

Chapter 9: Facility Management

Introduction: What is facility management?

From the careful negotiations of a lease to the timely emptying of waste bins, responsibilities of facility managers are as multi-dimensional as the professionals who take them on. Leadership, communication, finance, technology – these are just a few of the skills we ascribe to today’s successful facility manager, who is charged in the most simple terms with keeping the built environment functioning through the prudent use of resources.

Those skills are among the many core competencies of facility management as recognized by the International Facility Management Association (IFMA), which dares to tackle the chore of more precisely defining an occupation that, in some countries, remains all but abstract.

Underlying these skills is an absolute requirement for astute and *service-oriented* attention to detail in managing everything from daily to-do lists to rolling 20-year capital plans. Indeed, it’s the mastering of detailed tasks, particularly those tied to operations and maintenance, that describe the legacy model of the property manager.

Yet, in an effort to move facility management onto firmer ground as a well-recognized profession, the facility management community at large yearns to mold the profession into a more strategic one with a voice heard in the C-suite. Imagine, then, business-management skills more broadly represented among facility-management job candidates because they manage a facility as more of a business asset than a cost center. Or, imagine the head of facility management in direct talks with the C-suite when tapped during planning sessions for his or her input on strategic real estate decisions to support the business objectives.

But are the day-to-day operations of facility management likely to prevent the profession from maturing into one that performs more business-critical functions? Consider, too, the economic environment. How can facility managers rise to a higher, more-strategic level when burdened by mandates to accomplish more with increasingly limited resources?

Purpose

To understand the facility management function, it’s important to examine both the diversity of the job as it’s currently prescribed, as well as its potential as part of core business operations for a larger number of organizations. In this chapter, we’ll take a look at what constitutes a facility manager’s job description, balancing, on the whole, the view from all corners of the globe. We’ll also take a close look at the prevailing emphasis on raising the status of the facility manager in the eyes of upper management.

THE DIVERSITY OF FACILITY MANAGEMENT

What is the role of a facility manager?

Ask the average worker in any office or on any manufacturing floor what the role is of a facility manager and you likely will hear that the facility manager keeps the lights and HVAC system in working order, maintains the landscaping, and sees to it that janitorial and building-aesthetics services are balanced according to each client company's standards and budget.

If it were only so simple.

In 2009, IFMA updated a prior list of core competencies after what it calls the most comprehensive survey by its Global Job Task Analysis group in the organization's history¹. Reaching across facility types and geographic or cultural boundaries to update the list, IFMA revealed one of uniquely varied skill sets, a list that resembles a full college core curriculum index thanks to a stronger emphasis on business than in years past:

- Communication
- Emergency preparedness and business continuity
- Environmental stewardship and sustainability
- Finance and business
- Human factors
- Leadership and strategy
- Operations and maintenance
- Project management
- Quality
- Real estate and property management
- Technology

Most recently, facility management also has required a stronger emphasis on environmental sustainability and, given the nature of global geopolitics, emergency preparedness and responsiveness. These are reflected in the newest universal job description for today's facility manager.

The highly interdisciplinary list of skills indicates that the ideal facility management professional is one who effectively manages a broad set of demands from both internal and external constituents. He or she is also one whose goals and objectives stem from the seamless integration with other business units such as human resources and information technology. The latter is especially important as an example given that information technology has led to the rapid restructuring of many management organizations².

¹ International Facility Management Association annual report, 2010

² Macedo, C.M.; *The Business Process Outsourcing Strategy in Facilities Management* (2010)

While the facility manager must also be adept at planning and execution, the most accountable facility managers are equally adept at measuring – and reporting – their performance. This goes to the heart of proving the value that facility management brings to the core business.

Value: a nebulous notion

For years, facility-management thought leaders have worked to identify ways to prove the value of facility management, as a profession, to the business community as a whole.

In a 2012 global forum on the issue, the majority of participants ranked focusing on productivity, revenue and cost control as the key to changing or raising the status of facility management in the eyes of business managers. Other means for doing so, participants agreed, are complying with facility codes, showing expertise for the job, and satisfying resident employees with regard to their workplace environment³.

