change, and what needs to happen for the positive changes that FM can bring about to become the norm rather than the exception.

### **Financial performance of FM companies**

So far, the aggregate performance of FM companies – in the UK and overseas – has not shown much evidence of innovation or value-add.

Revenue growth has slowed (and in the UK has been low for a while). Looking at 200 of the biggest FM and B2B companies in the world, there is a consistent trend of growth rates declining from healthy levels after the worst of the recession to less impressive rates more recently. Margins overall continue to be disappointing – even the biggest FM businesses often struggle to achieve more than 5% EBIT margin.

Share prices for FM businesses have done worse than those for other sectors – again looking at a basket of businesses (in this case 50 FM companies), the evidence over the last five years is that stock markets have attached more value to other sectors than to FM.

Clearly, if FM was really unlocking significant value for clients on a

consistent basis, then we should already see an impact in some of these measures.

The lack of evidence for this raises several critical questions for FM providers. Just how real are the trends identified – and where are the opportunities for more value-added FM services? Why aren't FM businesses as a group performing better? What can they do differently?

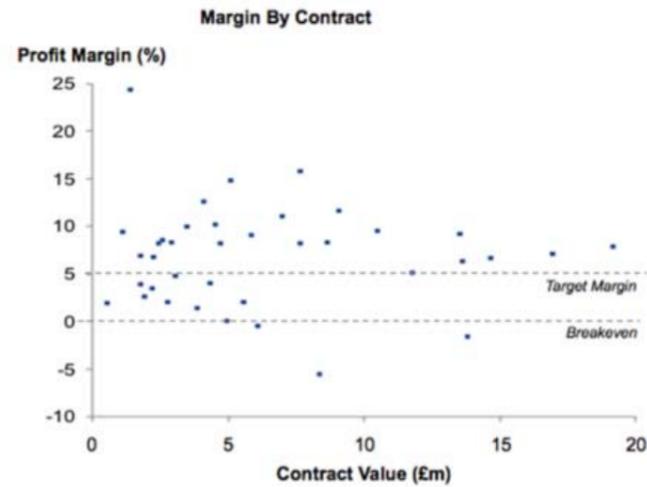
Various explanations are possible: that the trends are not really gaining traction, or are so localised as to be insignificant; that trends to more innovative just reflect an upping of the ante across the sector, ie FM providers having to offer more and more sophisticated services just to hold their position, and with the clients reaping all the rewards; that other businesses (managing agents and other intermediaries?) are benefiting disproportionately; or that the trends identified are still at an early stage.

### **Market-wide challenges**

There are some ongoing challenges that FM businesses need to deal with.

- Bigger, more complex contracts are being tendered (and more classified as 'integrated FM') – on the surface this is a positive, presenting opportunities to earn more from a single client by taking charge of a bundle of activities, but in reality these contracts are often the client's way of forcing down the overall price, effectively offering greater revenue as a trade-off for lower percentage margins for the provider.

## Once bids are won, profit delivery is often highly inconsistent



- What causes the high level of variation?
- Could likely problems have been identified earlier?
- How is out-turn data used to inform future bidding?

• Distinct customer segments are evident, with very different needs and attitudes to supplier selection. Some already see FM as a vital part of meeting their goals, or are at least open to the idea, while some are simply more likely to treat FM as a commodity and gravitating rapidly to the provider willing to deliver at the lowest cost. FM businesses need to recognise which segments they are serving and adapt their businesses accordingly - either shaping their business to function at very large scale with excellent efficiency in order to trade profitably at low cost, or developing the sales expertise, the propositions and the delivery models to win and serve the less price-driven segments of the market.

• Buyers have become more sophisticated. Outsourced FM is no longer a new industry, and we are often dealing with second, third or fourth generation contracts. Inevitably, the buyers have gained experience of how to negotiate, what benchmarks to apply, and where more can be squeezed out of competing FM businesses. They are often assisted by procurement

specialists, and the result is that some FM businesses struggle to resist the fierce scrutiny of their delivery models and the prices they charge for different propositions or different service levels.

All of these trends show the two sides of a maturing industry which has grown in aggregate – the upside is the attractions of larger contracts, the potential to take on multi-site or multi-country roles executing a complex bundle of services for forward-looking buyers. The downside is that trying to compete in that world without a very clear understanding of where and how an FM business can win is dangerous.

### Inconsistent delivery

Relatively few FM companies have entirely optimised their own businesses.

Bid/win data indicates that a lot of time and effort is being invested in unsuccessful bids. Even though, as a rule of thumb, winning one competitive bid in three is a good ratio, it is striking how many FM businesses devote huge amounts of

effort and money to bidding on opportunities that they end up losing, and how far towards the final stages of a bid they get before withdrawing or being knocked out. Winning one in three means losing the money spent on the other two!

Wide variations in profitability across contracts suggest that the apparent precision of pricing in bids is something of an illusion. Even in a business that meets or exceeds its target profit level, we often see considerable variance. Sometimes the most profit-enhancing thing to do would be to win less, and avoid the worst half-dozen contracts that end up dragging down average margins and suck up a disproportionate amount of management team.

Clearly life is not quite this simple: even the best business wouldn't win everything it targeted in a competitive market, and not all of the bumps in the road when delivering a contract could be anticipated. What these patterns mean, though, is that FM businesses are often running very hard, and battling with low margins, which restricts their ability

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## Larch Consulting

Larch Consulting was founded 20 years ago, when the FM market was still in its infancy. Since then we've seen the sector emerge and mature – providers come and go, fireworks and failures, boom and bust. We've seen what has worked well – and drawn together the good ideas. And we've seen what hasn't worked so well – so can help you avoid the pitfalls.

We understand that good FM is not about the over-complicated but the elegantly simple. Our clients value us for our independent, objective wisdom. **Our 20:20 vision** is about looking forward, looking wider, looking out for the new ideas and the best approaches. But most of all, we look forward to working with all of our clients, colleagues and friends in the industry for the next 20 years.

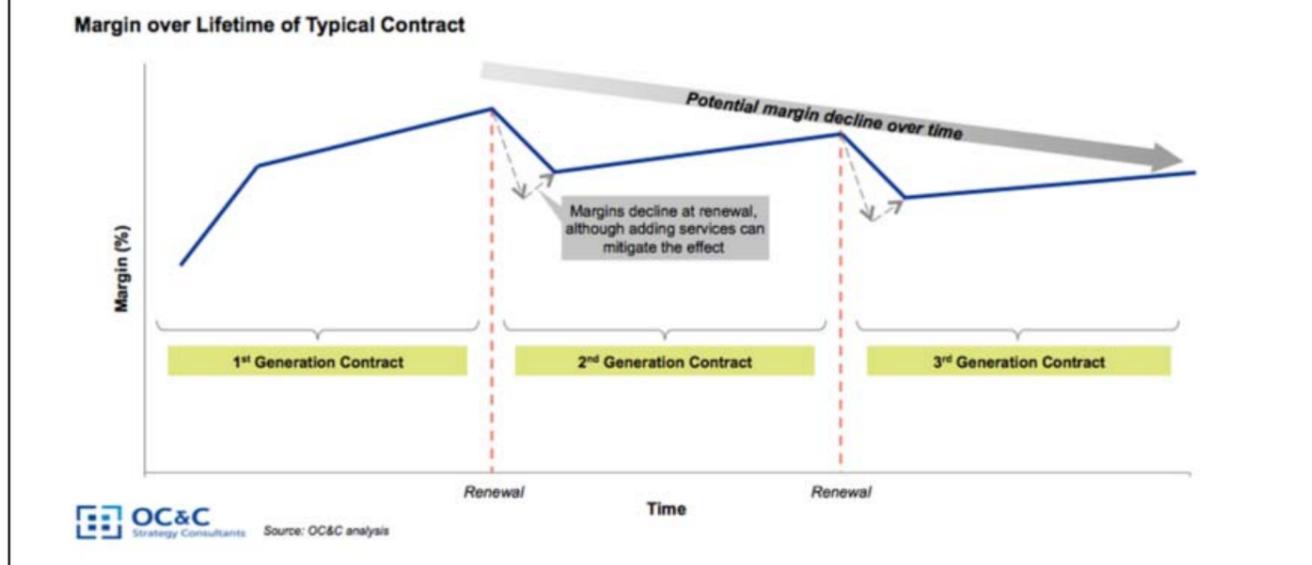
Lucy, Mike & Chris



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**FM contracts typically suffer from margin dilution at contract renewal particularly in second and third generation contracts**



to invest and innovate in the really exciting propositions, and the excellent customer service, that should be central to their future success.

Across FM, there is also a long-term trend for profitability to trend downwards, as the net effect of margins improving during a contract lifetime is more than offset by prices being negotiated down on contract renewal – unless the FM provider is genuinely innovating and moving the terms of the contract well away from a like-for-like price comparison.

The apparent slow progress of the FM sector to show a clear financial uptick is an important indicator that there is more for FM businesses to do to secure a profitable future for themselves.

**Implications**

We can be optimistic about the future of FM – there are enough examples of innovation and delivering serious change to clients' core businesses. FM is a large industry, though, and significant parts of it have yet to show progress

faster than clients' ability to capture the value being created. Across FM as a whole, revenue growth seems inevitable, but profit growth isn't.

Only a few FM businesses are likely to succeed at scale. Those that don't find a way to capitalise on the positive trends, and navigate the challenges, will find it hard to avoid commoditisation, and short of exploiting scale to establish lowest-cost positions, are unlikely to achieve attractive growth or margins.

Winners will be those who deliver best on several fronts:

- Build propositions that genuinely affect customers' business-critical outcomes (increasingly, their clients have problems they can't easily solve and are open to suggestion, but their FM providers need to have a credible answer)
- Identify customer segments where there is clear need – and communicate in their language
- Bid with discipline (simple as it sounds, doing this requires not just

tightly-run operations but real strategic clarity about the proposition and client combinations that a particular FM company knows it serves outstandingly well)

- Mobilise and deliver systematically (again, it sounds simple but is rarely executed consistently, and there needs to be both a well-oiled platform for delivery and a precise understanding of which elements of delivery are critical to client impact and the margin achieved)

- Think like a data business (even if you think of yourself as a people business, having visibility and control of performance, and taking every opportunity to gather intelligence about what client impacts are achieved at what cost, is vital)

It is an exciting time for FM. Some will be forced to change, but major opportunities exist for those who prove to be genuine agents of change.



