The complexity of compliance:
Where to start and how the right facility management partner will help you meet compliance goals and effectively manage risk
Executive Summary

Today’s corporate real estate (CRE) team has more business influence than ever before, due to rapid advancements in data accessibility and technology, increasing C-Suite emphasis on CRE as a value-driver, increased business enterprise and workplace responsibilities, and expanded service provider capabilities. As a result, this convergence of technology, evolving workplace needs, and integrated facilities management (FM) outsourcing capabilities has ushered in a new era in CRE outsourcing that transforms FM service providers into strategic enterprise partners: Outsourcing 4.0.

Within this new Outsourcing 4.0 model, FM service providers partner with CRE teams to manage both everyday facility management tasks and achieve high-level strategic goals aimed at maximizing the company’s productivity, profitability, and employee engagement, while also minimizing costs, mitigating risk, and enhancing service quality and operational excellence. As a result, CRE teams increasingly rely on their FM service providers to offer expertise and solutions to achieve integrated compliance goals across regulatory, operational, contractual, and ethical dimensions of their business operations and scope.

The first step in navigating the compliance journey is developing a keen understanding of the distinct elements driving the increasing breadth and depth of compliance. Then, organizations should look towards the role that standards can play in achieving compliance and apply the fundamental elements of an effective compliance program to their own compliance strategy.

Section 1 | Demystifying the compliance conundrum

The journey to achieve compliance is neither simple nor straightforward, with interwoven layers of complexity that are confusing, yet critical to attaining compliance success. It is useful to consider the following framework when evaluating your organization’s compliance program across four key dimensions:

Statutory and regulatory compliance includes the laws, regulations, and statutes that govern an organization’s activities at international, national, regional and local levels. The overwhelming complexity of the regulatory environment—especially across jurisdictions and geographies—is a key challenge to achieving compliance in this area. Highly-regulated industries, such as healthcare and banking and financial services, face additional governmental oversight and present further challenges for organizations and their FM service providers.

Operational and financial compliance programs are designed to minimize and mitigate enterprise risk, using internal processes and procedures, across diverse disciplines including procurement, vendor management, financial reporting and accounting, information security, data governance, safety, human resources, and others. Designing and implementing successful compliance programs are challenging endeavors, requiring platform-wide strategies, strong governance structures, effective educational frameworks, and consistent reinforcement. Compliance in this area also drives and underlies activities across regulatory, contractual, and ethical dimensions.

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Contractual compliance—being in accordance with terms and obligations set forth in contracts—is straightforward by definition, but complex in action. Contracts can adopt many distinct forms, whether master service agreements (MSAs), union labor contracts, pricing agreements, or other documents, and are often overly lengthy and constructed in complex legal language. To achieve compliance in this area, FM partners must have an accurate understanding of the contract’s requirements, and communicate effectively with clients, employees and third-party contractors to ensure that these terms are understood and that the FM delivery is executed accordingly.

Ethics sits at the core of the basic compliance framework and includes responsibilities towards an organization’s employees, clients, shareholders, stakeholders, communities, and the marketplace. Businesses utilize ethical guidelines to set the right tone for proper business conduct, advance principled decision-making, and promote integrity among employees. There are numerous challenges to achieving ethical compliance, including spreading awareness of the different types of ethical violations, enforcing ethics programs, and fostering an ethical environment. These challenges are magnified when considered across a global workforce, where ethical expectations and practices may diverge.

Section 2 | Adopting standards: means to achieve compliance goals

Meeting the compliance demands and rising expectations of real estate teams requires a multi-faceted approach by FM partners. The dilemma for companies and their FM partners is: where to set the bar in terms of compliance and its related ownership parameters with so much variance in laws, customs, and acceptable risk across the dimensions of compliance?

