

WORKPLACE FUTURES



Making Innovation Work

www.workplace-futures.co.uk



EXPERIENCE THE BEST QUALITY INTEGRATED FACILITIES MANAGEMENT SERVICE - EFFICIENTLY DELIVERED



Why 14forty?

Because there are 1440 minutes in every day.
And every one of them matters.

W. 14forty.co.uk T. 0800 328 1440

14forty is part of Compass Group UK & Ireland.

Contents

Introduction and Background

- 1 Introduction Page 04
- 2 FM innovation and conference bingo Page 10

Research in Action

- 3 Reflections on innovation Page 14
- 4 Innovation & partnership - making the change Page 18
- 5 Using innovation to improve relationships Page 22
- 6 Learning to innovate, innovating to learn Page 26
- 7 FM is in danger Page 30

Partnership in Action

- 8 Asset management Page 34
- 9 Creating innovation and efficiency in FM Page 38
- 10 How people drive innovation and efficiency in FM Page 42

Call to Action

- 11 Charting the way forward of FM and CRE Page 46
- 12 Innovation and the FM industry - time for action Page 48
- 11 Workplace Futures 2015 Page 50
- 12 Acknowledgements Page 52



***“Creativity,
problem-solving,
continuous
improvement and
innovation are all
intricate skills that
must be learned”***

Innovation is highly desirable in facilities management where constant change, highly variable external influences and pressures on cost, quality and timeliness are ever-present features. It has become increasingly common for buyers to include a requirement for innovation in tender documents and performance management regimes; service providers boast of their innovation credentials in their marketing material; and clients always seem to cite lack of innovation as the reason for changing the providers of their facilities services.

Those issues made innovation an excellent topic for this year's Workplace Futures Conference. It was an ideal opportunity for the facilities industry to explore a subject that seems far more complex than one might reasonably expect, and the resulting debate was therefore predictably intense. The truth is that though the need for change is constant, there are many different ways to address the issue and each requires different processes and different competences, and each delivers different kinds of results.

The need for change

Our day began with a perfect illustration of the need for continual change in the business world. Regus has a long track record as a provider of innovative solutions for property occupiers. UK CEO John Spencer showed how the changing nature of work and rising cost of office space has changed the demand for workspace. New working practices,

new technology, changing demographics and management styles have all changed the world of work, and Regus is responding accordingly. In an ever changing world, businesses must deliver the innovations their customers need or they will not survive.

This theme was further developed by Professor Ilfryn Price who shared the findings of research carried out by his team at Sheffield Hallam Business School for ISS UK looking at client perceptions of service excellence in FM. Unsurprisingly, they found that one size does not fit all in FM outsourcing and that end-user requirements are the prime drivers for innovation. He highlighted several of the common problems experienced by those who try to innovate in FM; and it was no surprise to me that there was strong support from the audience for the idea that too much focus on bureaucratic measurement systems constrains the innovation process.

However, this kind of analytical discipline can be used to facilitate the process of incremental change that follows a continuous improvement process. Tony Sanders from Interserve showed how an FM operator can harness the relentless pursuit of inefficiency measured by KPIs against ever improving targets to deliver consistent and sustainable service improvement. He cited real examples of the application of new technology, good management practice and up-skilling that had driven measurable improvements to the benefit of their clients.

“The FM profession was often more focused on the process than on the result and thereby missed the point”

Relationships and skills

This relationship between clients and their service providers was explored by Andrew Shaw of Business Services Growth who has carried out research into the subject. His work identified low levels of trust and the proactivity which is often seen as a value-adding activity rather than an essential service. The solution, according to Shaw, is for service providers to make greater efforts to understand their clients and to use that information to generate innovative solutions to their concerns. However, he emphasised the important role the client also has to play in this process and the need for investment if innovation is to flourish.

The need to learn new behaviours and skills, and the way people think differently, are probably major contributors to FM's patchy performance on innovation. Creativity, problem-solving, continuous improvement and innovation are all intricate skills that must be learned and applied in a complex environment. The challenge for FM trainers, according to David Sharp and Suzanne McMinn from Workplace Law, is the range of learning styles that must be addressed for the activity to be successful. The FM industry's continued focus on rigid qualification structures may be another constraint that discourages experimentation and original thinking.

According to Tim Oldman, the design of the workplace is also a serious barrier to innovation. He used data from the excellent Leesman Index to argue that the

modern office is consistently failing to help individuals to be productive and to meet their real needs. He suggested that the FM profession was often more focused on the process than on the result and thereby missed the point. For workplaces to be more effective he argued that incremental improvement was insufficient and that radical change delivered through original thought and creative innovation was the key to enhanced performance.

Keith Hamer, of Sodexo, outlined a solution aligned with Interserve's Sanders, as he spoke in favour of a more structured approach. The use of standards to provide frameworks for management focus is perhaps a more comfortable solution for the technical services people in FM and is particularly attractive to those working across larger or international portfolios where consistency and demonstrability are highly valued. Such strategies can be successfully deployed to deliver continuous improvement but are unlikely to result in the kind of risk-taking, ground-breaking innovation that Oldman had in mind.

Good practice

Oldman wasn't alone in relating innovation to more radical change and several audience members voiced the opinion that continuous improvement was 'just good practice' and should be a normal everyday activity for facilities people. I find this to be a reasonable argument except for the 'just' part of it. Good practice continuous improvement is a vital and important part of the facilities manager's role and requires very

Your strategic partner for integrated facilities management



When you outsource your services to Sodexo, you'll join over one million people whose lives we enhance every day.

We are one of the world's leading integrated facilities management outsourcing companies. We work in partnership with corporate and public sector clients to design and deliver support and front line services that improve the performance, efficiency and value of organisations.

Wherever we operate our goal is to improve the quality of life. Call us now on 020 7404 0110 or visit us online at www.sodexo.com

sodexo
QUALITY OF LIFE SERVICES



“A fitting call to action for the Workplace Futures Conference, which is now firmly established as the talking place for the facilities industry”

specific techniques and competences which are very different from those used in creative problem-solving or innovation and invention.

The CW3 programme used at EMCOR is a first class example of a high-performing continuous improvement programme. The beauty of the process, as described by Paul Worland, lies in its very simplicity, universal accessibility and immediate effectiveness, achieving high levels of front-line engagement that are far too infrequent in the facilities world. All the examples given resulted in instant benefit to the client and I'm certain they will have been greatly valued, but none were game-changing in the way that innovators classify such things.

Tony Raikes of Vinci was one service provider who spoke with clear recognition of this difference.

He provided a helpful set of definitions using three models: improvement, which he described as doing something better than before; innovation, which is when you do it in a different way; and invention, where the situation is entirely changed and perhaps you don't need to do it at all. This makes perfect sense to me and supports the idea that different moments in time require different kinds of change.

The final provider presentation came from Graham Perry of i-Site who suggested that new technology can help in resolving one important issue, that of non-integrated systems, services and information. This is undoubtedly true, but unless there is a better understanding of the innovation process and greater investment in creativity and collaboration skills training the return on investment will be limited.

Call to action

The emerging view was supported further by the research findings presented by John Hinks of Zurich, drawn from their Futures Forum initiative. He argued that a mix of both sustaining and disruptive innovations was required but that many factors needed to be addressed for this to happen. He boiled these down to a need for all players to commit to cooperating for mutual benefit and for the advancement of the wider professional knowledge base. The question is whether our industry is prepared to collaborate in this way or whether competitive and distrustful tendencies will continue to dominate.

This was a fitting call to action for the Workplace Futures Conference, which is now firmly established as the talking place for the facilities industry.

The FM profession and the facilities industry that supports it continues to evolve. Over the last forty years we have witnessed key innovations like open plan office design, hotdesking and TFM; there have been many useful inventions, from the microfibre cleaning cloth to the building management system; and there has been a continuous flow of good practice performance improvement driven by sound management process. I am sure that this pattern will continue in the years to come; but if we are to fulfil our true potential as a contributor to society, government and business, we must learn to leverage the talent within in a more cohesive and consistent manner than we sometimes do.

Martin Pickard is a trainer, consultant and journalist specialising in facilities management.

He is Managing Director of FM Guru, the FM consultancy and training business, and chairs the annual Workplace Futures Conference.



“Speakers, sponsors and hosts included – began to stubbornly divide into two camps: those who believe innovation is marked by the big-ticket items and those who put faith in the marginal gains”

The central theme at this year's i-FM conference was innovation. Innovation is one of those buzzwords. It makes everything sound a little bit sexier and a whole lot more impressive. But what is it, and can it actually be applied to the often-fluffy world of FM?

About two speakers in to Workplace Futures, those delegates in the auditorium who were listening to the presenter onstage while participating in a second event – the virtual one taking place on Twitter, as is now customary at any meeting of minds – began to play a familiar game. It's called conference bingo, and it's a lot like ordinary bingo except that the traditional game of numbers on a scorecard is replaced by FM sector-relevant clichés – an inevitable consequence of any industry get-together.

Choosing a subject

Ask any FM conference bingo aficionado to name one of the most popular answers, and it won't be long before they come up with the term 'innovation'. It's one of the most widely used words in facilities management – and perhaps industry in general. Customers, keen to be seen as progressive, claim that they want it; and contractors, just as keen to be seen as leaders in their fields, declare that they can deliver it. Don't deliver it in today's market, and you're quite likely to be labelled a dinosaur. But what is 'it', what does innovation look like, and can we conclusively say what is and isn't innovative?

These types of questions are exactly what led i-FM to theme this year's conference around this popular, yet elusive, concept. The thing is, sometimes innovation is easy to spot.

It's the MP3 player which bookmarked the end of portable CD players and ushered in the age of downloadable music files, iPads and – eventually – iPhones. It's the Dyson vacuum cleaner, which has all but broken the stranglehold the generic trademark 'Hoover' has over the vacuum cleaner market. It's the Toyota Prius – the first hybrid road car to become a genuine commercial success and cultural phenomenon.

Look again, however, and you will notice an important thread that runs through most of these examples and innovations like them: they tend to be electronic products, gadgets, things we can look, feel and gasp at, and objects that tend to appeal to our vanity. How then do we apply innovation to the mundane world of facilities management? FM has always been described as 'hands-on' work. Facilities managers are practical beings, we're told – fixers and problem solvers. But then again, so much of what makes good FM is often impractical.

If you're still keeping score on those FM bingo cards, facilities managers and FM service providers are often encouraged to 'think outside the box'. The high-quality delivery of FM services often happens off-script and away from the dotted lines of the contract. Good service is about thinking on your feet, being proactive



and finding solutions when there appear to be none.

How often do we hear, for example, in the world of soft services that best practice is remembering to smile when a guest walks into a room, giving someone a choice off the menu in a canteen, or a security guard doing the cleaner's job at a moment's notice? This is all good service; but is it what you would call innovative, or is it just good old-fashioned common sense?

Changes, big or small

Workplace Futures began with i-FM's Managing Director, David Emanuel, explaining what innovation means to him. He said that innovation in facilities management is defined by the big changes – the incremental steps forward that can alter the course of an organisation and revolutionise entire industries.