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### 3 FM, property & corporate strategy: finding the balance

**Mike Cant,**  
Chairman, Mercury Infrastructure



**“Without the individual being enthused and committed, no amount of technology or quality asset ‘environment’ will compensate for poor support service.”**

There are a series of forces that bind everything we see and experience – whether we are engaged in property, facilities, technology or as managers of maintenance, cleaning, catering or security.

In our sector these forces tend to revolve around what I consider are the three primary forces – technical infrastructure, corporate infrastructure and social infrastructure.

Under normal circumstances these three forces seek to be in balance at all times. But when they get out of balance we usually notice it. An adverse reaction occurs. Usually in political or in social terms we recognise the outcome of an imbalance – a new government is elected, or changes are made in the law relating to (say) funding the NHS or disability services. But it also applies in situations where technology gets out of balance.

Every time we go to an ATM it's a clear benefit to our day-to-day lives – we get cash quickly day or night. But when the 'Out of Use' sign lights up it brings on another, much less satisfactory emotion. We become frustrated and feel disenfranchised. We hope there is another ATM nearby; but what if there isn't and we need that late night taxi?

But the issues go much deeper than this in considering the infrastructure that supports our economy and our communities.

This brings us to the matter at hand. Are we in balance? And if not, what needs to be done to bring things into balance?

#### **The challenge of a shifting balance**

You may recall theorist John Naisbitt postulated as long ago as 1982 that there needs to be a balance between our technology and our society – what he termed a need for 'Hi Tech - Hi Touch'.

That is, a balance between the technology that enables and the 'personal touch'. I suggest we need to consider this even more in our sector now than when Naisbitt introduced it in his Megatrends proposition all those years ago. For instance: a recent report from Oxford University illustrates the current conflict between technology and society with its prediction that vast numbers of professional jobs are at risk of automation in the future. One implication for our sector is that we are all possibly missing an opportunity to lead rather than follow with regard to this hi-tech, hi-touch society.

There is something particularly fundamental about the relationship between the way organisations behave and how property and facilities align themselves to corporate strategy. Space needs to be used and this use generates support demand. Catering, reception, engineers and cleaners need to go somewhere - and without a physical asset there wouldn't be anything to 'facilitate'.

No asset and therefore no cleaner, engineer, receptionist or caterer. But what if we take one step back from this extreme and ask about the person rather than the role? Without the individual being enthused and committed, no amount of technology or quality asset 'environment' will compensate for poor support service.

Recently I sat in a meeting with a client who said to me 'So, Mike, what do we do about the whole 'Fair Wage' and 'Living Wage' issue?'. I was a little perplexed. Did she mean 'How are you going to ensure we (the client) pay the Living Wage for you (the contractor) and the 250-odd staff involved'? Did she mean 'How do we get around all of this without us (the client) having to pay more'? Or was it, as I suspect, meant to be 'Mike, you need to find a way to ensure that it's your problem and not ours - but not at the cost of a reduced delivery quality'.

This exchange struck a chord. It got me thinking about how our sector got to where it is - and what its guiding principles are and possibly will be in the future. The discussion with the client resonated. It wasn't the first time that it called into question the balance we have to make in our day-to-day activities as against other more non-corporate influences.

And it left an impression I believe is fundamental.

**“The gap between what is promised under tender or bid is too often some distance from the reality the client receives on the ground as the contract progresses.”**

#### **What underpins our economy and society?**

The difference between learning something that has a real value and learning something and being respected and acknowledged is central to what our sector is about and what it becomes in the future. We instinctively understand that when we see a large or complex bridge it is the product of many competent designers, engineers, contractors, site workers and others. But that concept does not lie at the heart of what a facilities manager is and what he or she will provide to the wider world in years to come.

What does a cleaner really get out of his or her role? Or the security officer? Let's assume that we have an experienced cleaner, or coffee maker or security officer. We need to work hard to align the rest of the cost that the client incurs with the benefit to the employee. Or at the very least we need to make the

client think that it will be just as effective to employ staff directly rather than via a third party.

And here is the dilemma. Competitive tendering determines that our demand-side market is squeezing the margins to a level where we are reaching a tipping point and where critical mass overcomes inertia. At what point do we revert to 'cleaners, security and cappuccino makers are best doing it direct for us as against someone else's payroll'? By the time we've ensured the team has learnt the base skills (training) and developed the competence (skills and experience) is the 10-20% mark-up plus VAT etc. sustainable?

Another consequence is that now a significant number of changes have been made (either re-structure or outsource or reversal/re-tender etc.) the gap between what is promised under tender or bid is too often some distance from the reality the client receives on the ground as the contract progresses. Some call the result 'smoke and mirrors'. I tend to think it's part of a natural human trait that inspires us to evolve and be creative. And what can we offer people who underpin our workplaces via catering, maintenance and cleaning – and especially as we know they may not necessarily be respected for the hard work they do at unsocial hours and in difficult circumstances?

So what are we now seeing emerge? And what will be the primary drivers to and beyond the 2020s?

I don't see it as the pack of large corporate infrastructure wolves or

killer whales that range across the market, with a host of operational staff just doing what they are told – at Living Wage levels (or worse).

In reality, I believe it will be the opposite - but for reasons that are only recently coming into focus.

Expert client-side managers of property, infrastructure and facilities are emerging. Articulate, knowledgeable, and most important, able to understand and embrace the wider rather than narrow boundaries – in particular, understanding that getting all the elements in balance across all facets is the expertise and not the side-show.

We are now moving into the cycle that encourages longer term and more personal relationships. The carousel is slowing, and the 'in-out dance' is also stabilising. Fundamentally, the sectors are working at different paces and differing styles but all moving to a more steady state.

The mid-1980s predominantly focused on transferring resource from the client to the provider, thereby providing process, operational and management focus to a previously (largely) ignored set of services. Transfer under TUPE had fundamental consequences for those involved, and this environmental shift cannot be fully undone – even when in-sourcing takes place, as is happening more often now than the market officially recognises. Now we are faced with providing an environment in which our support services staff can feel respected and encouraged to

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'project' added value – regardless of the challenging conditions and wage levels.

In addition, whilst there is a lot of room for genuine innovation in technology, construction and related fields, innovation in reality is a rare commodity in the facilities sector. We are a people business, and innovation emerges and is utilised by us rather than being originated or created within our specific area of expertise. We use rather than create. Innovation forms only a very small proportion in the facilities mix whether we like it or not. In the main, innovation is imported into our orbit from other planets or worlds (often, the finance, IT, procurement, architectural or engineering worlds). But we are the glue that binds and adapts and implements.

**Social infrastructure is the balancing element**

We move into sector specific and sector aligned infrastructure support. 'In' or 'out' is not really the issue – it's touch-sensitive, much more like the architect who is the expert at a particular type and scale of specialism and not every built form. It's about how facilities managers become the 'Relationship Manager' who can weave the fabric to fit its purpose in all regards.

This involves sharing the practice of management as against sharing the knowledge of a specific discipline or innovation:

- Technological infrastructure – bridges, pylons and other engineering or IT feats
- Corporate infrastructure – in the interests of the economy and trade

- Social infrastructure – illustrated by music, art, 'society': this is the FM realm where relationship management expertise lies.

In the future, we are the custodians of all three disciplines and we will need to provide the essential management interface in the same way architecture inter-relates to interior design as much as engineering does to building a bridge.

Perhaps we should further our efforts on the development of our social infrastructure as it relates to the facilities management sector, and in a manner that aligns our social aspirations with corporate as well as political and technical drivers. We are starting to be able to recast our place, and it's not in innovation as such but coming to be seen to represent the soul of the sector, the heartbeat of the sector, the ethic of the sector.

I am an optimist by nature. We all see what is happening around the world and aspire to a world order that is compassionate and fair. So I offer my hope, rather than expectation, as to what we in managing and operating infrastructure and FM should do – look after our staff at all levels and inspire and personally lead those that are not doing the most fun jobs, being paid wages that are challenging, yet still need to be able to do it in a way that enables us to go on securing contracts.

I have been very fortunate to have personally engaged in a diversity of property, FM and infrastructure experiences over the last 25 years – from retail, finance, industrials and

county councils to universities, hospitals and defence - as a technician, designer, architect and FM practitioner. They all have their special and unique characteristics. Our society sees engineers, architects, surveyors and other professionals as having clear authority and expertise. But it is inaccurate, and indeed inappropriate, for the facilities management sector to purport expertise we are not professionally qualified to deliver.

The way facilities managers can influence all of these sectors – whether in the built environment or the infrastructure that supports our society - is via the relationship management role. We are increasingly influential, whether by negotiating and implementing fair wages or designing the journey from reception to workspace, and should lead and not follow as relationship managers.

The importance in social infrastructure cannot be over-estimated in the future – or the present. The three forces that guide us all in our lives – technological, political and social – are getting out of balance and the facilities manager can be acknowledged as the leader in relationship management in all these contexts should we so decide. Will we take up that challenge?



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## 4 Paralysis by confusion: too much choice in the workplace has a cost

Leeson Medhurst,  
Head of Workplace Consultancy, 360 Design Studios

**“We have an abundance of choice and this can either empower or paralyse us.”**

The world of work is changing. As such, organisations have to be ready and able to adapt to the shifting landscape, or else slip through the cracks of it and go under doing so.

Various factors are contributing towards this drastic reform, including the rise of technology, which will play a significant part in the inevitable workplace revolution. In addition to the technological advancements of today's world of work, five generations now make up the 'modern workforce' - so both the workspace and the workforce are undergoing a rapid change. It is, therefore, imperative that organisations offer a working model and a workspace that can be tailored to suit the multitude of traditional and modern workers, in order to meet current and future needs.