At a 2012 CoreNet Global summit, members of the Strategic Facilities Management Community identified four specific ways that facility management adds value to the overall organization:

- To the corporation as a whole, facility management brings “quality management of standards and processes in the daily management of facilities.”
- To the business units, facility management serves as a reliable knowledge base and the source of solutions that meet the tangible needs of the occupants of specific buildings.
- To company employees, facility management serves as a reliable service entity that maintains a pleasant and productive place to work, thereby promoting employee engagement and a positive company brand.
- For the commercial real estate profession, facility management is a valuable source of input on issues that affect strategic location decisions⁴.

Broadly recognized, too, is the more recent challenge of simply keeping up with changes of the physical workspace and the role of facility management in a world where the actual facility is less central to the work day. New generations of employees reportedly are demanding freedom to work in less-restrictive, more flexible ways; what does this mean for the role – and value – of the facility manager?

“Specifically, we need to put the worker and their productivity at the centre of our focus, rather than the facility, and then re-imagine our services and how we manage and deliver them around that (and in that order). The office-in-a-backpack model will progress with or without us, but we are well placed to be the integrators of (to date) relatively uncoordinated change. We are ideally placed to create the synergy for the

³ Zurich Insurance Group Ltd.; *CRE & FM Futures Forum Final Report* (2012)

⁴ CoreNet Global; *Strategic Facilities Management Community report* (2012)

business, especially if we work with HR and IT in an integrated business support services model – the question for me is, are we well-prepared?”

— **Dr. John Hinks, Zurich CRE&FM Head of Innovation**

A note on operation and maintenance

Facilities are living, if not breathing, structures requiring ongoing care and maintenance. If they are well maintained they are business assets; neglected, they can become liabilities. At the same time a building’s health is sustained, customer demands must be addressed. Ever-changing regulatory codes must be met with modifications to ensure compliance. Paperwork must be filed. But these are not inexpensive propositions and limited budgets tend to favor business initiatives that are more immediately apparent to stakeholders.

Facility managers, then, must be steadfast in their responsible approach to operations and maintenance but in increasingly creative ways. They must do more with less to preserve the building’s functionality and value while meeting the company’s brand and regulatory requirements. They understand that fines for being out of compliance, often easily avoidable, add up quickly.

One suggested approach to this challenge is to engage in what might be called the “Herzberg Method” of building maintenance. This is based on the theories of motivation by renowned psychologist Frederick Herzberg. In facility-management terms, Herzberg’s 1959 “Two Factor Theory of Motivation” holds that increasing workplace satisfaction requires a focus on the nature of employees’ work, while reducing dissatisfaction requires a focus on the workplace itself, including the hygiene of the built environment.

This leads to a theoretical basis of workplace service levels coined by Simon Wilson of Cushman & Wakefield and Mike Dawson of Nokia Workplace Resources. Their approach suggests providing a “baseline experience” to building-maintenance services, then measuring correlations between the experience levels and employee satisfaction. The result essentially is a cost-effective, minimum level of service that addresses building-specific standards without doing more than is necessary to keep employees satisfied or over-extending the budget⁵.

Beyond building hygiene as a building-satisfaction factor lies the enormous issue of occupancy *comfort*. The two main components of comfort, lighting and HVAC solutions, account for the largest expenses in operations and maintenance for any building. They represent as much as 70% of energy-related costs, according to the U.S. Department of Energy⁶.

To reduce these costs, manufacturers of lighting and HVAC solutions regularly introduce new technologies such as application-specific controls or intelligent, whole-building systems that can be choreographed according to building-occupancy schedules or production factors. These systems are often supplemented with reporting functions – energy analysis, system-fault

⁵ Dawson, M. & Wilson, S.; *Workplace Experience Levels: Putting the Human Equation Back into Global Facilities Management* (2011)

⁶ Hall, C. & Maldeis, N.; *Benefits of Integrating Lighting and HVAC Controls* (2014)

diagnosis, carbon-footprint measurements, etc. – to validate the energy savings that are achievable⁷.

FACILITY MANAGEMENT: TOWARD A STRATEGIC FOCUS

Defining “strategic” facility management

A 2014 CoreNet Global survey found that two-thirds of 119 survey respondents – mostly end-user real estate directors and facility-management executives – consider facility management to be headed toward a more strategic role by the year 2020⁸.