It was at this point during the day when the audience – speakers, sponsors and hosts included – began to stubbornly divide into two camps: those who believe innovation is marked by the big-ticket items and those who put faith in the marginal gains.

Professor If Price, an academic from the Centre for Facilities Management Development at Sheffield Hallam University, was one of the day's strongest proponents of what he referred to as 'service innovation'. The definition he put forward was: "A service innovation is a new service or a change to an existing service which is put into practice and which provides benefit to the organisation

that has developed it; the benefit usually derives from the added value provided to the customers."

Taking that into account, one begins to wonder what changes to FM services over the years can fall within the service innovation bracket, and whether they would be labelled big or small. Perhaps the problem lies with us and we must manage our own expectations of the word 'innovation'.

Yes, there are obvious examples of service innovation that have had a huge impact on the facilities management sector. The move to outsourcing changed the way organisations manage their back office and non-core functions forever, and suddenly, in theory at least, businesses were able to hand the responsibility of FM services to third-party providers, transfer the risk to experts and make significant cost savings in the process.

However, if you delve a little deeper into the report that Price was presenting at the conference one of the main conclusions reached is that the 'magic ingredient' in achieving service excellence is the element of surprise. Excellence happens, the report says, when the experience is unexpected – although this sounds a lot more like the 1 and 2% marginal gains than the big revolutionary steps to a new way of doing things.

It was Tony Raikes, Managing Director of Vinci Facilities, who perhaps summed up this debate best of all when he made the distinction between three I's. He

stressed that it is important to remember the difference between improvement, innovation and invention but that all three can be just as crucial to good facilities management practice. So when we talk about service innovation, how often are we actually talking about service improvement, and why should that matter? Service improvement may not sound as sexy, but is that what clients need?

The journey

There was much back & forth discussion of these issues, and eventually the audience began to reach some middle ground. What is innovative to one person may not be innovative to another. It all depends on what stage of the journey each client organisation has reached, and that is the essence of facilities management: understanding the client's culture, objectives and journey and then adapting the delivery of FM services to help them get where they need to go. If the client organisation needs to get somewhere fast, then provide it with an F1 race car. Perhaps they need a bicycle or a horse, or if they possess an intelligent or mature in-house FM function, they may be able to stand on their own two feet. It's the FM service provider's job to listen, communicate and align its service accordingly.

Ultimately, this is what good facilities management is: being calculated, being a multi-tasker and always taking the various angles into consideration. For those playing conference bingo, that may just be a 'full house'.



Join the revolution

Hello, we're 24, a revolutionary new way to give your people the food and drink they want, when they want it.

24 is a self-service store providing quality, branded, hot and cold food and drink around the clock.

And best of all, it could be yours completely free.

We'd love to have a chat about how we can help you.

Give us a ring on 0845 519 1827, or drop us an email at hello@thisis24.co.uk and let's get the ball rolling.

thisis24.co.uk

[thisisyour24](https://www.facebook.com/thisisyour24)

[thisis24](https://twitter.com/thisis24)



**“Someone asked me:
‘Are you saying we
have created our own
problem?’
Yes, absolutely”**

At Workplace Futures 2014, I was invited to talk about what constitutes innovation in FM. This is actually a tricky subject. As later discussions revealed, one person's innovation is another's incremental improvement, or even problem.

Doubt, delay and disagreement can ensue – which is nothing new: barriers to innovation have been recognised for hundreds of years. William Petty's 1679 quotation has been re-quoted often. The emphasis here is mine:

Although the inventor often times drunk with the opinion of his own merit, thinks all the world will invade and incroach upon him, yet I have observed that the generality of men will scarce be hired to make use of new practices, which themselves have not been thoroughly tried... for as when a new invention is first propounded, in the beginning every man objects, and the poor inventor runs the gantloop of all petulent wits...not one [inventor] of a hundred outlives this torture...and moreover, this commonly is so long a doing that the poor inventor is either dead or disabled by the debts contracted to pursue his design.

Yes, inventors can have exaggerated opinions of their ideas; but there is always a crowd willing to say that it won't work, it's contrary to OJEU, or health and safety, or – add your choice - or just the Service Level Agreement.

My argument was that with almost any new idea there is a whole 'gantloop of petulent wits' who thrive on the potential or actual existence of disputes. Those who write, or advise on, Service Level Agreements are often among them. As long ago as 1998 Fari Akhlaghi and I wrote about the difference between the 'minimum you can expect' versus the 'best you are going to get' approaches to SLAs. Sixteen years on 'best you are going to get' seems to rule. Lots of effort, and ink and fees, goes into dividing service up into small packages and commoditising them for tender purposes. People buy commodities on price. Someone asked me: "Are you saying we have created our own problem?" Yes, absolutely.

Back when FM was invented it might not have mattered. Visit <http://www.youtube.com/watch?v=8zUQD1p9bXY> to see the world of the corporate office 50 years ago. We baby boomers remember it. Behind the scenes there was a whole army of service engineers keeping things going. They and many of the buildings and systems have now disappeared. But look closely and see that networks mattered to business even then. Now they are vital.

Getting what you pay for – or more
Fortunately it is not all doom and gloom. Several lessons can be drawn from Tales of the Unexpected, research Tricia McCarroll, Liz Clark and I did for

“Our obsession with micro SLAs and the measuring of everything we can is blinding us to impacts on users”

ISS UK into client perceptions of service excellence. We conducted 12 interviews with the most senior client representatives we could reach. On occasions they invited an assistant to participate. On occasions we also got to speak to internal users of the 12 organisations and to tour parts of the facilities concerned. In so far as 12 organisations can be a cross-section, they were. We visited banks in Canary Wharf, an education authority in a less than affluent part of greater Manchester and a range of facilities in between (in terms of form and location).

The sample may not have been completely representative. Perhaps all 12 interviewees were sufficiently interested in excellence to give us their time, but they all spoke of an emphasis on their organisations' customers.

Most differentiated services that were a critical part of the customer experience: school pupils or high-wealth banking clients. In such cases, facilities that customers did not visit were granted lower SLAs. Four of the 12 spoke more generally of an organisational commitment to excellence, one that their service contract managers, conditioned by the prevailing gantloop of the FM industry, did not necessarily recognise. The genuine demand for innovation was there and was not always met.

We always invited the interviewees to recall an example where they, as individuals, felt they had received

excellent service. The question was designed to, and did, lead into an exploration of individual's conceptions of excellence, of whether it could transfer to FM and if so the barriers and enablers. Six, including the excellence-for-all group of four, spoke in terms of service encounters where someone had 'gone the extra mile' to help them with a problem.

Seven (one gave two answers!) spoke of excellence as luxury - "you pay to be wowed". Their focus, away from the customer-critical sites, tended to be cost. Being seen as 'too excellent' was almost a threat; someone would cut their budgets even more. Yet, touring some of their sites with other staff, internal recipients of FM services spoke of excellence from individuals precisely because of those little touches, those extra-mile moments. One interviewee even admitted the occasional frustration when rigid SLA response times got in the way of recovery from irritating moments.

What do I take from this for FM?

Three lessons in particular:

- We need to draw a distinction between excellence and luxury. Excellence can be free. Luxury is a specific signal.
- You cannot have excellence without consistency, but consistency alone is not enough.
- Our obsession with micro SLAs and the measuring of everything we can is blinding us to impacts on users and management of what we can't measure but know when we see it.

We've been helping #FMs with health and safety, HR and environmental management for 18 years ... instead of a tweet, why don't we meet?
@WorkplaceLawNet



Workplace Law – helping FM go beyond compliance

Health and safety | Human resources | Environmental management

www.workplacelaw.net +44 (0)871 777 8881

Workplace Law | 110 Hills Road | Cambridge | CB2 1LQ
Workplace Law Executive Centre | 13 Clerkenwell Road | London | EC1M 5PA
Workplace LawNet SA (Pty) Ltd | Cape Road | Mill Park | Port Elizabeth | 6001

4 Innovation and partnership - making the change

Tony Sanders
Managing Director – Commercial, Interserve

*“And as an industry,
we’re good at coming
up with ideas”*

The average lifespan of a company listed in the Standard & Poor 500 index of leading US companies has decreased by more than 50 years in the last century. The shortening of this lifespan highlights that not only is innovation increasing but also that it needs to happen for businesses to remain competitive. – as Andy Grove, Intel co-founder, once said: “There is at least one point in the history of every company when you have to change dramatically to rise to the next level of performance. Miss that moment – and you start to decline.”

The factors that affect our need to innovate in facilities management are similar to any other industry and include rising energy costs, increased real estate costs and increasing competition.

In our industry 90% of people are calling for new ideas in their service delivery – according to research Interserve has undertaken with Sheffield Hallam and i-FM.

26% of respondents in that study said their current innovation was incremental, 13% expansionary and 26% evolutionary. This split shows that it isn't just the large ideas, but also the small ideas that make a difference. Maybe the best example of incremental change is the British Cycling team. Dave Brailsford described it as the ‘aggregation of marginal gains’ - always looking for those 1% improvements in absolutely every single thing they do. The success of this strategy is apparent: it shows that the best things in this world are

born from people testing, challenging and constantly improving something. Businesses operate more efficiently, technology constantly improves and people perform better.

Ideas and follow-through

As an outsourcing company, we have a great perspective on the range of ideas and improvements that are happening every single day across the industry. And as an industry, we’re good at coming up with ideas. We’re great at fixing things; we’re great at finding new ways of delivering services; we’re great at constantly looking for ways to reduce costs and improve performance. And we’re great at tailoring solutions and adapting; but we’re not great at taking the one good idea and building it into a long-term success. And this challenge can be seen in our research: even with a reported 17% increase in innovation since 2012, nearly 60% of respondents aren't committed to ongoing innovation. Although we don't all need to be radically changing what we're doing all the time, we do need to be constantly focused on being the best we can be by being better tomorrow than we are today.

To do this, though, innovation needs to be linked to the strategic planning process, to look at how it will support the company to continually improve – which 67% of research respondents agreed was the best way to measure its success. But measuring the value of this isn't just about pounds and pence; it's about measuring how

**“What makes
innovation work?
If you ask me,
communication”**

effective a working environment is, and how motivated your employees are.

As part of our own journey at Interserve, we have spent a lot of time looking at how we focus on achieving this for our customers. And this is where innovation can add the value, but it has to be measured even though it may be one of the hardest things to measure. Measuring the saving of implementing one solution over another is easy – you can look at the cost of investment and payback. But innovation is more than just deploying a new tool. It may require training and behavioural reinforcement, or it may just be a small change that is hardly noticeable – but does that mean its not worth it? And how do you measure the time it takes to come up with the idea? Its great to say ‘we want ten innovative ideas a day’ but then you have to think about how you make this happen. Can you force innovation? You can strive for it, you can encourage it. But you can’t force it.