British businesses need to embrace change if they're to successfully rise to the challenges ahead. The onus is on business leaders to use their space more effectively in order to improve employee engagement, productivity and general wellbeing. Being savvy with space can also help organisations attract and retain talent, which is vital in an increasingly competitive marketplace. However, with the ever-evolving discourse and dialogue when it comes to matters of 'work' and 'place', I would argue that we are now subject to a 'paradox of choice'. There is this deep-rooted idea that the more choice we have, the more freedom we have. Choice, therefore, has always been considered a 'good thing'. We need

to question whether this is actually the case.

Organisations are constantly being bombarded with information, not to mention ideas, theories and notions of best practice. In addition, businesses are having to sway to the rhythm of current trends: we can work where, when and how we want; on whatever devices we want, with the people we want (and don't want); we can communicate how we want; sit where we want; eat, drink and socialise whenever and however we want. The list goes on. Needless to say, we have an abundance of choice and this can either empower or paralyse us; it can either help or impinge our ability to cope with change.

The most important step on this journey into the unknown is having an open and realistic conversation about where a business currently sits. It's about boiling down all the options and condensing all the choice into a simple framework that focuses on how space, people and technology overlaps.

In summary, it is only through honest and open probing that businesses can truly understand how to make the most of all this choice. Organisations need to focus on the space, the people and the technology at their disposal in order to sweat their assets.

**“Businesses need to embrace change if they're to successfully rise to the challenges ahead.”**

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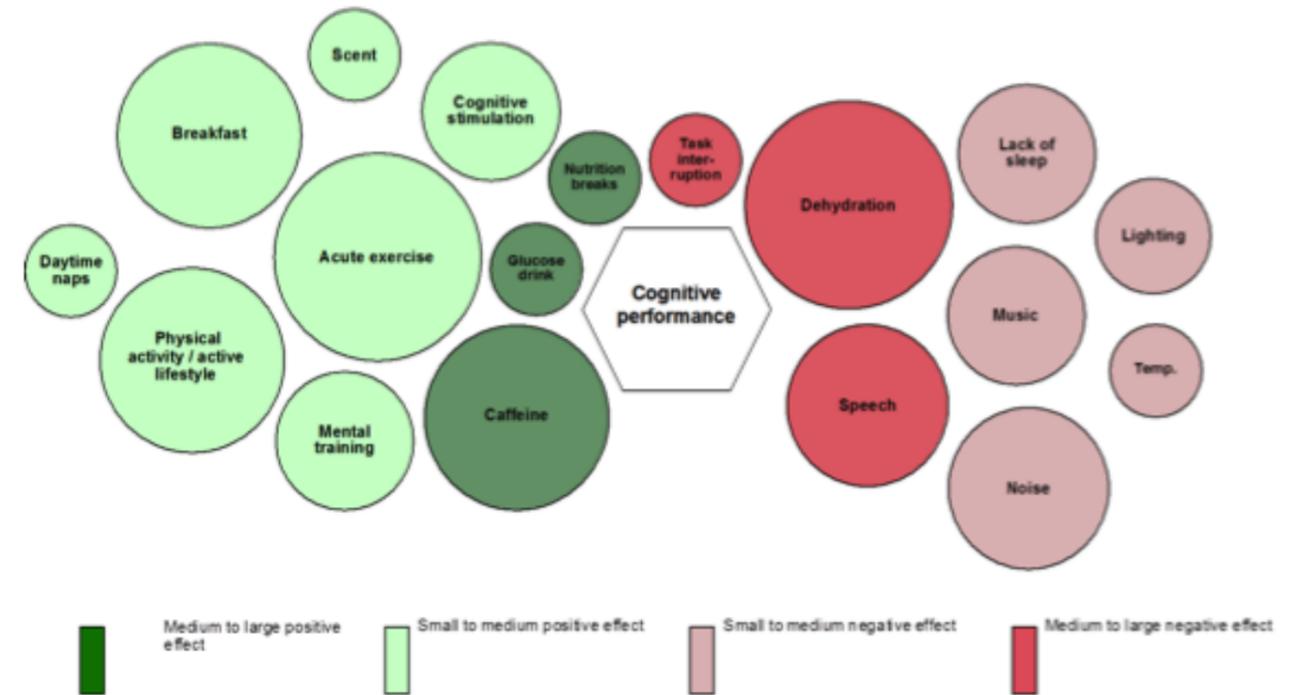
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# 5 Cognitive fitness in the workplace

Karen Plum, Director of Research & Development, Advanced Workplace Associates & Debbie Thomson, Head of Operations, BDO



In 2015, AWA's Workplace Performance Innovation Network undertook some work to understand what things have an impact on people's ability to be at their best - and specifically, what things impact the brain and its ability to do what we need it to do every day. We were interested because we believe that there are things that we as individuals can do - but that there are also many things within the workplace that have an impact, and people responsible for workplace provision would be interested in operationalising the findings.

We undertook an academically robust review of the available research. Our partner, the Centre for Evidence Based Management - a network of academics - undertook a

rapid evidence assessment, designed to identify the most robust, peer reviewed, statistically and methodologically defensible research in this area. A trawl of the major academic databases identified a large number of potential studies, which was refined through examination against a set of evaluation criteria. The studies were mapped in terms of their impact on particular functions of the brain (the 'domains') - relating to the types of activities we undertake.

### Key factors

Having identified all the research that was worthy of inclusion, a number of factors were found to have an impact on the brain's performance - as shown in this diagram. The factors in

green have positive effects, the red ones are negative. The size of each circle indicates the relative body of evidence available on the topic and the shading indicates the 'effect size' as shown in the footer.

The factors were shown to impact different brain activities (such as memory, accuracy, decision making, concentration): some impact all activities, and others have most impact on particular brain functions such as concentration. Whilst many of the findings were readily recognisable from one's own personal experience, it quickly became clear that many of these things are probably not widely understood or promoted within organisations.

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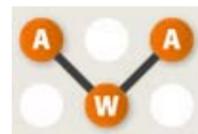
### Impacts revealed

Sponsors of this research were interested to see which factors already featured in their approach and which would influence the creation of environments where people could be their best every day. BDO were surprised by some results – particularly temperature which divides opinion, leading to simultaneous deployment of fleeces and cooling fans! Although it has an impact, the effects are less significant than other factors. BDO noted the impact of speech, which hasn't been raised by staff, and wondered if people had adapted to this in their open offices.

Finally, they were pleased to note that providing free breakfast for early arrivals is in line with the research findings – elevating its provision from a perk to something more critical to cognitive fitness for those inclined to skip breakfast.

For those responsible for workplace management, there is great potential to improve the environment for knowledge workers, going beyond the usual domain of 'wellbeing'. It was also clear to BDO that to be effective, these initiatives need HR, FM and the core business to work together.

This research raises questions for all organisations to consider. Do people know about the importance of these factors to their brain? How can you go about encouraging the right behaviours and influencing adoption? And importantly, how can you ensure that adoption is culturally acceptable in the business?



## 6 The art of the workspace: enhanced performance through aesthetics

Meelimari Arro,  
Head of Corporate Services, Rise Art

*“People who worked in offices with art and plants finished the assigned tasks 15–30% faster.”*

One of the themes that emerged again and again in this year's Workplace Futures conference was the fact that, fundamentally, facilities management is about people. The relationship between an organisation's productivity and the wellbeing of those within it was touched on by a number of speakers. Many emphasised the current need for FM to focus on two key goals: the transition from FM to workplace management, and the outcomes that come from the added value this creates. Better organisational performance, improved employee attraction and retention, and greater all-round wellbeing were ranked among the most desirable objectives a workplace should strive towards.

This article explores some of the ways these aims can be achieved – notably through the use of art.

### **Increasing productivity in the workplace**

As wage-related expenses continue to rise, partly due to new measures such as the National Living Wage, high levels of efficiency and productivity are increasingly important for companies hoping to compete on the international scene. Would working more hours help? It's unlikely. With employers currently trying to get the maximum number of work hours possible out of their employees, the only viable option is to increase productivity. But how? To borrow an expression from the conference: how do you make your employees more 'brain fit'? Sleep, coffee, exercise and air were all raised as possible boosters of brain fitness. However, little was said about art.

It might seem like wishful thinking to suggest that something as simple as a painting might have a direct effect on an organisation's productivity, but the evidence of the link between art and wellbeing is growing ever more compelling. A recent study on the psychology of working environments, conducted by Dr Craig Knight of the University of Exeter, asked participants to do an hour's work in four different types of office space:

- **Lean:** containing only the things necessary to complete the tasks required.
- **Enriched:** featuring a pre-arranged selection of art and plants.
- **Empowered:** including the same art and plants but giving participants autonomy over where they were positioned.
- **Disempowered:** participants could arrange the art and plants themselves – but the experimenter then undid these personal touches and reverted to the enriched layout.

The results showed that people who worked in offices with art and plants finished the assigned tasks 15–30% faster. People who worked in the enriched environment worked around 15% more quickly than those in the lean office and had fewer health complaints. Those who worked in the empowered space worked 30% faster.

However, in the disempowered space, the productivity levels of those who had seen their personal touches undermined were equivalent to those in the lean space. Dr Knight said that,

in 12 years, they have never found that lean offices create better results. The reason for Knight's results and the consistent pattern behind them is rooted in the interface between environment and psychology, and the underlying movers of human behaviour: emotions.

Professor Giovanni Schiuma, author of *The Value of Arts for Business*, claims that emotions extend enormous influence on people's commitment and engagement, acting as catalysts for several essential drivers of business performance, including satisfaction, enthusiasm, flexibility, loyalty, creativity, propensity to innovation, identity, culture, risk-taking and more.

In pursuit of a 'psychologically perfect' environment, several businesses have gone so far as integrating philosophies such as feng shui into the workplace. But, even without adopting such measures wholesale, it is entirely possible to foster emotional positivity by including features that offer more stimulation and visual appeal than a blank wall. The right piece of art, in the right place, can positively influence the brain and thus nurture beneficial emotions. In effect, managing the aesthetic dimensions of a workspace helps harness people's feelings, which can lead to a positive impact on organisational value creation (Schiuma, 2011).