But what does being “more strategic” in business terms really mean? A world-wide survey, by London-based Royal Institution of Chartered Surveyors (RICS), of more than 400 facility-management professionals found that despite cultural differences across the globe, some common threads run through a description of the more strategic facility manager.

Among the most common definitions for being more strategic is a topic discussed earlier, “*adding value*” – the idea of generating revenue and other, perhaps some less tangible, benefits from properties under management. Cultural distinctions, however, still exist with regard to how facility management can gain a place at the business-management table.

In The Netherlands, strategic facility management is associated with a move away from the role as strictly “fixers” to one of building closer relationships with other organizational groups such as information technology. In the U.S., strategic facility management means taking a fresh, even futuristic look at the workplace and how changes in the allocation of space might change lease negotiations, use of the space and the way people work. In Asian and South American countries, a refocusing is needed away from short-term wins or cost-specific standards to those associated with long-term successes, particularly in areas of China where environmental concerns demand building-specific sustainability measures. In Australia, the study shows, the refocusing needed to bring facility management into a better light organizationally is most fundamental; the discipline must overcome a largely negative image as a “distraction”⁹.

Another survey, conducted in 2012 by RICS and *The Occupiers’ Journal (OJ)*, identified a number of ideals met when facility management is strategic.

- Alignment with other business units is high. Demonstrating such alignment includes establishing personal relationships, working together in informal or formal groups or committees, and sharing measures of performance.
- Facilities design and strategy makes a positive, meaningful difference to the business in terms of the company’s brand, employee productivity, talent acquisition and retention, cost savings, and sustainability.

⁷ Reiser, K., & Probst, D.; CoreNet Global Summit proceedings (2012)

⁸ Mattson-Teig, B.; *Exploring the Strategic Importance of Facilities Management* (2014)

⁹ Royal Institution of Chartered Surveyors; *Raising the Bar 2: City Roundtables Report* (2014)

- The head of facility management spends more than half of his or her time on business strategy and planning. Currently, the survey showed, while about 80% of facility managers believe their work to be “strategic,” less than 20% of respondents actually spend their time functioning strategically by focusing on business strategy and planning¹⁰.

Shedding non-value-add work

One point of view is that the strategic nature of facility management is not an “either/or” proposition, but rather a matter of the facility manager having to perform on both tactical and strategic levels¹¹. But there are only so many hours in a day; how can facility management, then, provide the biggest bang for the buck?

One of the hottest topics in the industry today is *outsourcing*. It’s as contentious a term in the domestic, professional-services level as it is in manufacturing on an international level. In facility-management circles, outsourcing is viewed as the key to delegating the tactical, day-to-day tasks of the facility manager’s job to others in order to provide more hours in a day for meeting more high-level business objectives.

It can also be viewed as the practice of leveraging efforts to lower costs and increase revenues, and its strategies differ among organizations based on the organization’s culture, readiness, maturity and market positioning¹².

A KPMG study of 302 groups – including end-user organizations who outsource (44%), third-party facility-management providers (48%), and outsourcing consultants (8%) – found that half of the end-user organizations plan to increase their future outsourcing efforts while fewer than 10% plan to do less of it (KPMG, 2012). By far and not surprisingly, operation and maintenance services – the feet-on-the-ground functions – are those most outsourced, and cost savings is the No. 1 expectation from doing so¹³.

But does outsourcing the more menial tasks of facility management make it a more strategic player? According to the KPMG research study, the answer is yes.

“The research has found reducing cost paramount, but rarely the sole driver for GBS (global business services) efforts, especially among more sophisticated GBS organizations. Among these more mature organizations there is an increased tangible interest in determining how best to use GBS efforts to bring more tangible value to the business and to better support strategic business initiatives.”