Relationship building

When asked what the most important criteria are in evaluating a solution was respondents in our research cited cost (94%) and innovation (86%). And these have to be important factors – looking at your customers and your business needs, taking the time to engage stakeholders on their requirements, and thinking about how best to achieve innovation at the right cost. Achieving this, though, comes down

to building the right relationship. For a significant number of years Interserve has worked in partnership with clients, building stronger relationships that encourage more open and frank communication about how things are. For instance, we can show how this experience has helped one of our retail clients, where we introduced a range of small changes and improvements but on aggregate achieved a 23% reduction in hours provided and £3.5 million saving in just two years. In addition, now only 4% of the 10,000 helpdesk calls are complaints and we’ve reduced the service cost by 25%. This isn’t because of one great idea, or one radical change: it arose from our team working with the client to look for new and better ways to deliver services in line with the client’s objectives, looking at what was important, what could be changed, what could be improved and then testing and trying the best solutions and listening to the feedback from customers on the ground.

So what makes innovation work? If you ask me, communication. Having strong relationships between all parties, having a clear link between innovation and success, listening to what your customers are saying and believing in the art of the possible. We must aim to redefine the future for people and places – by constantly challenging ourselves and our teams to think about how what they do today will change tomorrow.

SUSTAINABLE FACILITIES MANAGEMENT SOLUTIONS FOR TODAY’S BUSINESS CHALLENGES

Delivering outstanding asset management and customer facing solutions, driven by an uncompromising commitment to your success.



Facilities Management | Energy Management | M&E Maintenance | Building Maintenance | Housing Regeneration | Capital Programmes | Interior Fit-out and Refurbishment | Building Services | Lifecycle | Interior Design & Workplace Solutions



Trusted Advisor
“You’re fantastic!”



Predisposed
“You’re my favourite, but...”



Transactional
“You’re FINE.”



Antagonistic
“I’m fuming.”

Source: Business Services Growth (BSG) Ltd

“Clients want more from their suppliers to help them to avoid surprises, stay abreast of industry trends and bring new ideas to the table”

Few would question the importance of supplier-client relationships in the FM sector. We hear people say “it’s a relationship business” and we frequently talk about the need for greater trust, collaboration, strategic relationships and partnership. But how effective are services providers in managing those relationships and what role does innovation play in such a relationship?

Our research has shown that the ability of a supplier to innovate is, in fact, a critical requirement for long-lasting, strong relationships. Suppliers have to demonstrate that they are introducing new ideas, being proactive and helping customers to avoid surprises.

Research results

Last year, BSG conducted research amongst facilities managers to measure the strength of supplier-client relationships in the FM sector. Our survey categorised relationships into four loyalty levels:

- **Trusted Advisor** (“You’re fantastic!”) This is the strongest level of loyalty. Trusted Advisor clients are the least likely to defect and the most likely to buy additional services from their supplier. They are strong advocates and a good source of referrals.

- **Predisposed** (“You’re my favourite, but...”) These clients are very supportive of their suppliers but recognise that some improvements are needed. If a supplier can make those improvements, then they should be able to transition from a ‘Predisposed’ relationship to a ‘Trusted Advisor’ relationship.

- **Transactional** (“You’re fine”) These clients are indifferent. They may be reasonably satisfied with the service they receive, but the relationship is typically not that strong and clients would not be too concerned about switching suppliers.

- **Antagonistic** (“I’m fuming!”) These are the weakest client relationships. Clients in this category are very unhappy with the relationship and are usually very dissatisfied with the service they receive. These clients are probably actively seeking to switch suppliers.

The results of our survey were quite surprising. Only 6% of the respondents considered their providers to be ‘Trusted Advisors’. This is significantly below the cross-industry average, which is nearer to 25%. The fact that only a small fraction of respondents consider their providers to be Trusted Advisors reflects poorly on the level of client relationship management in the FM sector.

Furthermore, relationships found to be either ‘Antagonistic’ or ‘Transactional’ accounted for more than 50% of the survey responses. These are relationships that are at-risk, and suppliers are likely to find it hard to successfully renew these contracts if nothing is done to improve the relationship.

So, overall, the results were not good for the FM sector. Our conclusion was that, if suppliers don’t pay more attention to how they manage their client relationships, they will suffer contract retention losses that will hinder their growth.

Behind the numbers

When we looked at the numbers in more detail, we found some interesting themes emerging. We analysed each relationship in terms of the six dimensions that are proven to drive client loyalty, namely:

- Integrity - Does the client trust the supplier to deliver on their promises?
- Competency - Does the client believe their supplier does a good job of delivering the service and managing the relationship?
- Recognition - Does the client feel valued and important to the supplier?
- Proactivity - Does the client think the supplier is proactive in presenting innovative ideas?
- Savvy - Does the supplier demonstrate a good understanding of a client's business?
- Chemistry - Does the client enjoy doing business with the supplier?

Overall, we found that proactivity was the area where suppliers consistently scored most poorly. The results showed that suppliers are not seen by their clients as doing enough to help them stay ahead of the game. Clients want more from their suppliers to help them to avoid surprises, stay abreast of industry trends and bring new ideas to the table. It's a tough message to take, but the market is demanding more innovation.

Improving relationships

Why are relationships not stronger? There are numerous reasons for this – both suppliers and clients play their part. Suppliers need to invest more in their account management process and skills; they need to measure client relationship strength and that is loyalty, and ensure that their Account Managers are not spread too thinly; and they must pay more attention to how innovation is delivered to the client. However – as the saying goes, 'it takes two to tango'. FM clients also have to make some changes. FM's are often themselves spread too thinly; they sometimes feel threatened by their suppliers; they can be risk-averse; and they sometimes have a 'supplier', rather than 'partner' attitude. If they can address these issues, then their supplier relationships will improve enormously.

Innovation – An opportunity to deliver sustainable value

Innovation provides an opportunity for driving client loyalty.

The challenge that suppliers face is that their value often diminishes over time, in their clients' eyes. When a supplier first takes on a new contract, there is a great deal of enthusiasm. They usually invest in the relationship, focus on solving the client's problem and are subsequently seen by the client as adding high value. However, as the contract progresses, the work becomes less 'transformational' and more 'business-as-usual'. Just at the

time that suppliers start to make more money on the contract, they can often be viewed by their clients as delivering less value.

Innovation provides suppliers with the opportunity to deliver more value. If suppliers innovate, they will be seen by their clients as delivering additional value, which will strengthen and lengthen the relationship. Innovation has to be continual.

Benefits for both suppliers and their clients

Innovation brings benefits for both suppliers and their clients. There is a very compelling case for investment in innovation for suppliers. Our analysis shows that clients in the 'Trusted Advisor' category are 9 times more likely to buy additional services and have an average of contract tenure 4.5 years longer than relationships in the 'Transactional' category.

So, if suppliers can introduce innovation to improve client relationships, this will deliver better quality, longer-lasting client relationships and ultimately higher growth and profits. From the FM client's perspective, innovation delivered by their suppliers will enable them to deliver a better service and more value for money. Innovation is a win-win!



We've been thinking

Here at Interserve, FM stands for **Freeing Minds**. This is why we're committed to supporting the development of the industry through our market-leading research with Sheffield Hallam and i-FM, and through sharing our insights with the industry.

This year the report looked at specific areas around innovation, relationships and future trends. Over the last few years the research has shown companies constantly cutting costs, however this year businesses are starting to look at not just doing things for less, but at doing them better. This step-change in service delivery can only be achieved with innovation and partnership. You need great ideas to help transform service delivery, but you need a strong relationship to deliver this on the ground. Reassuringly that is what the market believes as well; longer term contracts offer more value in 91% of cases, and 90% of companies believe it is important that suppliers bring new ideas to the table. It's time to change, and it's time to do it together.

To download the full report visit: www.interserve.com/support

That's intelligence

By re-imagining facilities management today to redefine what it can do for you tomorrow, Interserve is helping to transform the future by helping clients enhance their brand, business performance and reputation.

www.interserve.com/support

 @INT_FM



***“We all
have the ability
to learn
and be innovative
as a result!”***

When looking at learning and how we learn, there are so many different approaches, theories and concepts. The key behind all of them is that if people are engaged, have the ability to contribute, understand what is being asked of them, and what is being offered in return, then we all have the ability to learn and – dare I say – be innovative as a result!

By understanding the different learning styles and which suits your people the best, it follows that we can then look to improve upon their performance. A recent CIPD survey stated that only 39% of employees indicate positive engagement at work, and the UK was ranked ninth for levels of engagement out of the world’s 12 largest economies. On the back of that, the UK’s output per hour is 15% lower than the average for the rest of the G7 nations, showing that we have some way to go to improve on our engagement levels.

If we are highly engaged at work, we increase our ability to learn; if we are better at learning, our output is higher and we can bring on innovative ways of working.

The first hurdle to overcome is to engage with people at work, set out common goals, a shared interest, listen to views, and collaborate on outputs.

Then look at how people learn. Learning doesn’t have to be via traditional classroom-based

training; it is any opportunity that a person has to ‘learn’ something. This can be as simple as reading an article or discussing an approach with a colleague.

The theory

Our recent research looked at individuals’ learning styles by asking the respondents to complete five quick questions based on the VAK model – Visual, Auditory and Kinesthetic. For the 450 respondents it allowed us to quickly assess whether people were clear on their learning styles, what the prevailing style was, and most interestingly, whether respondents felt that their employer considers their learning style, whether they would learn more if they were able to work in a different way, and whether their employer is good at adapting training to meet the needs of people with disabilities.

The responses showed a clear mix of the various learning styles across the range of questions. However, Visual came up as a clear preferred learning style at an average 48%; Kinesthetic came in at 28%, followed in last place by Auditory with 24% of respondents opting for this style. I am mindful to add that there is no wrong or right style, and what may suit one person during one learning activity may not suit another. This is why it’s so important to try and assess individual learning styles to get the most from any learning activity.



“The use of learning styles is being challenged by some and is viewed as unreliable”

And the practice

When looking at whether respondents felt that their employers considered their learning styles, 146 of 383 respondents (38%) felt that they didn't. A good proportion (35%) of respondents did feel that there was some consideration, with 37% not being sure how to respond. Some of the responses we received included:

'Employer lets new starters learn by dropping them in at the deep end and expecting them to be up and running straight away.'

'We have different formats of training within our organisation which should address different learning styles.'

'One-to-one learning with opportunities to ask questions.'

These showed a range of approaches, not all of which would

work for an engaged workforce looking for innovation!

When asked the question whether working in a different way would enable respondents to learn more, the highest proportion (43%) were unsure whether this would make any changes to their learning. 23% disagreed and 33% agreed. It is clear that there needs to be some work here to address the learning needs of individuals and consider whether any changes are required.

Looking at the increasing need to be aware of, and cater for, people with disabilities, 38% of respondents felt that their employer adapted their training to meet these needs, 46% were not sure, but rather worryingly 17% of respondents from our survey disagreed. Comments included:

'Where disabilities are disclosed, then in my experience adaptations are made to training, with the assistance of external support organisations.'

'Don't always identify hidden disabilities, such as colour blindness, or style of learning during any training, mainly around PC or system work.'

'I have worked here for nearly six years and have a disability flag on my HR file. I am never offered special provisions for my disability.'

If 17% of people feel that they are not being catered for when looking

at their development, there is clearly a missed opportunity for those individuals to meet their potential at work – not just in the failure to provide adequate training, but in recognising and supporting their differing needs.