### **Boosting wellbeing and lowering stress**

Stress and low morale can reduce productivity; low productivity can diminish morale. It can be a difficult cycle to break. But because

productivity, stress and wellbeing are closely interlinked, each exerting an effect on the other, it is possible to use art and aesthetics to turn a vicious circle into a virtuous one.

A study by London's Cass Business School revealed that 80% of those questioned felt that art in the workplace improved their sense of wellbeing. Another study by the University of Massachusetts demonstrated that art in the workplace helps to reduce stress (with 78% of respondents agreeing).

The capacity of art to relax the viewer was illustrated by one of the examples mentioned during the Workplace Futures conference. In a dementia care centre, the introduction of artworks that the patients could relate to was shown to contribute to an increase in their sense of wellbeing. The impact of art extends beyond the rational; it can establish a strong connection at an emotional level, elevating mood and morale even when people are not necessarily consciously aware of the fact. For businesses, this means that art-related programmes can be exploited to help nurture positive emotions, calm tensions and dissolve depressive feelings (Schiuma, 2011).

#### Attracting talent

The integration of art helps define and communicate a company's identity and culture, and can also contribute to external brand awareness – both powerful weapons in the battle for talent. For example, Rise Art's client JAGShaw Baker, a law firm, chose colourful and fun works to reflect their open and relaxed culture and to distinguish their brand from conservative law firms.

The above-mentioned study from the University of Massachusetts found that 73% of the employees would change their view of the company if the artworks were removed. The majority of respondents (82%) indicated that art is important in the work environment,

although they did not consider it to be the most important factor when it came to deciding whether to work for a company.

JPMorgan Chase, which owns one of the world's most celebrated corporate collections, set an international benchmark by using artwork for branding as well as atmosphere. They see their collection as a 'working asset' that enhances the workplace for the enjoyment of employees and – importantly – visitors, and one that also embodies the key values of the firm: human creativity, innovation and diversity.

In 1959, when David Rockefeller, then President of the Chase Manhattan Bank, started the collection, he envisioned it as a way of bringing creativity into the workplace. For him, art was more than just decoration; it was a means of promoting a work environment that was visually and intellectually stimulating. In an era of largely uniform, open-plan workspaces, this was a new and revolutionary concept. Since then, Rockefeller's visionary concepts about art, and its ability to create an environment that engages with one's capacity for critical thinking as well as nourishing the soul are still spreading.

'Magic Circle' law firm Clifford Chance, for example, uses its corporate art collection as a means of incentivising senior employees. By giving them the opportunity to select an artwork for their office, the company gives them the opportunity to individualise their workspace – a similar method of empowerment to that explored by Craig Knight.

Having art in the office doesn't need to break the bank. Organisations with limited resources can rent art at low monthly costs from companies such as Rise Art. Renting also provides businesses with the flexibility to change the art

around to keep things fresh and cater to employees with a different taste in art.

#### Conclusions

As the scope of facilities management expands to encompass other business functions, it becomes increasingly important to pay attention to the factors that add value for employees and enhance their wellbeing, and which boost the company's ability to attract top talent. Comparable to the effects of workplace design, office art has advantages that extend beyond the obvious benefits of visually enhancing the work environment.

Employees represent the biggest cost for any business. Investing in their productivity, wellbeing and personal satisfaction makes financial sense. Given that a 15–30% improvement in productivity can be expected from the integration of artwork, almost every business will find that the outlay required to implement this is more than compensated for by the increased efficiencies it promotes. Monthly rental services can reduce costs further, and including employees in the selection process can enhance their level of engagement through empowerment.

Psychologically, people operate in an emotional equilibrium with the space they work in, and, as we have seen, better emotions make for better performance. With this in mind, if you could improve your business's performance, strengthen your brand identity and boost your talent attraction and retention rates with a few relatively low-cost aesthetic adjustments, why wouldn't you?

*'Rise Art is a curated contemporary-art marketplace with a corporate services team that helps businesses find inspiring art for their offices from a selection of 500 artists.'*

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## 7 Creating a blueprint for high performing facilities teams

Liz Kentish,  
Managing Director, Kentish & Co

**“Businesses can flourish as morale improves and teams become effective.”**



FM is about people. This is a statement that gets used a great deal but gets more and more important as businesses grow, industries evolve and companies differentiate themselves to retain and attract talent. It is my belief that business leaders should take ultimate responsibility to develop and invest in their teams and make this part of the company's DNA.

If you view your workforce as 'agents of change' and enable them by giving them the right tools to progress and collaborate, businesses can flourish as morale improves and teams become effective. We saw this most recently at Johnson & Johnson as they continue to drive their enterprise facilities management centre of excellence project which focused on three key criteria: a partnership approach, contract governance and output-based contracting.

Johnson & Johnson had a clear directive on what they wanted to achieve, and that was to ensure they 'enabled' a high performing team over a set period of time. By working closely with all the stakeholders we built a development programme to help the company increase performance which included innovating, decreasing escalations and increasing employee and management satisfaction across the division.

With all companies there are challenges when putting together a specific programme for change, such as choosing the right delivery, appreciating and working with cultural differences and acceptance of the proposed changes. It's critical to take the time to understand the business and their people, which results in a solid foundation for creating high performing teams across an organisation, no matter what sector they are in. It's also important to note that one high performing team within an organisation can have a positive knock-on effect across a business. Colleagues notice when teams gel, when they work closely together towards a common goal. It's good to be around and it's inspiring for others.

The Johnson & Johnson project has focused on collaborative working with many suppliers and partners. The post-course results have been more than promising as we saw 100% of the sites involved in the programme now jointly developing innovative solutions to drive benefit to their customers and 97% of attendees stating that they had learnt something new and will apply it back in their workplace.

The partnership approach we focused on as part of the people development programme had a real impact. We saw before the programme started that service

ownership in the team was unclear, there was some focus on negatives, and individuals were not always aligned to what the service partner was delivering. We worked on changing attitudes, moving towards 'joint ownership' between groups to deliver better services. We highlighted the need for the company to acknowledge the impact of successful outcomes and made suggestions as to how that could work and be communicated in the future.

This particular project is ongoing and we have more results to evaluate, but we have already seen that there is a 90% reduction in escalations requiring management attention. Building high performing teams takes time, commitment and a top-down approach so it's taken seriously. When you get the mix right, the effect can be very powerful. The business environment can visibly change and there are multiple benefits that are not all about the bottom line. It's exciting to be part of it and witness the evolution as those teams take on a life of their own!

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## 8 Embracing technology: why disruption shouldn't be a dirty word in FM

**Chris Weston,  
Chief Technology Officer, Bellrock**

**“A new paradigm for  
business is evolving  
powered by a number of  
technologies.”**



The power of disruptive technologies is plain for all to see. There are opportunities for those that can see and take them, but there are risks for even household names if they fail to see the writing on the wall.

Kodak always thought that people would never part with hard prints and that film-based photos were valued for their high quality. In other words, they saw digital as a direct substitute for film-based photography and assumed that their business model would always be the dominant one. In 2012 they were bankrupt.

There is a common theme with businesses like Kodak. First, they try to ignore the new technology hoping it would go away by itself. Then they deride it using various justifications (too expensive, too slow, or too complicated). After that, they try to prolong the life of the existing technology by attempting to create synergies between the new technology and the old (like the photo CD). In doing so, they keep delaying any serious commitment to the new order of things.

Disruptive technologies don't just affect the existing players in the market; they can reduce the barriers to entry and let new entrants take a lead. Over the last few years we have witnessed the phenomenal success of a taxi company that doesn't own taxis, Uber; a website that doesn't generate its own content, Facebook; and an accommodation business that doesn't own any hotels, AirBnB. A new paradigm for business is evolving powered by a number of technologies.

Marc Dowd, a highly respected technology commentator, describes these as 'vectors of disruption'. Taking this concept and applying it to facilities management reveals both the threats and the possibilities. Here are five vectors of disruption that can combine to change the way FM is approached.

The first is the Internet of Things (IoT). This is generally defined as 'a network of physical objects that contain embedded technology to communicate, sense or interact with their internal states or the external environment'. Or, to put it another way, kit that tells you when it needs fixing. The number of devices that are now fitted with interfaces for remote management and status reporting is growing all the time as this technology becomes more cost-effective. Almost all air conditioning units on the market today have this capability. And aftermarket sensor equipment can be inexpensively fitted to older assets. Whereas building management systems have been linked to a relatively small number of assets in the past, the entire estate will increasingly be connected to a central control point.

Almost in parallel with the increasing connectedness of assets is the second factor on the list, the remarkable leap forward in both functionality and reduced cost of business intelligence (BI) tools. BMS systems have arguably not fulfilled their potential in the past, even with the small number of systems connected to them, because the data they provide is not easily understood and sometimes not even readily available. The increased

connectivity represented by the IoT, combined with new BI tools, allows us to analyse and predict based on condition monitoring information in far greater depth than ever before.

'Machine learning' can enhance this BI and help us predict failure based on a wide range of factors without manual intervention. Not only can this data tell us when to intervene, it can also tell us when to suspend maintenance activity during anticipated periods of high utilisation and predict occupants' needs for light, heat and other services. The BI tools also allow us to understand the impact of tactical changes in preventative maintenance scheduling. For example, PPM is traditionally managed on a duty cycle basis (check it after 1000 hours of use) or on a calendar basis (check it every 3 months). New analysis now allows us to modify our PPM activity to the individual asset.

The third vector of disruption is the ubiquitous nature of smartphones. The smartphone is also a component of the Internet of Things, providing data about its owner and their environment. The evidence of the last few years is that people want to use their smartphones to access services, and in many cases people prefer to use their own devices rather than rely on those provided by their employer. Organisations that exploit this phenomenon are stealing a march on their markets.

If we take it as read that everyone carries a device that can take a picture, and send and receive information, it is possible to provide far better details of reactive issues.

**“The FM industry has not always embraced technological innovation, but these are societal changes that cannot be ignored.”**

with a company using Twitter or Facebook, they are far more likely to get a response than if they call a contact centre or send an email. FM companies that can see this opportunity can track these systems to get feedback on their own performance. For example, monitoring tweets to food retailers will unearth many complaints about the state of stores. An FM company that is proactive will suggest ways to prevent these problems. This may also produce opportunities to up-sell extra services on the basis of protecting a brand.

