Redefining the Executive View of Facility Management (FM)

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

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

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

Best Regards,

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

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

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

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

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

New opportunities to quantify and communicate FM performance (beyond cost savings) also offer facility managers the tools to prove their strategic value to the C-Suite. The Rocky Mountain Institute’s (RMI’s) Deep Retrofit Valuation (DRV) Guide provides an example of one such approach to evaluate both the quantitative and qualitative benefits of, specifically, facility retrofits. The DRV provides a framework to measure nine ‘value
elements, including risk mitigation, employee engagement and property-derived revenues, among others, which go beyond cost savings to add value to retrofitted facilities. This methodology provides a useful roadmap for facility managers to use when conveying FM’s strategic value to executives, particularly because it measures factors that go beyond traditional FM performance metrics and which are integral to the C-Suite’s core business strategy.

What can facility managers do to improve executive perceptions?

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

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

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

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

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

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

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

About IFMA

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

The association’s members, represented in 134 chapters and 17 councils worldwide, manage more than 37 billion square feet of property and annually purchase more than US$100 billion in products and services.