Not the be all and end all

Our survey provided an interesting insight into how people feel that they learn, their prevailing learning style and the importance that employers place on it. It would be easy to say that all your prayers would be answered by just focusing on learning styles, but unfortunately it's not as easy as that. Targeted learning is just one area that will enable individuals to proactively manage their careers, focus on the changes that they want to make, engage with others and look at innovative ways of working.

As with all approaches there are contrary views. The use of learning styles is being challenged by some and is viewed as unreliable with invalid data to suggest a correlation between learning styles and achievement and motivation.

However, in my view, getting an individual's input into how they best take on board information, and how they would like to approach a new task or activity, is invaluable - and goes a long way to increasing their levels of engagement.



“FM is not just about minimising operational spend but about optimising organisational performance”

Facilities management is struggling daily with supplier costs rising as fast as client expectations. So despite the hard work of thousands delivering services on the ground, clients are experiencing uneven quality. Is it time, then, for a structurally new strategy that focuses on delivering business benefit and enhancing organisational performance – not simply by reducing operating costs, but by proving the relationship between space and the productivity of those it houses?

It is a subject that FM has shied away from addressing for as long as I have been around FMs. Where bigger players have stepped up to the challenge of delivering more professional, consultative, technically excellent services, they are still unwilling to grapple with the less-measurable human impact and the domino effect on personal performance, onward to organisational performance.

Championing innovation

I spoke at a regional British Institute of Facilities Management event last summer and the panel was asked to give an example of something that represented innovation in FM. The answer from one BIFM member was (paraphrasing) ‘delivering a safe and healthy working environment’. If this is innovation in FM, then no wonder Boardroom positions fail to beckon.

So when will the professional bodies representing the sector step up and recognise that their membership needs help? They need to see that innovation is not flirting with sexy new TV channels or advocating

careers in FM to school children; it is surely about proving that the management of the workplace is ‘their specialist subject’ and that FM is not just about minimising operational spend but about optimising organisational performance.

So perhaps FM needs a new champion. Sometimes, when backs are against walls, someone needs to come in and take strategic control. Command & control management strategies went out of fashion decades ago, but in times of crisis or conflict, remain a purposeful tool. British Olympic sailing legend Sir Ben Ainslie showed exactly how in the last America’s Cup. The press here talked of how “Ainslie rescued America from ignominy”. It was his command & control of team and vessel that made the difference.

The American Team Oracle boat, sponsored by the world’s fifth-richest man, was “flotsam on the waves to the New Zealand challenge” until Ainslie’s tactical skill and commanding authority was dropped in to the Oracle lead boat. But in so doing, also served up was an incredible reminder of how the more money-soaked and technologically innovatory modern sport becomes, the more that the human elements of skill, courage and leadership separate winners from the rest.

As tactician, strategist and game-changer, Ainslie’s impact was remarkable; but the lesson for FM is clear. Landing a new term contract is an opportunity to change the game.

Understanding performance

A recent study by the Centre for Economic and Business Research for the British Council for Offices saw 40% of 250 senior executives questioned admitting they did not look at the role of office space when productivity issues arose, and 57% said property issues were not regularly discussed in the boardroom.

Worse, 73% of respondents said cost remained the most important factor in assessing 'office performance'. BCO Chief Executive Richard Kauntze commented: "What many businesses don't understand is that by using property efficiently, treating it as a resource to be optimised, it can deliver tangible benefits in employee performance through increased productivity and well-being". We will be working with the BCO on a major new research agenda this spring to explore this issue further.

But why do business leaders not see this connection? Perhaps because the world of workplace – design, construction and management – has lacked that crystallising argumentation and evidence case to prove that what they do can impact on productivity and so on business bottom line? Where these businesses are customers of the integrated FM service providers, I suggest that they will soon come to expect more.

Those customers all have employees. And those employees are being educated in customer service by e-commerce leaders like Amazon, John Lewis and Apple, and will come to expect the same ultra convenient, ultra responsive

workplace experience - one that adds value to their employee-employer relationship. The best way to evidence added value is to have an interest in how it impacts on employee well-being and productivity.

We measure personal sense of productivity within our survey – now completed by some 49,000 employees. Whilst there is still a relatively broad spread of results across the newest buildings we have surveyed, the productivity reported by these is typically significantly greater than in those we survey at the end of their life-span. Obvious you might say: new building interiors work well and reflect the current requirements; older ones, designed years before and in need of updating both aesthetically and operationally, do not. But what is the trajectory between the two?

If the older, significantly less effective environments we have surveyed once started out as new, highly effective ones, does this suggest a 'half-life' of buildings? A timeframe over which the effectiveness of a new space reduces to half that delivered at day one?

If we accept that the decay is inevitable as businesses change and environments lose their newness, what form is that trend line taking? Is that reduction in effectiveness a slow, gradual and even one, or perhaps just something that happens more rapidly close to the end of a workplace fit-out's operational life-expectancy (ten years say), as occupiers set their sights on exit or dramatic reorganisation, reducing their willingness to maintain?

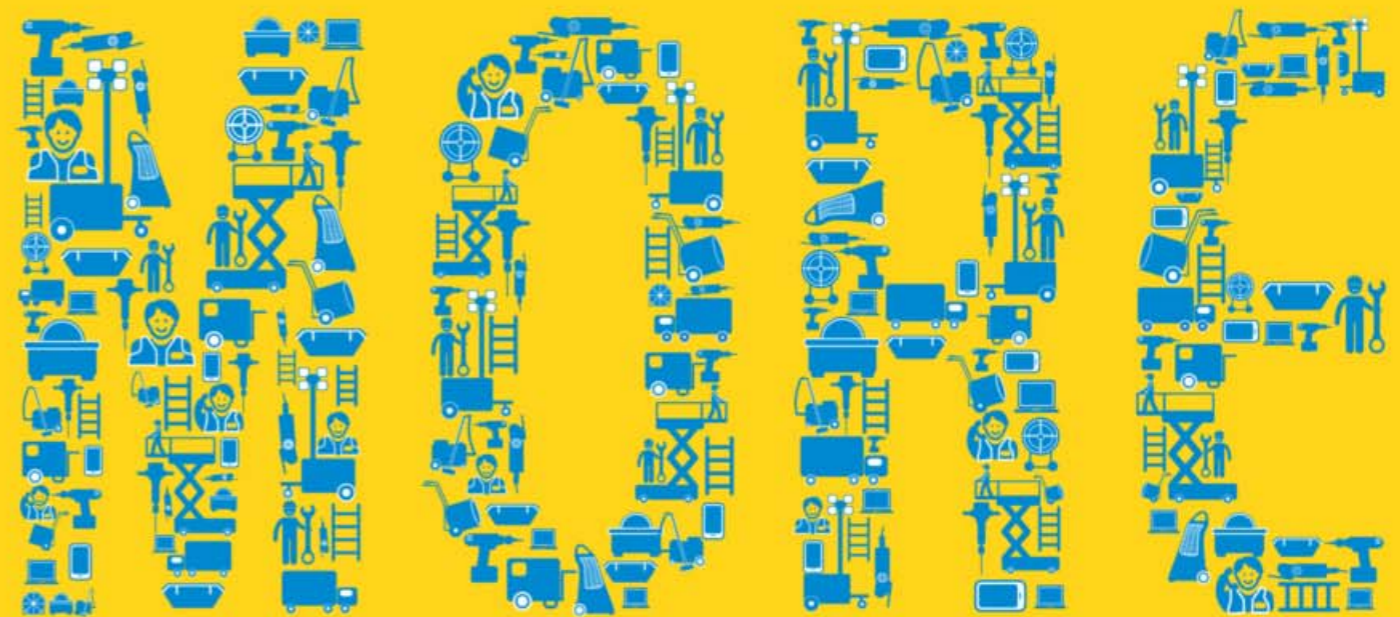
Real management of assets

Most things degrade over time. This is not a new phenomenon. But if the data we have suggests that the contribution of a new workplace diminishes from the very second it is completed, then the value of the workplace environment supporting the productivity of those they accommodate is waning with it.

This must surely focus attention back on the core function of facilities management. Whether self-delivered or outsourced, this degradation trend line suggests that FM has totally failed to protect the assets they were handed. Maintenance is high on FM's list as skills they claim to bring to the party. But it would appear as though they've missed the bigger picture - that a workplace is there to support organisational performance.

This requires a new skill set amongst the big TFM / IFM providers. A new service offer. It requires their 'service excellence' teams to be recognised not as process improvement analysts, but as Ben Ainslie-style vocal tacticians who can change the outcome of a competition. This is landscape-changing FM. This is agile, responsive, business intelligent FM.

So which FM giant would be brazen enough to create a new role to sit on their Board next to their CFO and CEO and place strategy, tactics and the productivity debate at the heart of their service offer? A Chief Strategy Officer who takes the reduction of operating costs as a given and sets organisational performance as the strategic goal of every client relationship. This is FM innovation. Volunteers?



NOW YOU CAN GET MORE KIT IN MORE PLACES

We're investing in our business so that, when you hire from HSS, you get more. More tools and more equipment from even more local branches across the UK.

You'll also find that our people – our HSSers – will do more to get you whatever you need, whenever you need it. It's all part of the great hire service we provide.

HSS, it's more than just hire.

“Helping to plug the gap between boardroom and basement”

It's clear there are many definitions for innovation in facilities management and many of us have a different view on exactly what innovation is and how its success is measured.

This article focuses on how standardising approaches across a global service provider is, in itself, an innovative approach to delivering facilities management services and, perhaps more importantly, how by deploying standardised approaches the potential barriers to further innovation lessen as there is a clear line of site between service delivery and the intelligent client unit, thanks to the integration of service delivery and asset management.

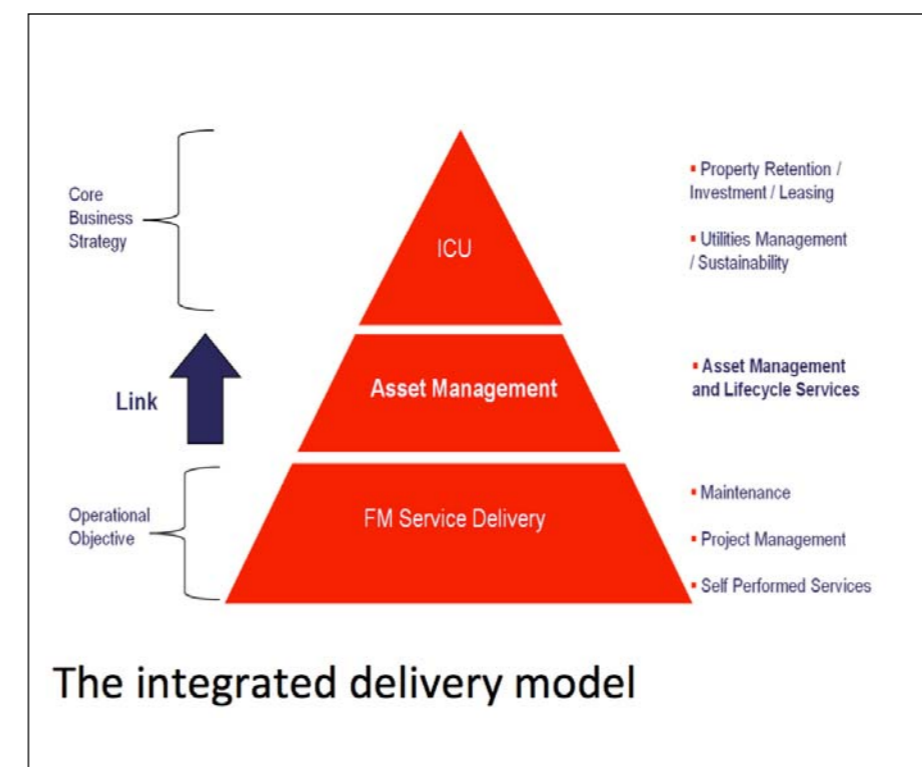
A global framework for asset management

Sodexo has begun to implement a global Asset Management Framework, aligned to the new ISO 55000 accreditation. This framework sets out the global process for managing assets for all contracts it operates. The key point here is that whether the client site is in Berlin or Beijing, there is consistency to the way in which customer assets are managed, and decisions relating to asset management can be made in the most informed way. The framework is made-up of a series of standard operating procedures that are deployed across each area of the asset lifecycle, from planning and design through to maintenance and retirement. Flexibility within the framework allows a degree of customisation to ensure all client drivers and contract nuances are incorporated into the standard operating procedures.