This is not an exhaustive list, and in six months it will be out of date. The FM industry has not always embraced technological innovation, but these are societal changes that cannot be ignored. Organisations that can build these disruptors into their business model will put themselves at a great advantage. We should all be up for that challenge.



Social media works because communities form around things like events, locations, families or alumni groups. The community in an office block or a hospital is no different. They're now using social media tools to look for information, comment or complain, and as FM providers it's up to us to be part of those communities.

The fifth vector of disruption is known as the API economy. APIs are the way modern computer systems talk to each other and share their data. FM companies collect a lot of data (e.g. energy, waste, utilisation), which has value to them, but it also has value to other organisations. By using API technology to share this information, whether selling it or giving it away, we can produce a better outcome for our customer. Our supply chain can use it to better inform their own investment or manufacturers to improve product design. This technology also allows us to link our systems with those of our customers and suppliers. The ability to integrate systems to reduce error and improve efficiency will be a common customer requirement in future.

This means we can send the right people with the right skills to fix the problem first time. Engineers can call up historical information, equipment help sheets, COSHH info, indeed, a staggering amount of relevant data that can help them make a first-time fix more often. Not so long ago this required PDA devices that were slow and had poor screen capabilities. Now we can use HD images and video, and access 4G internet in more areas than ever before.

Number four – social media. Combined with smartphones and ready internet access, social media provides unique insight about our clients and their customers. Organisations are actively managing their brands on social media platforms to protect their reputations. People now find that if they interact



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**“FM providers can become ‘agents of change’ and move from service provider to strategic partner.”**

As services converge and buildings become smarter, FM providers will have to differentiate their offer and the convergence of CRE & FM presents the opportunity to do so. By leveraging client knowledge to deliver the strategic insight and direction needed to inform decision-making, FM providers can become ‘agents of change’ and move from service provider to strategic partner.

Data is the enabler for change - but data is big and comes from a variety of sources, most of which are disparate and unconnected. However, once that data is gathered together, analysed and combined with knowledge and experience, it transitions from data into information - and that can be used to make calculations, analyse trends, spot patterns or present solutions.

Big data analytics delivers the information needed to make informed decisions about the future, such as asset replacement trend analysis, benchmarking cost, workplace future demand prediction, complex acquisition and disposal modelling or risk and control learning.

The industry will need to start to deliver data as information and knowledge direct to clients’ desktops in a simple-to-digest manner. Early adopters are already delivering answers to very complex questions every day. Standardised reporting in a dashboard format will enable compliance visibility across estates and assets, but dashboards are just the first step to informed and empowered organisations.

Whilst information alone will never replace the true knowledge and experience held by people, it can support the service delivery of an improved customer experience.

Information brings focus and focus will empower agents of change who will advise their clients, inform decisions, collate data, provide insight, bring greater focus and create more value. FM providers are perfectly placed to fulfil this role in the built environment, but only if they become the custodians of the data that provides the answers.

**“Paying a Living Wage makes sense for business because staff are motivated, rewarded and incentivised to go that ‘extra mile’.”**

At KPMG, we believe that paying people a decent wage is the right way forward for responsible business. Since 2006 employees and contractor staff working out of our buildings have been paid the Living Wage. We have made an ongoing commitment and we are proud to be one of the Living Wage Foundation's more than 2000 accredited employers.

However, despite the gains made in employer accreditation low pay is still an issue across the UK. KPMG research released in November 2015 suggests that there has been a substantial increase in the number of people paid less than the Living Wage, 5.8m people, which is an estimated 23% of all employee jobs in the UK. The government has acknowledged this concern with the institution of an enhanced minimum wage for the over 25s, called the

'national living wage', which will initially be £7.20 in April 2016, anticipated to rise to around £9 an hour by 2020.

Beyond the moral argument, paying a Living Wage makes sense for business because staff who are motivated, rewarded and incentivised to go that 'extra mile' in servicing customer needs contribute towards an efficient and effective business operation. Research by the University of Strathclyde in 2015 looked at the experiences of a number of employers, formulating case studies demonstrating business benefits and examples of how to mitigate associated costs. Key findings included increased staff retention, staff performance, job satisfaction and skills development. Implementing the national living wage will be more challenging in that the amount is being awarded by government rather than through a dialogue between the employer and the employee.

The findings from the Strathclyde report mirror our own experience at KPMG. Since paying the Living Wage in 2006, we have seen a significant increase in the motivation and loyalty within on-site supplier staff. There has been a marked improvement in the quality of service: our helpdesk gets far fewer complaints. In addition – perhaps the strongest business case for paying the Living Wage – there has been increased productivity, as attitudes are more flexible and positive. Staff are willing to give it that bit extra in terms of exceeding our external and internal clients' expectations.

The Living Wage service provider recognition programme is also a great marker of the leadership an increasing number of FM service provider organisations are showing on the Living Wage. Participation in the service provider recognition programme requires them to pay the Living Wage to all the people working on their own business premises, e.g. cleaning, catering and admin staff; and these firms also commit to submit a Living Wage compliant bid alongside the regular bid when tendering for work. The introduction of the national living wage is likely to further encourage FM suppliers to embrace the service provider recognition programme as discussions widen with clients around the importance of having a well-paid, highly motivated workforce.

Although it might not be appropriate for every business, KPMG also encourages our contractors and suppliers to consider whether they can make the change to pay the Living Wage. Increasingly, Living Wage accreditation and recognition differentiates decent organisations in the marketplace from those with different values. Paying the Living Wage is not altruism but a sensible commercial position regarding the benefits of staff retention and productivity. It also works for the economy as a whole, as the UK moves towards being a high-wage, high-productivity economy rather than one where low pay is prevalent.





**WORKPLACE FUTURES**



**“At the heart of the Patient First philosophy is a commitment by all parties to understand each other’s requirements.”**

**New dementia ward**

In creating a new ‘dementia-friendly’ ward, the Trust was keen to demonstrate best practice within the limited funds available.

A strong focus of the design was on visual stimulation for patients through a series of colour zones areas, pictures, large graphic designs and reminiscent stimuli. By working in partnership with the Trust – and particularly the nursing team – ENGIE was able to ensure the project was delivered within just a three-week period for a quarter of the cost of similar projects in other hospitals.

The project generated considerable interest in other NHS Trusts, to the extent that ENGIE produced a virtual tour of the facility to cope with demand from other organisations.

**Regional spinal unit**

Pinderfields houses one of 11 regional spinal centres in the UK, and ENGIE took an advisory role in refurbishing the facility, while also adapting an area of the grounds to create a vegetable garden to help long-term spinal patients exercise.

**Other initiatives**

The contract has seen many other initiatives that have reduced lifecycle costs, made more impact with available funds, supported local health programmes, created jobs and apprenticeships for local people and improved biodiversity across the estate.

**Future trends in healthcare PFIs**

Demographic changes will increasingly put pressure on NHS Trusts to achieve more with fewer resources. The private sector will therefore have an increasingly important role to play in the efficient management of non-clinical resources, enabling medical staff to focus on their patients.

The Mid-Yorkshire Hospitals NHS Trust contract clearly demonstrates that healthcare PFI can work for all stakeholders when based on a true partnership with common goals and a ‘can do’ attitude that puts patients first. The collaborative ‘one team’ approach leads to solutions that work for all parties and heralds a culture that needs to be applied to all such contracts in the future.

Traditional healthcare PFI contracts often fail to deliver maximum benefits for all stakeholders because of contractual constraints that hinder the fundamental purpose – which is ‘getting the job done’.

‘Patient First’ is an initiative developed by ENGIE in partnership with Mid-Yorkshire Hospitals NHS Trust that transcends traditional PFI boundaries. It clearly demonstrates how the FM team can work collaboratively with stakeholders to deliver positive outcomes for all parties.

At the heart of the Patient First philosophy is a commitment by all parties to understand each other’s requirements. Its success is demonstrated by two initiatives at Pinderfields Hospital as part of a 35-year PFI/PPP contract between ENGIE and the Trust.



## 12 Partners delivering organisational change - Rock 'n Roll FM

Tony Raikes,  
Managing Director, VINCI Facilities

**“In short, we don’t give ourselves enough credit for the work we do.”**



Facilities management almost revels in the notion of being an unsung hero service.

We do so much soul searching about the purpose, morality and ethics of the support service sector that we forget to celebrate the impact that FM has on society.

In short, we don't give ourselves enough credit for the work we do. Even amongst our peers we do not go out of our way to share best practice and point to our successes. So how are we to attract the talent from our schools and universities to what is a hugely rewarding and diverse sector?

The answer is to be prouder, more open and celebrate FM.

FM is like the drummer in a rock and roll band. To the music buff they are respected, they beat the rhythm and keep the rest of the band in time and on track. That's what the facilities sector does for its clients. FM beats the rhythm for our clients. Take that rhythm away, remove the pulse within the support service operation, and the customers procuring these behind-the-scenes critical services could not deliver their products or meet the needs and expectations of their own respective end users.

What's more, when it is done right FM goes even further and makes a real difference to lives of end users and society as whole. In these markets, such as healthcare and education, FM is a great enabler – a more powerful influence than its cousins in construction even.

In some areas, FM has the potential to be a bit rock 'n roll in the real sense of the phrase – not just enabling change, but being the vital agent for change behind demanding and flexible environments. As FMs we manage that change all the time. Arguably this is one of our strongest skill sets. Our customers' requirements are constantly changing at both the macro and micro level, and we are a vital agent enabling this change.

That's the core message behind the success of VINCI Facilities' work with the London Olympic Stadium. Managing stadia is never straightforward – but it is even less predictable when a stadium's focus shifts from sport to music, then returns to sport, to sheer entertainment and back again every few weeks. We have already done work with the team behind this stadium since being awarded the work early last year – but the first real challenge in our own right comes in June as we transition the stadium into a concert facility for AC/DC, their entourage and of course 80,000 adoring fans.