— **KPMG Shared Services and Outsourcing Advisory group, 2012**

¹⁰ Ware, J., Carder, P. & Dunford, J.; *Raising the Bar: Enhancing the Strategic Role of Facilities Management* (2012)

¹¹ Cotts, D.G., Roper, K.O. & Payant, R.P.; *The Facility Management Handbook* 2010

¹² Macedo, C.M.; *The Business Process Outsourcing Strategy in Facilities Management* (2010)

¹³ CoreNet Global; *Outsourcing: Facilities Management Survey Results* (2011)

Among the reasons to outsource services are saving money, particularly on employee benefits; the ability to adjust the workforce based on the workload; access to specialized skills, often offered with economies of scale; and the ability to put the company focus on core business functions. Among reasons to avoid outsourcing: when a company's business operations are so sensitive that outsourcing could put intellectual property at risk, or when, in fact, facility management *is* performed at a strategic level and the business planning should be done internally¹⁴.

How does facility management become strategic?

By all accounts, proving the *value* of facility management is the key to gaining the attention of upper-level management as more than a cost-cutting service provider and more along the lines of a potential strategic business partner. But what are the steps that move the profession, at a practical level, toward this ideal *globally*?

In outlining the greatest (non-economic) challenges to facility management's role in business, a *City Roundtables Report* from RICS provides a number of suggestions to reach what it calls "management maturity" toward more sophisticated and complex practices. Among them:

- Build bridges to other business functions to raise awareness – and interest in – the discipline, even separate from corporate real estate.
- Attract the kind of talent needed to thrive and grow, talent that will help raise appreciation for facility management.
- Enhance the means for measuring facility management successes through better analytics.
- Build a better understanding of how the business functions and what role all employees play in meeting business objectives, particularly with regard to workforce productivity.
- Keep up with – or get ahead of – the technologies that streamline facility-management functions.
- Stay abreast of the changing workplace and what impact a younger workforce has on the physical nature of the built environment.
- Participate in educational opportunities to enhance your own understanding of the business and provide ways to educate the C-suite on the potential behind a more strategic facility-management partnership¹⁵.

¹⁴ Cotts, D.G., Roper, K.O. & Payant, R.P., 2010

¹⁵ RICS, 2014

CASE STUDY

What acting strategically looks like

A partnership between KeyBank of Cleveland, Ohio, and Johnson Controls of Milwaukee, Wisconsin, proves that facility management can make a meaningful impact on a company's performance.

Since the late 1990s, KeyBank has retained Johnson Controls Global Workplace Solutions to provide systems and services to about 750 of its buildings, all east of the Mississippi River. The goal: drive energy and operational savings within an organization that prides itself on providing reliable service to customers, a comfortable working environment to employees, and cost savings to stakeholders.

The process began following an internal review of KeyBank's corporate-facilities strategies. KeyBank's top facility-management staff then developed investment goals that would optimize the operations of KeyBank's buildings while reducing costs and supporting sustainability.

Elements of the process

The KeyBank-Johnson Controls service arrangement is exemplary in its synergy:

- According to Richard Estremera, KeyBank's senior vice president for critical sites and national operations, his firm requires ongoing flexibility in its facilities given the changes in business, employee and social needs. To that end, Johnson Controls provides technical-support services and building-automation technology.
- As for maintenance performance improvements, Johnson Controls has implemented a computerized management system that provides tracking, scheduling and reporting of maintenance functions. Estremera and his team use the data provided by the computer maintenance management system (CMMS) to pinpoint problem areas and accelerate their resolution, often before they are discovered and reported by others in the organization.
- A call center hosted by Johnson Controls allows KeyBank employees to place service requests directly with Johnson Controls technicians, who conduct regularly scheduled maintenance visits to the bank's offices and branches based on optimized-service routes. Through this call center, and because of its direct call route to Johnson Controls, KeyBank employees can better assess when service delivery will be made to address their needs along with routine maintenance issues.
- Johnson Controls is actively engaged in KeyBank data centers. These are especially critical physical environments that support the business in very tangible ways; keeping them operational is imperative. Maintenance is crucial to the bank's being online 24/7, but efficiency is still an important goal for controlling costs.

The results

KeyBank has recorded nearly \$1 million in energy savings in four buildings alone, thanks to energy-management projects, internal and outsourced, implemented or managed by Johnson Controls. In addition, the service-request and route-based maintenance systems described above, supplemented by the use of smartphone technology, have produced an additional \$430,000 in annual savings.