This innovative approach to asset management can be particularly attractive to global organisations as it ensures all data held in relation to assets, wherever they are in the world, is consistent and matched against the same dataset. Therefore clients are able to make much more informed strategic decisions about their assets from a remote location.

Whole-life asset cost analysis

Consistency in data allows a focus on analysing the total cost of ownership in order to understand the optimum investment point for each asset.



“This deep understanding of clients, their assets and their objectives is the gateway to delivering innovative solutions in the facilities management industry”

Adopting this approach is demonstrated to save 20% of the total cost of ownership for an asset over its life.

Benefits

There are clearly benefits for Sodexo as a service provider. A standardised way of doing things throughout the world means consistent high standards are achieved, providing a compelling market proposition and consistent, reliable performance. For the client, the cost benefits of adopting an approach such as this can be substantial, particularly when coupled with the vast amount of data that adopting this approach brings to key decision-makers in areas such as risk and reliability management, estates planning and capital investment strategies.

Summary

While to many, standardised ways of working may be seen to be the antithesis of innovation, the discussion points raised in this article demonstrate that it is only by

having a standardised approach that reliable and consistent data can be achieved, and it is only from this data that a high level of knowledge about customer assets can be obtained. Therefore it follows that this deep understanding of clients, their assets and their objectives is the gateway to delivering innovative solutions in the facilities management industry. The over-arching link lies in the degree of partnership between the service provider and the client. As an industry, and particularly as a service provider, we are focused on developing strategic partnerships with our clients. An asset management approach creates a more informed position and enables a more strategic focus.

Sodexo believes that asset management will increasingly become the best means of harnessing and integrating all activities within an organisation to achieve its purpose in the most effective and economically efficient way possible.

Technology helping to make business partnerships take-off



TIMEGATE · SERVICETRAC · PORTERTRAC · PASS

+44(0)870 626 0400 | sales.software@innovise.com | www.innoviseoftware.com





***“Although the changes
can sometimes be
small, they add up”***

Continuous value generation and cost reduction within a facilities management contract are challenges for most FM organisations. This is primarily because customers are not only facing increased budget pressures, but many are also managing other demands, such as increased compliance requirements and energy reduction targets. It is, therefore, important that FM providers engage their whole organisation in working towards customers' goals, as well as constantly innovate in order to deliver better ways of working that are more efficient and safe, and that provide enhanced customer service.

There are two types of innovation that EMCOR UK focuses on with its clients: strategic change and incremental improvement. Both types of innovation are important in building a creative, innovative FM organisation. We advocate both a top-down and bottom-up approach when undertaking strategic development aligned with customer needs, to engage staff in solution-finding at the 'frontline' of delivery.

Firstly, as innovation is at its most impactful when it adds value to the customer, it's key to closely match innovation with customer needs and ensure this is continually monitored and reviewed. At a macro level, opportunities could be identified as part of a strategic planning process. However, at an FM contract level, a framework, such as BS 11 000, the British Standard for Collaborative Working

Relationships, can be used to align both companies' goals.

Real-world examples

Let me give you some specific examples with real-world payback. EMCOR UK identified some time ago, as part of its long-term strategic planning process, that it could deliver more value to the pharmaceutical industry than was being delivered by a traditional FM model. As a result, we developed a bespoke delivery platform for a pharmaceutical customer which evolved the traditional relationship. The result saw us being 'hands-on' with the product at various stages of its development, and by integrating these activities with other service streams, we were able to deliver overall cost reductions to the customer. The result of another, similar client relationship was EMCOR UK saving the customer many thousands of pounds by completing the testing of cell cultures for mycoplasma (the smallest known free living organism). Taking on customers' non-core services in this way, even if outside of a traditional FM model, is an example of where innovation can not only help generate cost savings, but can also integrate the customer and service provider in a truly collaborative partnership for the long-term.

Frontline knowledge

In addition to business-led innovation, substantial incremental gains can be found by engaging all levels of employees. Often, staff working on the front-lines have day-to-day, in-depth knowledge of what

Wherever you are in FM...

might not only make things better but could be implemented operationally too. By supporting and developing such ideas, staff can become more engaged and productive.

EMCOR Group Inc, our parent company, launched a global initiative seven years ago called Changing the Way We Work (CW3), which aims to engage staff in finding improved ways of working. A typical CW3 would include a definition of the problem or observation, plus a recommendation for a solution and the cost saving or safety benefit. As an example of CW3 in practice, EMCOR UK's team working for a manufacturing customer created and implemented a bespoke colour-coded drain and pipe labelling system. This not only gave the customer a full map of the drainage system, but also allowed us to create a more efficient maintenance regime for the customer.

In the UK alone, we have seen over 1000 CW3 innovations. Often such initiatives can be implemented locally for little or no cost. Although the changes can sometimes be small, by sharing best practice and applying across many customer contracts, they add up.

Some innovative ideas have a larger scope of application and require support to effect business change or investment to implement. For this, EMCOR UK has an innovation funding board which is open to any employee to come forward for investment. Sometimes one of

these ideas will require a larger investment, but has the potential to make even greater savings for customers. For example, a maintenance engineer working at one of the company's airport contracts noticed that the customer was incurring significant expense buying and transporting nitrogen gas 'airside' from an external supplier. At an airport, nitrogen is used for critical maintenance tasks including inflating aircraft tyres, running aircraft jacks and providing a high pressure pneumatic power source for pumps and cleaning processes. The engineer suggested building a nitrogen plant to supply the airport's needs. We agreed, and so we designed, built and financed the facility, which we still operate today.

The critical role of culture

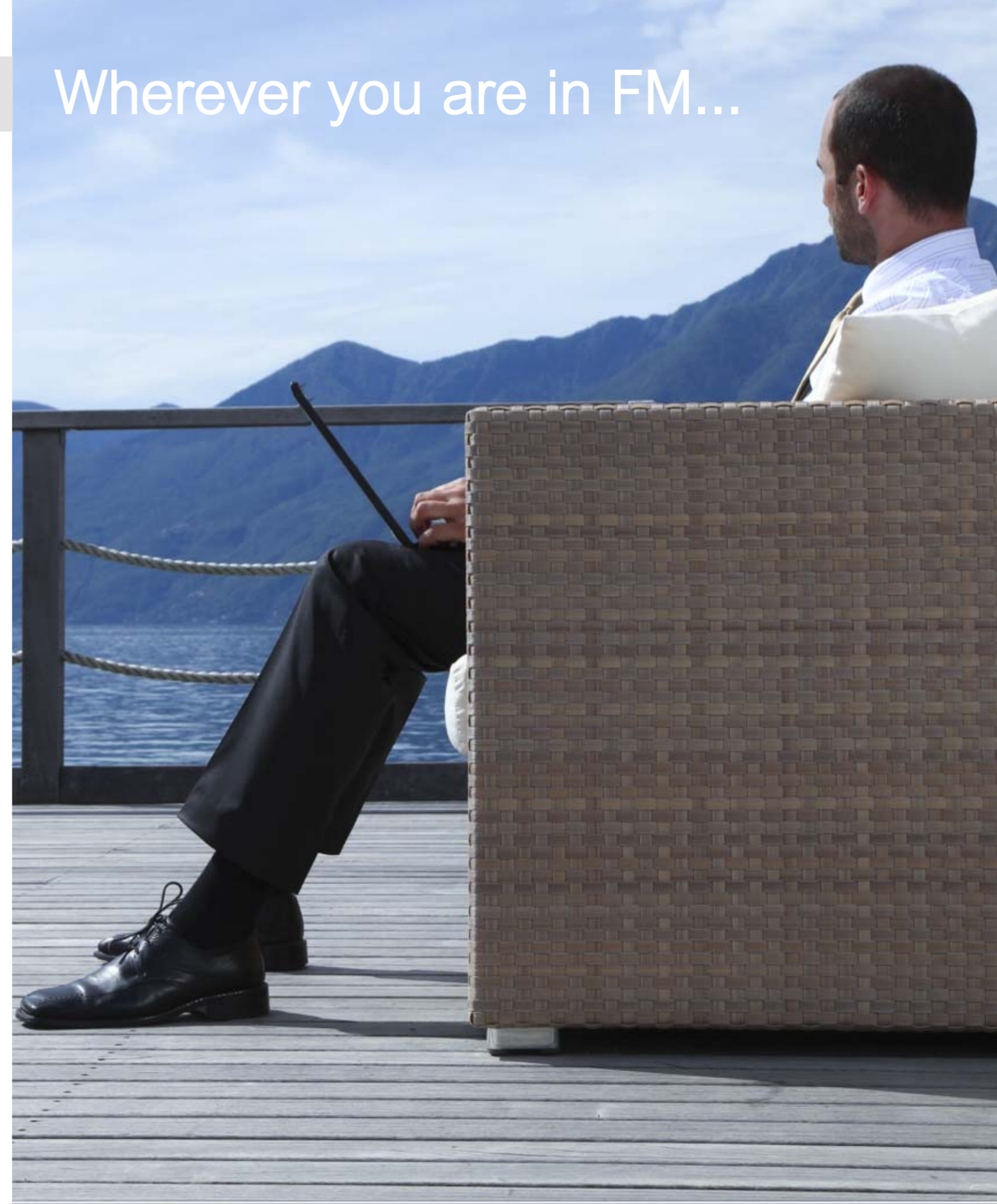
Having processes and structures in place is only effective if they are embedded in the culture of the organisation. To build and maintain an innovative culture, any new ideas or changes must be organised, communicated and recognised. Key to this is the support and leadership of senior and middle management. To help facilitate this, we put hundreds of our senior account and management staff through a Key Account Management programme, developed in association with Cranfield University, which focuses on alignment with customer objectives and continual development and innovation of the services provided. Additionally, EMCOR UK's 'First Line Manager' programme, which delivers training

modules at the Royal Military Academy Sandhurst, assists in further embedding a customer focus ethos, including the principles and processes of innovation, across frontline management and supervisory staff.