Our connection with the stadium and the Olympic Park goes back much further – and is therefore a story that illustrates the rich and varied role of facilities management – to before 2012 when we were providing FM services to the ODA office complex. That was where things began. Along with others, we provided the FM services to the ODA across the Olympic Park during the planning and construction phase.

Throughout the construction our scope changed and varied, supporting the constructors in achieving their goals. As the footprint of the construction project changed, it required changes in the FM services; the offices relocated four times, for example, and we hosted delegations from all the competing countries, the local community and the Queen. Our brief flexed almost each day. We ended up delivering milk to all the contractors working on the park – one report alleged this was the largest single delivery in the UK.

The whole project, much like the Olympics itself, was a team event that became a story about excellent FM provision, showcasing our industry's 'agent for change' role. It had a number of FM actors: G4S, Aramark, Cofely, OCS, Delaware North are a few of the key service providers that have enabled the change and created great success stories in the process.

Because of our central role, as the various venues came on-stream, we provided the link between constructor and operator until they went into full service. But it was our industry as a whole that was a key contributor to the success of the change management programme that transformed that derelict wasteland into the Olympic Park on time. FM was constantly tapping out the rhythm.

Thousands of people, construction and FM professionals, worked tirelessly towards the 2012 Olympics – and the Games themselves, of course, were an outstanding success. We had no hand in the FM



during the games themselves, but Cofely and others played their part in this success, and so for Team GB Athletics, UK construction and UK FM the 2012 Games were undoubtedly a resounding success.

But what happened next? Everyone remembers the concern about the notion of legacy and fears of tumbleweed rolling across the Olympic Park as we have seen as Barcelona, Atlanta, Athens and even in Beijing. So, as the glow following the Olympics faded, the next step was transitioning the stadium to achieve a viable legacy. Let's fast forward to January 2015 and confirmation that VINCI had won the right to operate and manage the stadium – in effect, to enable the showpiece of the legacy to be delivered.

Working with our colleagues in VINCI Stadium, we put a compelling solution to the London Legacy Development Corporation and Newham Council, based on our stadium expertise (we operate a number of stadia in France) and our FM capability in the UK, resulting in a mandate to run the stadium for the next 25 years.

Our stadia are all world-class venues with one thing in common: they all have multiple functions. There is no steady-state in the world of FM within stadia. They are constantly changing their use.

LS185, the VINCI company operating the stadium, is incentivised to maximise the revenue from the stadium through staging events: rugby, football, motor racing, other sports and concerts. LS185 wants the Olympic Stadium to be the stadium of choice for promoters, sponsors and fans. To achieve this, those involved in the FM provision have to enable the change between events and then create the ultimate customer experience for the users – by delivering world-class services and working alongside Delaware North providing the concessions, the stewarding delivered by OCS and the FM services delivered by ourselves.

In the three years since the Games some £270m has been spent on transforming the stadium. However, in 2015 there were already commitments to host a number of

significant events, the first of which was the Anniversary Games in July last year. The challenge was to ensure that the facilities were in a fit, proper and safe state midway through the construction transformation programme: to ensure the arena was ready to hold a world-class athletics event celebrating the anniversary of that Super Saturday in 2012.

The 'normal' ramping up and ramping down of resources necessary for event days – stewarding, concessions, cleaning, medical provision, recruiting 1,000 'games makers' – was complicated by the short time available for staff training for the first event. But it was achieved.

In addition, the stadium needed to be taken from construction site to operational facility, ensuring the fire safety condition, access routes and everything that goes with hosting over 90,000 fans over the event, not to mention the superstars that graced the stadium like Jessica Ennis-Hill, Mo Farah and Usain Bolt.

**“What FM does is complex, so it takes the right people, the right management, the right processes and the right culture.”**



This takes meticulous planning and preparation, by dedicated and expert teams. And during the event itself, it requires flexibility and agility. Following the Anniversary Games, we then had to mobilise for an entirely different set of events. The Olympic Stadium was due to host five matches in the Rugby World Cup coping with 250,000 fans. The stadium had to be transformed from athletics mode to rugby mode – requiring the installation of some 20,000 additional seats.

Each different event has its own 'overlay requirement' prescribed by the event promoter – this defines how the functional areas will be used, how the hospitality operates, what the provisions for the journalists are - each time this change needs to be co-ordinated by the FM team. An extreme example is the Race of Champions. This featured some of the current F1 drivers like Sebastian Vettel and Jensen Button, but

perhaps most significantly involved the laying of over 1,000 aluminium plates to protect the pitch, nearly 5,000 tonnes of asphalt and base layer – creating an 8,000 square metre track inside the stadium. It was all constructed in a week.

Two days of motor racing hosting 34,000 petrol-heads, countless high-performance cars and their drivers, and was followed by 36 hours of change as the track was dismantled and taken away.

What FM does is complex, so it takes the right people, the right management, the right processes and the right culture to make sure we deliver that baton across the finishing line on time, every time.

Our clients, whether stadium operators, occupiers of corporate offices or the clinical teams and patients in hospitals all expect us to meet their changing needs. To be

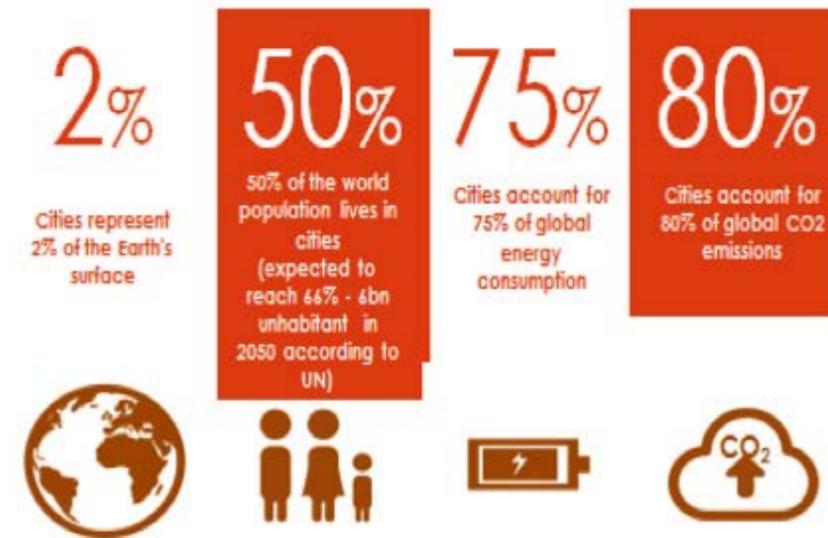
able to do this we have to be flexible and agile, drawing on all our skills, whilst also being diligent – ensuring that the risks associated with change are fully considered and managed. We are that Agent of Change that enables our clients to meet the challenges they face, in order for them to be successful. What's more, we are good at it. The attributes we as FMs bring to these customers - diligence and professionalism, innovation, flexibility and agility - define what we are as an industry. These attributes enable us to deliver the change that our clients require for them to meet their objectives.

We should shout about our success, celebrate our hero status and be a bit more rock 'n' roll.



# 13 FM and the energies challenge

**Keith Pedder,**  
Energy Director, Bouygues Energies & Services



Within the ever-changing FM workplace, the competing needs of operation, energy legislation, ageing assets and critical maintenance place a substantial demand on facilities management, whilst similarly having a significant direct impact upon an organisation's energy consumption.

For any FM provider, whether in-house or outsourced, the key goal is to ensure smooth, reliable and efficient operation of the workplace. For this reason, Bouygues Energies & Services believe that FM and energy have a parallel relationship which can be engineered to deliver savings, improve efficiency, upgrade assets, reduce maintenance costs and improve overall carbon brand.

FM is well placed to help deliver energy savings and cost reductions to buildings and organisations through its unique asset management, engineering, operational and

maintenance position. With an FM team already on site, it is our belief that they can implement energy savings by introducing low-cost savings through Energy Focused Maintenance (EFM) and scale savings through fully funded Energy Performance Contracting.

Today, the carbon challenge facing the corporate world is how to factor in the costs of rising energy bills alongside the capital cost of installing energy conservation measures, thereby providing scale savings through asset upgrades.

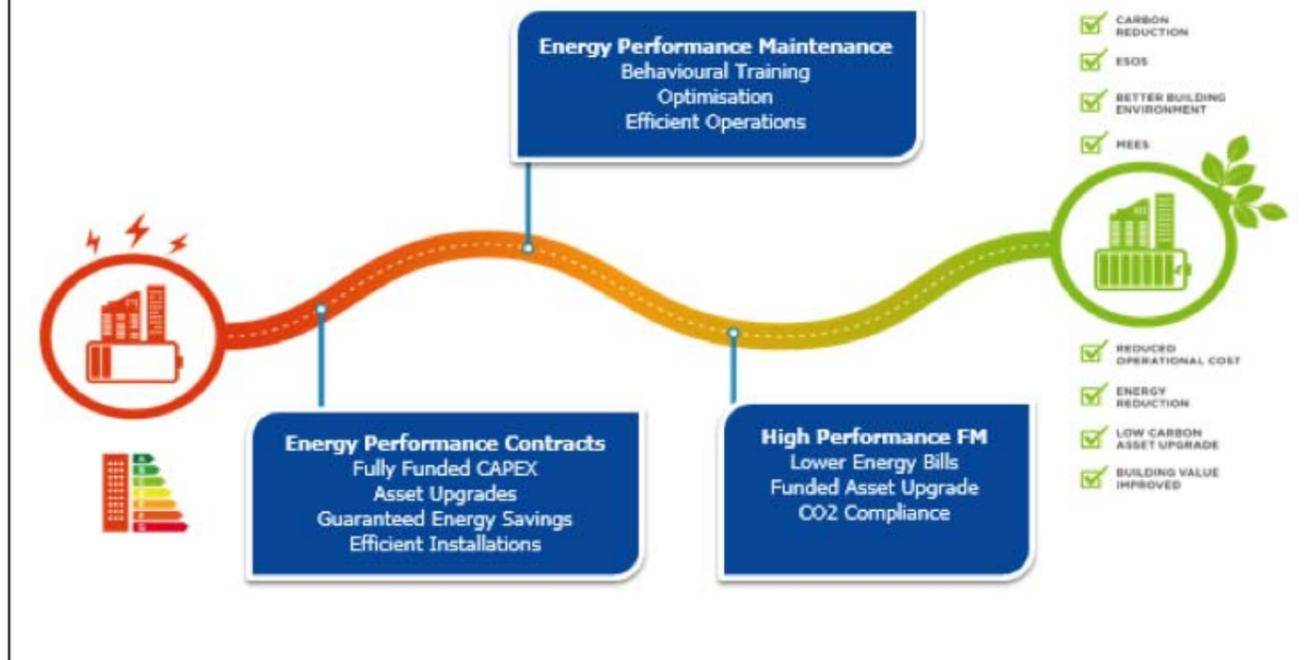
Through an Energy Performance Contract (EPC), the commercial organisation is offered a unique and simple solution, where capital is provided and the assets improved through conservation measures and associated guaranteed savings, providing funding of the investment.