By driving annual energy and operational savings and supporting customer-service levels, the partnership embedded in KeyBank's facility management illustrates the vital, strategic role that facility management plays in supporting business goals. By giving Johnson Controls responsibility for day-to-day management of maintenance activities, the KeyBank staff has more time to devote to strategic matters that have more visibility with senior leadership.

"We've matured from a tactical organization into a strategic team that engages its members and business partners towards common goals versus operating in silos. To that end, we've created Centers of Excellence, combined teams, redefined roles and strategically inserted ourselves upfront in the planning process."

— **Brian Lawhead, senior vice-president and director of national facilities for KeyBank**

About the two companies

Operating in more than 150 countries, Johnson Controls provides products, services and solutions to the built environment of more than one million customers. Its focus is on helping its customers lower their operating costs and use energy more efficiently with regard to HVAC, refrigeration and security systems.

KeyBank is a division of KeyCorp, one of the largest bank-based, financial-services companies in the U.S. With assets of nearly \$90 billion, KeyCorp provides products and services in investment banking and investment management, commercial and retail banking, and consumer finance through its companies across the U.S. and, on a limited basis, internationally.

The KeyBank buildings represent about 7.5 million square feet of space in offices, bank branches and data centers. Services provided by Johnson Controls include building maintenance, energy- and project-management and financial reporting, and uptime support for KeyBank's critical-environment properties. In addition, Johnson Controls employs more than 70 technicians, managers and mobile units to support KeyBank's corporate offices and bank branches.

CONCLUSION

On the whole, it can be argued that facility management is much more than keeping the lights on and the HVAC system in working order; there is now a stronger emphasis on business than in years past. A traditional skills requirement was comprised of operations and maintenance expertise – and perhaps even real estate and property management. However, the newest universal job description for today's facility manager includes competencies more in line with a

business professional: leadership and strategy, communications, finance and business; the list is extensive but not exaggerated. Included, too, is the ability for the facility manager to outline, measure and report on his or her key performance indicators.

Facility management is, in fact, headed toward a more strategic role. In addition to the core competencies above, facility management is under pressure to add value – for the corporation as a whole, for the business units, and for the company employees. Adding value includes the idea of generating revenue and other, perhaps some less-tangible benefits from properties under management.

Outsourcing is one of the approaches facility managers are using to reduce non-value-add, tactical work and to increase their time available for meeting more high-level business objectives. Outsourcing is viewed as a way not only to reduce costs, but also for bringing more tangible value to the business and to better support strategic business initiatives, especially among more sophisticated GBS organizations, with real estate expertise.

Today's facility manager must perform on a more strategic level while maintaining tactical operations, with goals and objectives that support the overall business and stem from the seamless integration with other business units such as human resources, information technology, and marketing. Facility management must deliver a positive, meaningful difference to the business in terms of the company's brand, employee productivity, talent acquisition and retention, cost savings, and sustainability.

Several challenges exist for enhancing facility management's role in business. Among them: raising awareness of its function in business, attracting the right kind of talent, measuring its successes, and understanding the role it plays in meeting business objectives. While some breakthroughs have been made in recent years, overcoming these and other challenges is critical before facility management is more broadly given a place at the business-management table.

Facility Management Acronyms

ABRAFAC: Associação Brasileira de Facilities
BIFM: British Institute of Facilities Management
BOMA: Building Owners & Managers Association
BPA: Business process analysis
BPO: Business process outsourcing
BPR: Business process re-engineering
BTO: Business transformation outsourcing
CAD: Computer-aided design
CAFM: Computer-aided facilities management
CMMS: Computer maintenance management system
CRM: Customer relationship management
FM: Facilities management
FMA: Facility Management Association of Australia
GBS: Global business services
HVAC: Heating, ventilating, and air conditioning
IFM: Integrated facility management
IFMA: International Facility Management Association
IFS: Integrated facility services
KPI: Key performance indicator
RICS: Royal Institution of Chartered Surveyors
RFI: Request for information
RFP: Request for proposal
RFQ: Request for quotation
SLA: Service-level agreement
EPA: (United States) Environmental Protection Agency

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