With site operations spread across the UK, we recognise that communication of best practice can also be a challenge. In addition to training days, supplier innovation workshops, and a 'knowledge network' of subject matter experts, investment in new technology platforms allows staff access to all the latest information.


Finally, it is important to recognise and reward the right behaviours. At EMCOR UK, we make sure ideas are reviewed and responded to, and original ideas are recognised at both local and national level. Employee Excellence Awards are held annually and attended by nominated employees from across the company and our customers – who often nominate individuals and teams for continual improvement and innovation.

In summary, from strategic development to incremental changes, we believe everyone in the organisation should be engaged in innovation - and enjoy recognition for the value they help to create. Successful innovation can not only help reduce customers' costs and generate service improvements, but also integrate customer and supplier organisations, and motivate and engage teams.



www.i-FM.net





***“Our customers
rightly expect us to
constantly deliver
more value for a given
cost, or to deliver the
same for less”***

Innovation is in danger of becoming management jargon and not a central business driver for making relationships stronger between suppliers and customers and delivering tangible, long-term value of benefit to all of the stakeholders. However, within the facilities and corporate real estate sector it is only the cynical and short-sighted that refuse to debate exactly what innovation is and why it has a crucial role in the development of the support services industry.

There is nothing wrong with going back to basics and challenging conventional thinking to find the right answer, then sharing best practice for all of the stakeholders in our industry to learn from. Hence, this paper sets out a definition of innovation, asks if the facilities management industry ever truly innovates and then asks if as a sector we do innovate, how do we do it?

Seeing innovation in context

To understand innovation it has to be put in the context of improvement and invention. There is an improvement hierarchy. At the base of this hierarchy organisations standstill and do not progress at all, which is not a sustainable position. At the next level we improve performance; the next progression is innovation, and then beyond innovation is invention.

By their very nature, good FM organisations improve constantly: in theory, the best service providers are

always seeking to improve the services they deliver to their customers. Innovation is rare because it is harder to achieve; and rarely do we invent a new solution – what is more, there are clear differences between these three aspects.

Invention mostly requires investment, research, trial and error which ultimately results in some new product. Software developers, technology companies and product manufacturers fall into this category: Dyson or Apple are two iconic organisations famous for their inventions – all based on an investment in R&D. In our industry, we would consider new products, in cleaning for instance, or new tools or new equipment or examples of the latest energy-saving device as inventions.

Moreover, these inventions are rarely created by service-led organisations in the industry. It is far more likely they are developed by product specialists and, as a result, the FM organisation's primary role is to constantly look to improve day-to-day operations. So the drive to do things better, what some people incorrectly claim to be innovation, is based largely on other people's inventions and ideas - whereas the roots of real innovation by facilities service providers stem from behaviours: actually doing things differently, not just better.

Our customers rightly expect us to constantly deliver more value for a

given cost, or to deliver the same for less – that is the role of the outsourced FM provider. If we were not doing this, why would they choose to outsource to us? The very essence of outsourcing is that we are able to draw on expertise and knowledge from our portfolio of contracts and deliver increasing benefit to our clients.

But we do not do this just for our clients' benefit. Like them, we live in a competitive environment and we both need to constantly improve in order to ensure we survive, to ensure we are sustainable. Without improvement, innovation or invention on an ongoing basis we would be left in the wake of our competition and ultimately become extinct – because there is always someone waiting to take our place.

Making things happen

So, how do we make innovation happen? Compared with an Apple or a Dyson, FM organisations invest relatively little in research & development and therefore we need to find alternative ways to generate innovation. Whilst we invest little in R&D, we do of course invest considerably in our workforce, in our management, in our human capital – training and developing them to enable them to maximise their potential.

Should we therefore not seek to drive innovation, and improvement, by using our employees' knowledge and skill?

For VINCI Facilities innovation is a people issue. By establishing the right culture, by providing the right leadership and empowering our

teams to challenge and change the way they work, we create the platform for improvement and innovation. It is by having the right culture and mechanisms in our workplaces that we enable these workplaces to become incubators for innovation.

The workplace is not only where we deliver our services, expertly and efficiently; we also need to view it as the place where the workplace of the future is born. When we create a culture that is receptive to new ideas and deploy mechanisms that enable us to capture those ideas, assess them and implement those that work, we are able to exploit the investment we have made in our human capital, so often an untapped source of innovation.

Our resources should be the best source of innovative ideas. They are the people that actually do the work, that undertake the tasks and operate the processes that we design. Therefore, they are best placed to tell us how they could do it better. The problem is this: how often do we listen and act on what we hear?

Collectively, this industry employs thousands of people across the country, in many different roles: thousands of potential innovators. The trick is to harness this potential and use our everyday workplaces and the people in them to create the workplace of the future.

Understanding your role

Beyond having the right culture, a further key enabler to achieving true innovation is ensuring the workforce knows what the mission of the project is, ie both the FM

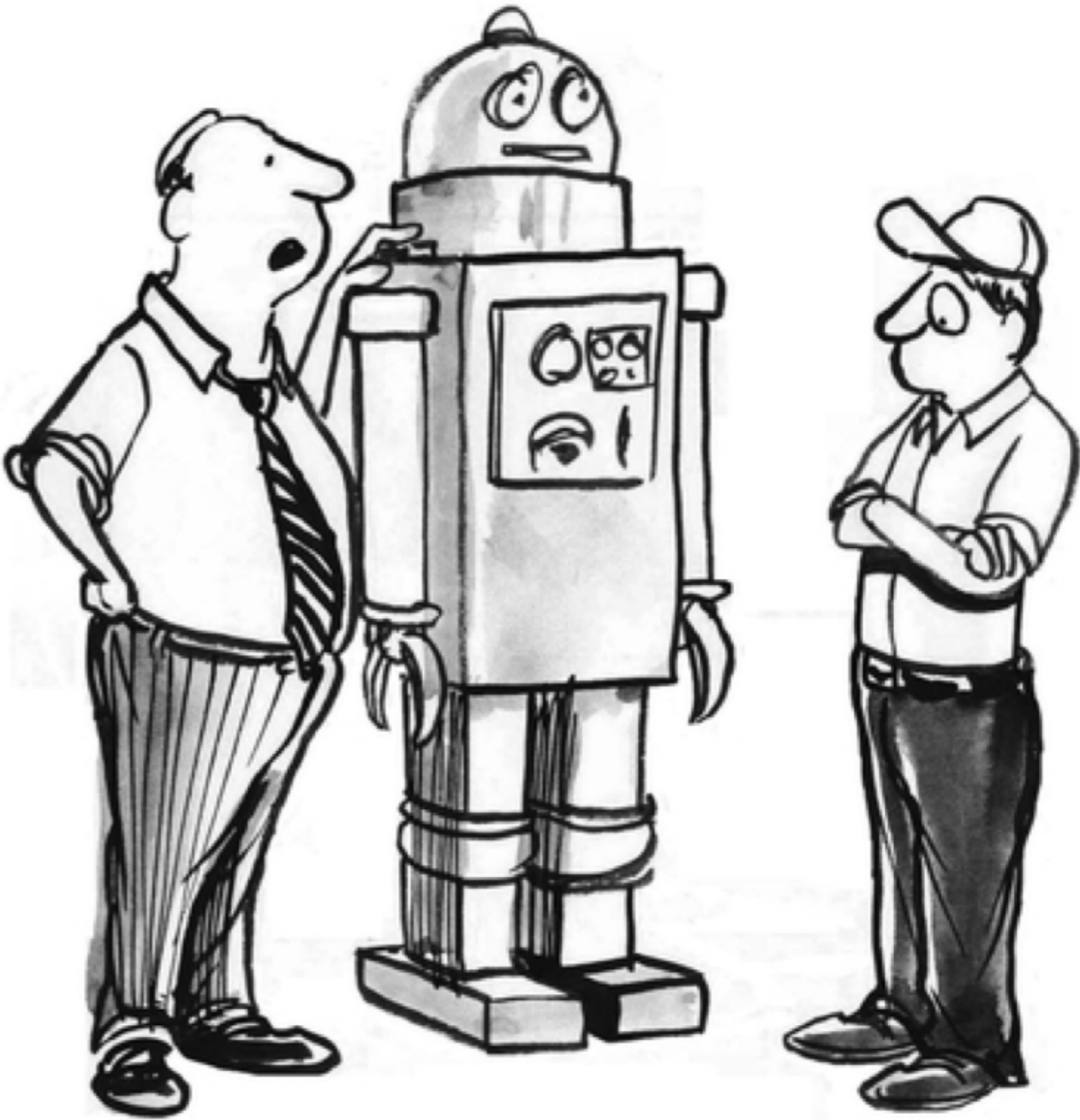
organisation's mission and the client's mission.

This ensures that they understand their individual role in delivering the mission (the NASA cleaner sweeping the floor and thereby playing his role within the team responsible for putting a man on the moon springs to mind). And this understanding helps focus the ideas and suggestions towards achieving aligned goals.

Innovation was defined earlier as 'doing things differently', so having a clear understanding of the client's goals and having a common mission helps ensure that proposed innovations are not just ideas and theories. Innovations must have a practical side to ensure they can be implemented. This helps draw a distinction between improvement and innovation.

We can improve our services without our clients' knowledge because all we are doing is doing what we are contracted to do in a better way. But when we innovate, we need to do things differently and this often means that we need our clients' permission. That in turn demands collaboration and partnership. So, this might mean we need to change the way we work, the way we interface with the client, and it also may require the client organisation to change to allow innovation to be implemented.

Without that permission and collaboration our innovation will not be enacted. Close alignment to our customer's objectives, goals and mission, achieved by listening to their needs, is a key enabler of innovation in the workplace.



“”Is this really the best we can come up with Bob?”

“The opportunity is there to regain lost influence and take control of the workplace transformation process”

Knowledge can be a dangerous thing, especially in the wrong hands. But in corporate real estate and facilities management, knowledge and how it is used can make the difference between a supplier being perceived as a cost or as a provider of strategic value.

Recent industry reports in the past few years – from Zurich, JLL and IFMA and CBRE – all highlight that one way to ensure that FM and CRE do not continue as a stale, zero-cost oriented business model is to ensure that all of the stakeholders recognise the strategic value each can offer. The Zurich report argues that CRE is at a crossroads. There are huge and growing expectations within the CRE environment in terms of the performance of assets and the effectiveness of workplaces, and this pressure falls squarely onto the shoulders of the service providers. Consequently, FM has to face up to the fact that if it is to develop further as a sector – and that can be defined as being achieved via innovation, invention or improvement – it has to find a method of demonstrating clearly the strategic value it provides to its estates and asset management customers.

The JLL report of last year highlights that what is required is a more intelligent client. That intelligence is not just about knowledge, however. Knowing the facts and interpreting them correctly and learning from the results are two different things. Therefore the onus is upon service providers to step up and wholly embrace a collaborative method of working. JLL argue that whilst

outsourcing is a positive, and in many cases sophisticated, trend that is unlikely to be reversed any time soon, the varied routes towards outsourcing mean that few outsourcing scenarios are working in partnership.