An EPC represents a partnership between an FM company and a customer over a set term focusing on improving energy efficiency and improving building assets. The EPC guarantees cost savings by reducing energy and transferring any risk from the customer to the provider. In addition, the EPC is financially accountable for the performance of the project.

Following detailed surveys, energy audits and consumption analysis, an EPC will install a number of energy conservation measures. Some will be as simple as a change of lighting or addition of a window film, whilst others involve the installation of a new boilers, lighting, air-handling units or the upgrade of a Building Management System. Each measure will serve to reduce the customer's energy output whilst ultimately increasing their savings. Due to the EPC's guarantee, should the measures fail to deliver the expected savings the client can seek remuneration for any loss.

The EPC will measure and verify the energy savings throughout the period of payback to ensure the company achieves its costs savings. A myriad of EPC financial models are available, both on and off balance, some of which provide public sector bodies with funding at 0% finance. In addition, Bouygues can help seek out grants and other funding paths, including holiday payments and deferred payment.

## The FM/Energy Journey



**“FM and energy have a parallel relationship which can be engineered to deliver savings, improve efficiency, upgrade assets, reduce maintenance costs and improve overall brand reputation.”**

through the instigation of a cultural shift within a company and through the encouragement of a smarter, well trained, on site and sub-contractor workforce. It is the Bouygues' philosophy that an organisation must 'rewire' both the commercial approach and the technical delivery to ensure motivations and behaviours are driven to energy-focused maintenance delivery. This, coupled with smart energy technologies and real-time monitoring, ensures immediate team response and provides both localised competition and commercial incentives to an inherent energy awareness and ownership.

Once the optimisation measures are introduced on site and the behavioural changes implemented, the two combined culminate in high performance maintenance solutions, driving energy savings and engaging carbon-trained staff and commercial realignment to drive energy savings from the on-site and sub-contractor teams.

Additionally where plant is due to be replaced, lifecycle replacement plans can be changed and higher efficiency energy equipment can be introduced to ensure future carbon benefits are realised.

Bouygues EPC together with EFM ensure high performance energy reduction through the scale delivery of fully funded energy projects, coupled with the additional benefits associated with optimisation and behavioural change.

These models are highly effective, energy-focused solutions, providing saving opportunities in excess of 25% and fully funded asset upgrades as a by-product. So whether the driver is carbon, energy, cash, or asset upgrade, the EPC and EFM solution provides the independent, guaranteed, financial and technical catalyst to get the job done.



# Best Practice for Successful FM Software Implementation



Addressing the latest technology trends, the white paper provides guidance on:

- Preparing a business case & securing budgetary approval
- Ensuring the software meets operational requirements
- Developing a cohesive implementation plan
- Structuring the data set up
- Using mobile & tablet devices to improve FM efficiency
- Integrating with third party systems & BIM technology



To request your complimentary copy or a demonstration of our FM software, QFM, email [info@swg.com](mailto:info@swg.com)

## 14 The workplace experience: improving organisational performance

Martin Boden, Divisional Managing Director, Key Markets, Sodexo Corporate Services & Simon Wells, Regional Head - Northern Europe and Global Facilities Management, Zurich

**“The facilities management profession could be on the verge of finally defining the value it brings to organisations.”**

This short piece aims to demonstrate that with the workplace changing at a faster pace than ever and employees demanding more flexibility than ever before, the facilities management profession could be on the verge of finally defining the value it brings to organisations - but in order to seize this opportunity to be the agent of change, it may have to work harder than it ever has done with other organisational functions.

### **Work but not as we've known it**

There is a widely held view that the work/life balance we were once able to easily define is no more. In fact, with the introduction of new technology and changes in expectations the two have seemingly blended.

The facilities management industry feels like it is in the midst of an identity crisis. It's often difficult to gain a collective agreement on what the purpose of facilities management is and the value that it brings. This is thanks, in part, to several compelling perspectives as well as some unanswered questions. Is facilities management part of the supporting cast for organisations, or is it something that plays a key role in the success of an organisation? Do we spend too much time talking about the inputs rather than focusing on what the outputs of effective facilities management are?

This creates challenges for organisations. They need to ensure they are providing options for their employees to ensure productivity, engagement and building utilisation is maximised. The first way of tackling the challenges relating to this is usually to look at estates savings. The second step may be to ensure that the investment in technology is optimised for the workforce and you have the technological infrastructure in place to compete. In many cases, often the final step to explore is the workplace experience being provided for employees. This final step is where the industry has the biggest

opportunity to make a significant impact. By designing services through a consumer lens and working closely with human resources, information technology and corporate real estate functions to name but a few, the industry can add tangible value to the performance of organisations.

### **Making a tangible difference**

Focusing on the workplace experience through the eyes of a consumer is going to be key to ensuring the industry is able to flourish within the context of the changing face of the workplace and the diverse needs of employees. With many businesses going through a third or even fourth generation of outsourcing, there is less scope for cost consolidation, meaning that providing value is the long-term answer. Margins have been squeezed so much that services have become commoditised. By concentrating on the workplace experience, the facilities management industry can better demonstrate the value it can bring by focusing on outcomes relating to employee engagement, organisational performance and greater employee attraction. This value proposition can become even stronger as the industry begins to get better at sharing global best-practice and ensuring consistency of service delivery across diverse geographies.



**“There is less scope for cost consolidation, meaning that providing value is the long-term answer.”**

**Putting the consumer at the heart of a new office location**

Zurich moved to a new office in central London towards the end of last year. The move was the culmination of a considerable amount of work by a hugely committed team. The facilities management services provided in this building have been designed through the consumer lens and are developed with the aim of improving the quality of life of all who use the building. It's a bold statement and a significant step-change in the perception of how the workplace impacts those who use it.

Zurich's objectives of developing employee engagement, increasing employee retention and improving business performance meant that the facilities management solution was not based around just cleaning effectively, or just signing-in visitors,

or just feeding employees. It was an all-encompassing solution that looked at how each and every service could make a difference to the many different people who use the building. For example, did a visitor's welcome to the building help them feel at home and at ease, was the food provided healthy and focused on improving productivity, does the building have effective areas that encourage social interaction, collaboration and, as a result, better outputs for the organisation, and did the service provided ensure that brokers entering the building had the right environment to conduct their business effectively?

While it's still early days, the results are extremely encouraging and demonstrate that by focusing on outcomes and working collaboratively with other

organisational functions, facilities management can make a tangible difference to organisational performance and can act as an agent of change.



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**“In the future companies will place a strong emphasis on value-based business outcomes and partnership models.”**



The businesses climate in 2020 and beyond is likely to change from what it is today. As companies are looking for ways to reduce the vulnerability that comes with more dramatic fluctuations in the global economy, it is almost becoming a business imperative to maintain high levels of agility, business flexibility and organisational ability to be innovative and explorative.

As a consequence, relationships between customers and their outsourcing providers are evolving from being transactional towards a spectrum of relationships based on various degrees of interdependence.

While the overall impacts will vary by industry, process maturity and region, the evolution from transactional to more independent relationships reflects the general tendencies and changes in outsourcing towards 2020.

### **On-demand relationships will be on the rise**

While some companies will pursue relationship models with high levels of interdependence and collaboration, others will turn towards crowd-sourcing or hybrid models to overcome their own limitations. These on-demand relationship models will allow companies to plug and play services from a wide labour pool when required, by offering a pay-for-use approach that enables a streamlined process for getting activities completed on demand.

These hybrid models of sourcing come in many different forms and

are gaining momentum in several different areas. Taking the corporate real estate industry as an example, the service provider LiquidSpace has gained traction in representing a real-time marketplace for professional meeting and office spaces. To utilise this, the company has developed a marketplace technology that dynamically matches individual workers and companies with professional work and meeting areas. All this happens in real-time via the web or a mobile app. Using the service, real estate owners gain value as they drive utilisation of their properties, while workers can find professional venues to meet and work.

By leveraging the power of crowd-sourcing and taking advantage of getting real-time access to the resources needed, companies are able to acquire the services at a lower cost and with a higher level of flexibility. However, as the service acquisition is often fast, it can be hard to assure a great standard of quality. Therefore, it is expected that businesses will rely on the expertise of established service providers on larger, medium to long-term projects - while using crowd-sourcing to cover needs 'right here and right now'. Such disruptive business models have already been seen in the taxi and hotel industry with famous new entrants such as Uber, AirBNB and others.

However, where sourcing approaches relying on the crowd-sourcing model are not sufficient, the new forms of relationships based on solution sourcing will offer an alternative.

**“Companies will seek to mitigate risks and generate new value that can be converted to sustainable competitive advantages.”**

The old input-based 'Request for Proposal' (RFP) model is no longer sufficient, and in the future companies will depend on a number of external service providers and place a strong emphasis on value-based business outcomes and partnership models. Thereby, companies will rely on the breadth of experience of service providers to develop solutions and carry out projects that tap into the best ideas and resources for addressing increasingly complex business challenges.

**The focus on network management will increase**

Towards 2020, the general reorientation of business from supply and value chain to value networks will continue. Value networks are designed to increase access to resources, boost flexibility, achieve scale and improve service outcomes, while simultaneously providing cost efficiency and lean structures. For the best-run companies of the future, establishing meaningful contractual relationships with a number of key business partners is likely to become an ever greater competitive imperative.