Fortunately, the growing complexity of compliance has been met with an equally impressive expansion of standards, particularly in the regulatory and operational compliance spheres. In fact, FM partners are inundated...
with opportunities to implement standards, ranging from standards governing CRE data to property measurement to benchmarking, among others. When considering various standards, it is important to differentiate between the different types of standards, as described below.

**Regulatory standards**, and their corresponding guidelines, are promulgated by a government agency or national body. Regulations are rules or directives made and maintained by an authority and may include: Acts, Laws, Executive Orders and Statutes. Some regulations are also codified into building codes or national standards/codes that are adopted and enforced by regional or local government agencies, or authorities having jurisdiction (AHJs).

**Voluntary consensus standards** are standards that are developed by accredited domestic and international voluntary consensus standards bodies and are highly-recommended, but not mandated by law. The premise is that the relevant intellectual property of the developers is agreed upon and made available on a royalty-free and non-discriminatory basis to all interested parties. Voluntary consensus standards are designed to improve performance, promote safety and enhance the delivery of services.

**Guidance and technical standards** generally provide a framework or best practices to ensure quality of services or products. Where voluntary consensus standards provide the requirements of “what needs to be done,” guidance standards often provide recommendations regarding “how to do it.”

**Management system standards**, or requirements standards, describe a set of procedures an organization needs to follow in order to meet its objectives. These standards can be applied to any organization, large or small, whatever the product or service and regardless of the sector of activity. Management system standards also enable alignment with strategy or certification by internal audits or independent third-party conformity assessments.

Implementing standards can help an organization to achieve its compliance objectives, by providing a supportive governance framework, standardizing operations, and creating a straightforward approach to performance measurement and verification. The benefits of implementing standards also extend beyond supporting compliance, and include mid- and long-run cost savings and simplifying and clarifying how a company should conduct business, especially across a global portfolio.

**Section 3 | Beyond standards: assessing and aligning compliance vision and values**

While navigating the world of compliance is challenging and complex, strategic FM service providers must meet this challenge head-on to remain competitive in the marketplace. The list of questions below provides a useful starting point to evaluate potential FM service providers and their compliance capabilities:

1. Is the scope of compliance requirements well understood and reviewed periodically?
2. Are knowledgeable personnel in place, at both the corporate and operations level, that maintain expertise collectively across the four key compliance areas?
3. How are compliance training requirements being met? Additionally, how should they be designed to meet client needs?
4. Has the FM service provider established a functional compliance planning and reporting system?
5. Does the FM compliance organization offer performance measurement and reporting to drive continual improvement?
6. Does the FM partner have a process for monitoring and auditing compliance, and follow-up support to ensure compliance and corrective actions are followed?
7. How does the FM partner consistently enforce its policies and other requirements across the organization and how does it respond to acts of non-compliance?

The due diligence outlined in the framework above is necessary for CRE managers and FM service providers to develop mutually-beneficial strategic relationships built upon trust and proven capability. Organizations should seek out integrated facility management teams that combine technical expertise, service excellence, business intelligence and a solid track record of compliance. Employing the recommendations outlined here will allow real estate teams to partner with an FM provider who extracts the most value from their CRE assets or portfolios, while simultaneously improving compliance and mitigating risk.

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**Conclusion | Navigating the compliance journey**

As the Outsourcing 4.0 model continues to gain traction and FM service providers adopt an increasingly strategic role, clients will seek FM partners that can provide expertise and solutions across the key compliance dimensions and contribute towards meeting the organization’s compliance objectives. The stakes are high for FM partners: the consequences of non-compliance can be catastrophic to people, processes, and ultimately profitability.

Navigating the compliance journey is a rigorous and complicated undertaking, requiring thorough research, a robust strategy and careful actions. Whether your organization is just starting out on the path to compliance or already has a strong compliance strategy and program in place, there are a number of different resources that you can utilize to support and drive your activities along the way. Consulting a professional compliance organization can be a productive first step on the journey to compliance.

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1 These questions are based in the United States Sentencing Commission’s Sentencing Guidelines for Organizations.
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