The power of collaborative relationships

Facilities teams must therefore work as partners with their customers and their respective teams – there must be a mutual sharing of ideas and data: in short, an open and honest way of working that goes beyond the lip service of tender documents and prequalification box-ticking. The result of this joined-up approach, or integrated team-working method, is more control for the intelligent client. But this cannot be achieved simply by the eager overtures of the facilities team. They need to be met halfway – the client, the CRE in-house team, has to proactively partner with the procurement team and in turn align themselves with the service provider. This gives the client in-house team back the control of the supply chain so many have lost. This also provides CRE with a major opportunity to be a collaborative agent for change. What's more, the opportunity is there to regain lost influence and take control of the workplace transformation process that so many estates and property directors are struggling to come to terms with.

This emphasis on cooperation is supported by the Zurich team, but they also focus on a key question: what intelligence is required by the CRE & FM function now that

outsourcing has become so sophisticated? Intelligence stems from using the knowledge acquired and Zurich claims that gaining that intelligence gives the client the control it needs.

Change is needed

Fundamentally, CRE & FM teams need to stop, collaborate and listen – sharing the knowledge each acquires via the various systems of measurement and the processes each stakeholder in the supply chain has in place to help manage their work - because it is the technology underlying the services provided that measures their effectiveness and that holds the key. It is worth clarifying that the technology being referred to is not the traditional idea of a purchased proprietary system, but rather the systems focused upon the management, control, interchange and alignment of disparate data. There is enormous potential to do more with this form of technology. Currently, the technology available holds the data, but the knowledge within it only offers – for the time being at least – a glimpse of the intelligence required to provide the control necessary for the step-change CRE & FM must make.

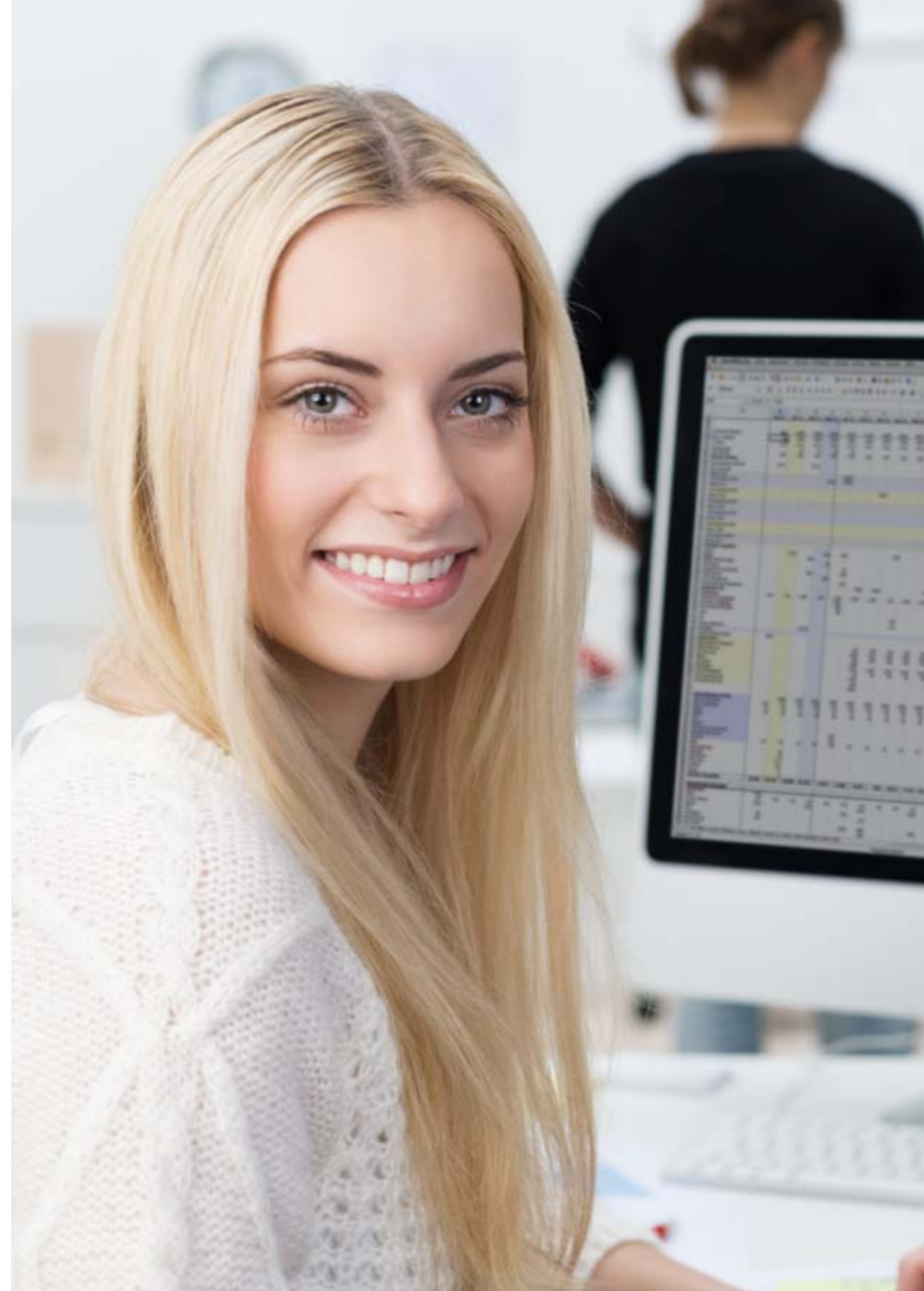
Therefore, technology holds the key to the data and intelligence – it does not represent an answer itself. Too many facilities service providers are in thrall to systems that measure and monitor. What the sector must do is create the right metrics – as

highlighted by IFMA and CBRE earlier this year. Ideally, FM metrics need to be aligned with other shared service measures because if the data is taken collectively it gains a greater impact than in its respective individual parts. In effect, the answer is to create a building intelligence platform that holds the entire content of one's asset or property knowledge – everything from lease details to workplace effectiveness information, energy management and service level agreements and performance data. Creating this platform - or establishing one view of the truth - will provide directors of estates with access to the most relevant metrics, giving them the knowledge, the intelligence and therefore the control lacking at the moment.

In short it will – if it is correctly managed – provide in-house teams with a holistic view of what is occurring within their portfolio. What is more, when the right technology is applied, this overview will be a simple and easy to understand insight into knowledge, trends, anomalies and analysis without relying on human intelligence. Thus it allows for faster decision-making, but also provides room for longer term thinking and less of a fixation on short-term cost.

The key to this is to allow FM and IT to collaborate. That is the first step. If CRE & FM teams recognise that technology is the business tool that

can add the value they require, then it can become the 'x-factor' pointing to the right path at the crossroads outlined by Zurich. It is also a move that has already been made by a number of organisations – notably Nationwide, Tesco and Barclays – who have seen positive results and are steadily moving down a path from which others can learn.





“Because business is still assimilating and responding to all these changes, as an industry we have the chance to contribute to that rethink”

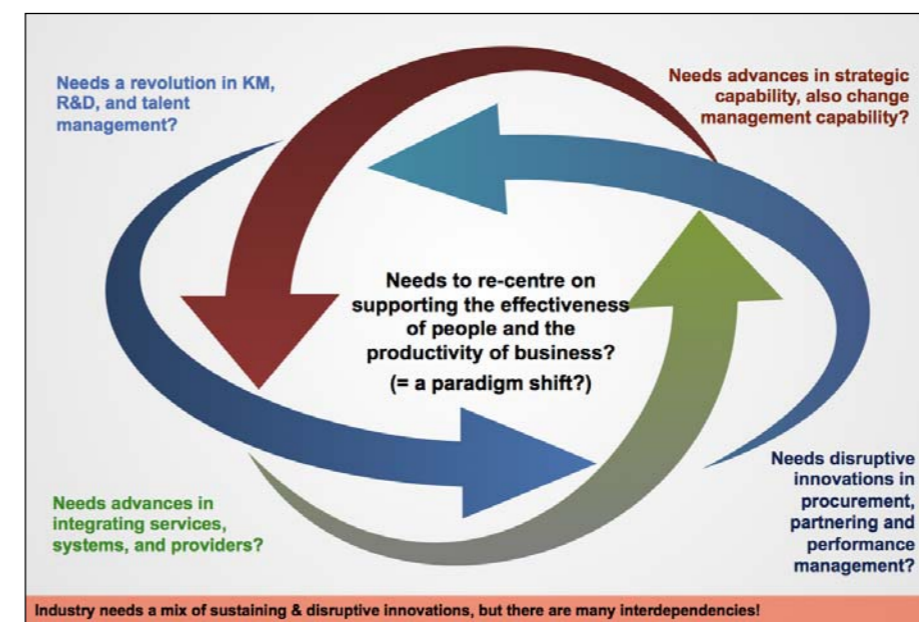
Over the last two years Zurich CRE&FM have hosted several Futures Forums, all in the form of week-long open crowdsourcing events. Our intent was to provoke conversations across the industry about its future. The first forum asked people to imagine the implications for FM in 2017 of sixteen themes, ranging from the business relevance of FM through to the nature of work, the workplace of the future, through to the impact of globalisation on FM. More than 500 people contributed to the debates, representing providers and clients worldwide. As the discussions broadened out, we hosted further forums, including a debate dedicated to the future of client/provider cooperation.

fleet-footed, borderless and weightless businesses which have already moved beyond a reliance on corporate real estate, and from changed attitudes to work. An industry that needs massive transformative change to tackle its way of working and its multiple capability gaps – including the lack of structures, strategic change capability, R&D base and talent strategy required to evolve itself for the new world of work.

Viewed in the round, the forums reveal that the industry needs a combination of sustaining and disruptive innovations, including:

- A revolution in knowledge management, R&D, and talent management
- Advances in strategic capability, also true change management capability
- Disruptive innovations in procurement, partnering and performance management
- Advances in integrating services, systems and providers
- Re-centring around supporting the effectiveness of people and what it means to be productive in post-industrial businesses.

The forums also revealed a great innovation landscape – including the platform for innovation in how we generate service offered by ubiquitous digital technology; the opportunity of the flux in what work means and how it is done; the global scope to innovate our service operation offered by emerging and rejuvenating markets, where



Overall, the picture emerging from the forums is one of an industry increasingly coming under disruptive attack from the impacts of digital technology, from the emergence of

Some basic needs for innovating the industry?

• *Robust evidenced knowhow?*

Big data offers potentially massive benefits for the industry as a whole, but requires the entire FM knowledge management process to be redesigned around business needs

• *Operating as learning organisations/learning industry*

• *Standard protocols for MII/BIM/IIWMS systems, also for big data standards and shared protocols for analytics*

• *Genuinely integrated solutions (vertical as well as horizontal)*

• *Attracting talent for tomorrow's industry needs - success will start with a rethink of how to make the industry compelling and attractive to the people who will embody a new model*

• *Rethinking the value proposition of FM for the new models of digital, post-recessionary work*

capability and innovation are increasingly competitive differentiators. Plus, because business is still assimilating and responding to all these changes, as an industry we have the chance to contribute to that rethink.