Different types of relationship networks will grow in importance

during the coming years:  
First, purchasing networks that represent business consortia of two or more independent organisations that come together formally, informally or through an independent third party. This will be done for the purpose of joining their individual requirements for purchased services to leverage more value-added pricing, service and technology from their external service providers than what could be obtained if each organisation purchased the services alone. Thereby, purchasing networks will buy services from a single service provider.

Second, service provider networks are formal or informal business consortia that give members the ability to leverage a community of industry professionals and experts to help solve any technical or business challenges they are facing in building their business or meeting increasingly complex demands of client organisations. The ability to quickly and easily tap into a network of peers offers members unique insights and access to skills and resources. In service provider networks, single client organisations buy services from a network of service providers.

Third, network to network interactions will also increasingly occur. This will happen when two consortia, as described above, engage in the purchase and provision of services.

To take advantage of these relationship networks, businesses simply must learn to open up their organisational boundaries. Many are working towards long-term trust and benefit-based relationship with key partners already. On the other hand, companies must be aware that relationship networks can increase the risk of a debilitating dependency, locking businesses into a rigid

structure, which may not be well suited to deal with a fluid and changing contextual or transactional environments.

**Co-sourcing will grow its traction among businesses**

To reduce business vulnerability, businesses will also be seeking relationships with increased strategic alignment, shared risks, shared value and greater value exchange. Through these highly collaborative and strategic relationships, companies will seek to mitigate risks and generate new value that can be converted to sustainable competitive advantages.

The relationships will be maintained through the combined efforts of internal and external partners where both have a mutually vested interest in the collaboration's outcome. In this context, some organisations will be able to realise growth in a slowed global economy with hyper-competitive markets, where there is a need for strong differentiation and hyper-specialisation. Co-sourcing relationships will be used in a way to relinquish control over some business areas to focus on enhancing their competitive advantage and collaborate with relevant partners in order to co-create new value. On that basis, the service provider is then motivated to create value for the client business because they are treated as partners. This will also shadow long-term relationships and thus incentives in their contract to create value allowing for increased user-centered innovation and development. Ultimately, co-sourcing relationships will allow for both parties to receive greater value (financial or otherwise) and retain less risk.



\*Cost per meeting room £20,000, TOCS Report 2014, London City  
\*\*Johnson Controls, "All In A Days Work: A Global Perspective of Workplace Trends", March 2012



**£20,000**  
Annual meeting room costs in a large city\*



**50%**  
Average time meeting rooms are empty\*\*



**Are your meeting rooms:**

Difficult to book onsite or remotely



Double booked



Booked but empty



**Improve meeting room occupancy, reduce no-shows and save costs**

- ✓ Streamline the booking process
- ✓ Reduce no-shows to improve occupancy rates
- ✓ Optimize meeting room space
- ✓ Achieve real estate-related cost savings
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- ✓ Improved collaboration

**Book**  
Meeting Rooms



**Share**  
Availability



**Measure**  
Occupancy Patterns



Outlook



Workplace Futures, the annual industry conference organised by i-FM, this year asked delegates to make the case for facilities management as an agent of change. What's involved in making that case, and how convincing is it?

One of the more ominous lines from George Orwell's dystopian novel *Nineteen Eighty-Four* reads, "Who controls the past controls the future." This is an idea rooted in political science that explains how governments or rulers exercise their will over people by rewriting history or shaping it in a way that suits their narrative. Today, however, such methods of control feel outdated. An increasing mass of evidence suggests that those who will lead in the future are the people and organisations that look forward – the change agents that can create, foresee and adapt to new trends, movements or other forms of progress.

With this in mind, i-FM challenged presenters at Workplace Futures 2016 to demonstrate how the facilities management industry may stake its claim as a central character in this changing world. As host, FM Guru Martin Pickard kicked things off by telling the audience, "We can be patternists of change." FM, he reminded everyone, makes a serious contribution to economy and society.

#### Change needed

But how significant is that contribution? Over the past few years various FM sources, including i-FM, have celebrated figures that value the facilities services sector in excess of £100bn. It was the job of

keynote speaker Nigel Stirk, a Partner at OC&C Strategy Consultants, to temper any such exultation. Pointing to figures that show the average growth of FM companies slowing, he said the industry was performing well but not reaching its full potential.

Stirk argued that the profit delivery of these businesses was highly inconsistent. Winning one out of every three bids remains an industry standard, but he questioned how much the FM organisations spend on the two bids lost. According to OC&C's man, the high volume–low margin environment inhibits FM companies from generating a surplus that can then be reinvested into vital areas of the business. As he closed his presentation, Stirk warned that the list of Top 50 FM companies would look drastically different in a few years if these businesses do not change their habits – a message that was to reappear throughout the day.

#### Evolve or die

The information age and proliferation of web-based technologies has spawned entire new industries while killing off historic ones. Chris Weston, Chief Technology Officer at Bellrock, called this 'disruption'. The organisations that failed, he said, were the ones that did not see change coming. Weston highlighted video rental business Blockbuster and photography business Kodak as two high-profile victims of this process. Blockbuster was unable to see the shift in online media services like iTunes and Netflix, while Kodak did not understand the growing desire of customers to share

images. A key point in Weston's presentation was that disruption happens in industries where there is a low barrier to entry – which is bad news for a facilities management industry that operates often with relatively low-skilled and unqualified staff.

#### A nomadic existence

Finding where FM's expertise lies, then, should be a top priority. While the data deluge may be coming (or maybe it is already here), Mercury FM's Mike Cant reminded delegates that they are not the technology people – this function belongs to groups like IT.

Cant, however, claimed that FMs are the "owners of the social infrastructure". While technology may be out of reach, Cant called for "innovation in a social context". This, he said, is about taking genuine innovation and applying it to the staff, customers and services that come together to form FM. Organisations should value their staff enough to pay and train them properly, he argued.

Herein lies a fundamental issue. The outsourced function of FM is a nomad by nature. While Cant gives it a home in the 'social infrastructure', there is lots of evidence to suggest that FM's ownership of this area is tentative at best. In Stirk's keynote speech, he asked how the City views facilities management. But his point that the industry's low margins stop organisations from reinvesting in key areas, like salaries and training, indicates that there is too much focus on the shareholders and not enough on Cant's social dream.

**“The companies that act as agents of this change will succeed in the coming years.”**

Guy Stallard, Head of Facilities at KPMG, reinforced this argument in his presentation on the benefits of a Living Wage. Stallard claimed that adopting the initiative resulted in more than just a pay rise for staff; it also produced a change in their entire mindset. The organisations that do not make the switch to a Living Wage, Stallard added, would not realise the long-term financial and wider organisational benefits that come with paying employees a better salary.

Often, these underpaid and undervalued FM service staff feel the brunt of this nomadic existence, stranded somewhere between the client's needs and the employer's limitations. Cant's words also highlighted this detachment: "Yes, there is a commercial drive to push our company, but we should be pushing our client's company too."

#### **S-Uber (or the next megatrend)**

When all of these factors are considered together it paints an uncertain future for the FM industry and the current status quo. In one of the most thought-provoking talks of the day, Peter Ankerstjerne, Head of Group Marketing at ISS World Services, examined the rise of sharing economy giants like Airbnb and Uber, discussing what their success could mean for other organisations operating in the service sectors. "What if the services company of the future doesn't need any service employees?" he asked. The message is simple: if FM organisations do not invest in and value their staff, the staff are replaceable.

"Disruption will happen," warned Ankerstjerne. "The uberisation of the

FM industry will fit very well in the specs of customers." And he is right. Customers will have no qualms about moving to a, for now hypothetical, people-less service.

#### **Finding a home**

Workplace Futures was not all as gloomy as it sounds. At times there were signs for real optimism, too. In a joint presentation by Sodexo and Zurich Insurance, both parties discussed the shared values and culture that had brought them together, and how this had led to real improvements for the client. Sodexo's Martin Boden described his organisation's philosophy of investing in the consumer experience, while Zurich Insurance's Simon Wells boasted that his employer was able to reinvest some of the money saved elsewhere. On this occasion, the customer had not gone out to tender either, preferring to put its trust in the cultural alignment with the service provider. Change is inevitable was the key message from Workplace Futures. The companies that act as agents of this change, using all the tools they have at their disposal, will succeed in the coming years. "If you think the world can be disrupted, why not disrupt it yourself?" asked ISS's Ankerstjerne, linking this to the same 'different thinking' concept.

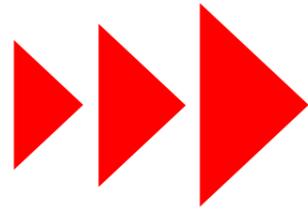
Closing the conference, Larch Consulting's Lucy Jaynes' rallying call was: "Don't be afraid of disruption. Capitalise on it, because that is where the change is coming from." Or perhaps it is appropriate to rework Orwell's famous line. Who controls the future controls the present.



**If you're in FM, you need to be on i-FM.**

**www.i-FM.net**

## 16 Acknowledgements



# WORKPLACE FUTURES

[www.workplace-futures.co.uk](http://www.workplace-futures.co.uk)

Each Workplace Futures conference programme since the launch of the series in 2007 has tackled a different issue in the FM sector; but an underlying theme throughout has been the comparatively low 'name recognition' that continues to characterise facilities management, along with the associated tendency toward under-appreciation of the value it both represents and contributes to UK plc.

The goal of the conference series, and each post-event White Paper, is to address these challenges by fostering education, discussion and positive action that supports the growth and development of FM.



[www.i-FM.net](http://www.i-FM.net)

Workplace Futures is organised each year by i-FM, the award-winning web-based news and information service catering to the needs of the facilities management community.

With a reputation for top-quality news, features, comment and research, we have grown and developed with the industry - always maintaining our distinctive focus on the FM marketplace. Updated every business day, the site delivers a unique service - easily accessible, fully searchable and highly topical.

The pioneer when it was established more than 15 years ago, i-FM is still the only online resource an FM needs.



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