The key message from the forums appears to be this – whilst operational innovations and innovativeness are evident across the industry, they are currently only serving to improve what we already do rather than to fundamentally change what we do (or how we operate as an industry). In other words, they help us sustain the old industry model rather than disrupt and innovate it. Like continuous improvement, sustaining innovations (operationally beneficial as they are) cannot prevent the onset of obsolescence in an unchanging industry model. We see the fruits of this approach everywhere as other industries with unchanging business models and a reliance on sustaining innovation have been disrupted by new models and technologies, often coming from outside their industry – high street retail and banking, for example. So what the forums most obviously revealed was that our industry urgently needs disruptive innovations in its value proposition and how it operates.

Where to start? As the saying goes, when everything's important nothing's important. So what did the forums suggest were the major blockers, the pre-requisites to updating our value proposition and our way of working:

• After all this time, CRE still has no objective way of evidencing the value that it brings to business, and

this remains a fundamental blocker to being interpreted by the business as an asset rather than as a cost. However, the solution lies in a refresh of the CRE value proposition, one based on a better understanding of what releases productivity for different people working on different tasks in different contexts (rather than in collating more evidence about an outdated model servicing the new world of work).

• This may be in part because FM has paid insufficient attention to the evidence of how customer value is created or lost. Attending to this will require a shift from today's focus on building-centric inputs to customer value (and to customer-centric outcomes). This will require a radical redesign of the entire FM eco-system (but at the very least it will affect the FM delivery model).

• Plus, the traditional, and lengthy, sourcing process is arguably sustaining today's vicious circle of commodity services, low margins and dissatisfied customers. The forums suggested that a fundamental change is needed to the current pricing models to reflect today's competitiveness differentiators for business (such as timeliness, flexibility and managing for business resilience). To achieve this, FM will need to develop new ways of articulating intangible value that cannot be easily measured using conventional thinking.

• Together, and compounded by current procurement processes, pricing models, concepts of value and service level agreements (with their in-built metrics), the net effect has been commoditisation, stifled differentiation and a cycle of decline of the industry.

Advancing what we do now (mostly smarter combinations as sustaining innovations)?

• *Responding to the needs of different business clockspeeds and cyclicity*

• *Responding to variability in business and personal needs – mass personalisation*

• *Developing truly global service platforms which accommodate local models*

• *Supporting the dynamic worker even when they are off the corporate footprint*

To have a chance of tackling these challenges, the industry firstly needs a revolution in how providers and clients work together, what our second forum described as the Intelligent Cooperative:

• The ways both procurement and FM operate today create inherent tensions for the partnering needed to foster change. True partnerships need to be driven by a common vision for the relationship, mutually compatible goals, transparency, trust, and time and effort from all parties. This means that a shared commitment to mutual learning and development – working together to do better – will be key to breaking today's cycle.

• Meanwhile, so-called integrated solutions have been more about bundling existing services to sustain the existing operational and industry fragmentation rather than about catalysing profoundly new ways of operating and synergistic value. This also needs to change, such that business benefits drive the nature of integration.

• Also, whilst globalisation has undoubtedly been one of the key drivers of change in the FM industry over the last two decades, has it merely served to provide the same fragmented services on a much larger scale? It is not at all clear whether the FM industry leadership collectively has the cultural skillset and experience necessary to achieve sustained competitive differentiation through, and in the face of, globalisation.

• Finally, does the industry have the boldness required to innovate its core service model – to date, FM appears to still be in reactive mode rather than proactive mode. How can FM build the global industry knowledge-base and the substantial R&D capability required to rapidly close the gap on all these key basic capabilities?

To look first at the most obvious opportunities.

First, concepts of work are changing – the workplace will probably continue a transition to becoming a social hub, the physical manifestation of desired cultural and brand values, not just a place of production. Also the corporate workplace will probably remain one of a number of places where work routinely gets

done – perhaps the pendulum will even swing on remote working. However, and as starkly evidenced by the rise of 3rd spaces as a component in space strategies, economy of flexibility is clearly succeeding economy of scale as the primary value focus for globalised business platforms. What if FM used this to develop a disruptive innovation in services centred on people?

Second, because we now have a full spectrum of business approaches to what a workplace is, this (combined with the creative use of digital technology and big data) creates a suite of disruptive innovation opportunities (again, if FM is willing to imagine services that centre around the person not just the corporate footprint).

Third, the energy and sustainability dimensions of the FM role are growing and don't look like going away, so here is an absolutely core concern for business – and perhaps the best and most obvious opportunity to develop smarter ways of working and translate these into innovative value models for tomorrow's FM.

Fourth, as FM goes digital too, we will have the chance to use very smart technology to optimise workplaces and provide mass personalised services at the individual or team level and on the fly (we also have the chance to drown ourselves in big data!). Will we use this opportunity to disruptively innovate what we do, or just sustain/complicate it?

So how do the findings from our forums suggest that the industry

Changing what we do (disruptive innovations)?

- *Managing uptime across portfolios of sites*

- *Managing the resilience of business productivity*

- *Operating Intelligent Cooperatives*

- *Managing the impacts of climate change*

- *R&D to support a holistic strategic vision for the industry and profession? Innovation has become a fundamental imperative for FM, but achieving this requires a radical change of mindset (a blend of boldness, tolerance and patience), a culture of openness, reflection and questioning, and a focus on how to practically catalyse and encourage innovation.*

- *Consortia developing tomorrow's new strategic platforms*

should approach this? The good news is that it looks like sustaining innovations will continue to proceed by the logic of efficiency and value-add, many pushed by the advances in ubiquitous digital technology. The bigger challenge for the industry as whole is that strategically the FM industry needs to work together to think about and create the structural changes it needs. Conferences, crowdsourcing debates and journal papers may help us debate the need for change, but they are not the change itself - tomorrow's leaders will be those who actually cooperate to deliver mutual benefits from taking a concerted approach.

In many ways we are fortunate as an industry, because the key conditions for innovation in and of the FM industry are in place in a way that they weren't a few years back. What we really need are examples of how cooperative innovation by clients and service providers can be done and what this achieves. Across the FM industry the shared challenge of radical innovation offers an obvious opportunity for collaborative innovation - 'coopetition'. At the level of the individual client/service provider it's going to need faith and boldness to start the ball rolling on exploring how mutually compatible goals can deliver win-win outcomes, but that can be done too (especially if the shared focus is on innovations that transform FM's business value-add, because this creates the enduring ROI to the leaders of change, and the evidence the wider industry needs to follow). In many cases the first move will probably need to come from the client

provoking the spirit of cooperative innovation - if you will the ends, you have to will the means.

A call to action?

Our industry has been in a race to the bottom for decades, and our forums suggest that we are there. Innovation is always about choice, and for FM it boils down to committing to cooperate for mutual benefits and for the advancement of the wider profession. The forums clearly indicated that if we want FM to advance much further, we need structural innovation in the value proposition and how the industry operates.

To get started, we need first movers, probably as consortia. But for this to develop into industry-level transformation, the FM industry needs to agree on innovating itself as part of its purpose. The conditions are right for provoking and enabling industry change: what we need to do now is mobilise our potential innovators via networks for change, and target our collective efforts to the most pressing needs for changes (some of which must include addressing the blockers discussed above).

It's urgent that FM starts playing more strategically and a lot more collaboratively, but, ultimately, innovation is a decision that people have to make all the time: am I open for innovation, or do I carry on going with the flow? Which means in an industry that is ultimately based on people, we need to start promoting innovativeness as a core professional behaviour for FM.

better teamwork better understanding better collaboration


Every business is different, but working with EMCOR UK one thing remains the same - our clear **understanding** of your exact needs. We develop **strong, long-term, strategic** relationships across all levels of organisations. Working closely together, we're able to give you measurable benefits, often **beyond** contract requirements - all while providing an unbeatable service.

We've over 100 years of experience in exceeding customer expectations, and our expert collaborative approach already adds value to top organisations like the Department of Health, BT and BAE Systems. Now you can enjoy the same advantages too.

It's no wonder we were the UK's first total facilities management company to achieve BS 11000 certification for collaborative business relationships.

Isn't it time you found out how your organisation can benefit from working with EMCOR UK?

Visit us at www.emcoruk.com or call us on +44 (0) 845 600 2300



“The FM sector continues to evolve and grow. But are we any closer to being regarded as a profession?”

The annual Workplace Futures conference has become a landmark event in the UK facilities management calendar.

Over the years, each conference has taken on a different set of issues, assembling a carefully chosen panel of expert speakers and attracting genuinely interested delegates – a combination that ensures discussion is lively and informative, and outcomes are positive, with a specific emphasis on sharing and learning.

Going back to the beginning, with planning and concept development taking place in 2007, the over-riding motivation has been to produce an annual event based on a clear and timely theme that would not be diluted by diminishing focus on outcomes or pressing commercial considerations - and would therefore deliver real value to participants and ultimately to the industry.

In FM, we use the terms ‘industry’ and ‘sector’ far more often than we use the term ‘profession’. There has been real debate in the past about whether facilities management is indeed a profession or an industry or a business discipline or something else.

Workplace Futures 2015 will take a holistic look at FM, examining the subject from various perspectives and evaluating the journey it has been on: where it has come from, where it is and where plans to move it forward may take it.

Many in the industry wish FM to be seen as a career of choice; some

wish for it to pursue what they consider to be ‘the holy grail’ in professional designations, Chartered status. There are training providers offering courses from management techniques to social media, apprenticeship schemes and structured qualifications all the way to Masters level and beyond.

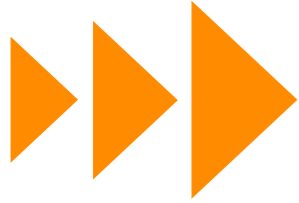
There are numerous pathways to enter FM and to develop a fulfilling career. There are several supporting organisations, which may appeal depending on whether an individual’s focus is on operations, management or strategic functions.

In 2015, Workplace Futures will engage with them all to provide a platform for exploring their roles, their offerings and their support for individual and organisational development.

The conference will also look at the bigger picture. How are HR teams at both client and service provider organisations using the resources and opportunities available to them? How are recruitment firms meeting the needs of employers and job candidates? Are organisations and recruiters joined up in their understanding and application of the multiple qualifications available?

Workplace Futures 2015 will bring together the range of stakeholders to analyse the research, identify the trends, define the needs and confirm the opportunities facing facilities management as it moves towards greater professionalisation.

14 Acknowledgements



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

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.

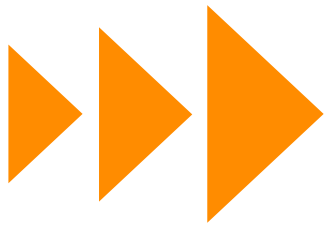
The pioneer when it was established more than a decade ago, i-FM is still the only online resource an FM needs.



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

If you don't have access to the site - then please sign up at:

www.i-FM.net/signup



WORKPLACE FUTURES

For more information on Facilities Management:

www.i-fm.net



www.workplace-futures.co.uk

i-FM would specifically like to acknowledge the sponsors of Workplace Futures 2014.

