



FACILITY MANAGEMENT 2005:  
A PROVOCATIVE EXPLORATION INTO THE  
FACILITY MANAGER'S FUTURE



## **UNDERSTANDING THE FUTURE OF FACILITY MANAGEMENT**

One of the International Facility Management Association's four main goals is to lead the progress of the facility management profession by identifying facility management future trends, needs and outcomes. Recently, IFMA conducted a forecasting workshop to examine emerging trends and issues that will drive facility management over the next five years.

### **ABOUT THE STUDY**

A panel of industry experts was selected by IFMA to represent the various industry sectors and constituencies of the facility management profession. A total of 12 participants attended the forecasting workshop that was held in Houston, Texas at IFMA headquarters on February 4-5, 2000:

Christine Barber, Director Workplace Research, Knoll  
Maureen A. Ehrenberg, National President, Grubb & Ellis Management Services  
Paul Doherty, AIA, the digit group  
David Mosley, Account Manager, Reliant Energy  
Dana G. Stewart, Ph.D., Professor and Chairperson, Human Environment and Design, Michigan State University  
Thomas Kvan, MA, March, Ph.D., The University of Hong Kong Faculty of Architecture  
Eric Flynn, IFMA  
Shari Epstein, IFMA  
Deb Hensel, IFMA  
Angelique Vesey, IFMA  
Jennifer Uschold, IFMA

Peter Bishop, Ph.D., University of Houston Clear Lake and John B. Elmer, president of Houston-based Gelb Consulting Group, Inc., facilitated the session forecasting workshop for IFMA.

### **OBJECTIVES**

The specific objectives of this exploratory session were to:

1. Provide insights to help IFMA establish a leadership position on the future of the profession.
2. Identify how can IFMA help prepare members for the future.
3. Understand the changes that facility managers will have to embrace in the future.
4. Assess what skill sets facility managers will need to stay competitive.
5. Recommend what facility managers should do to position themselves in light of coming changes over the next 5 years.

### **LIMITATIONS**

The findings of this exploratory study are qualitative and should be viewed as directional in nature. The conclusions can be assessed and validated through both a trend analysis of published information and quantitative research among facility management professionals.

### FIVE INSIGHTS ON THE FUTURE OF FACILITY MANAGEMENT

**1. Management's expectations of facility management's contribution to the enterprise are increasing**

Facility managers are accountable to management for bottom-line impact. Increasingly, facility managers will be evaluated on their financial performance and on their strategic contributions to performance improvement for the entire enterprise.

**2. Technology will continue to drive change in facility management practices**

Our panel of experts believes that the rate of change in facility management practices is increasing, and new ways of thinking (enabled by technology advances) are driving the acceleration of change. Coupled with the natural human resistance to change, facility managers must be prepared to work as change agents when introducing new strategic and tactical initiatives within their organizations.

**3. The increasingly global business environment will challenge facility managers to find new ways to support their organizations' employees, partners, suppliers and customers.**

Trends to watch for include the growing global scope of the organization, from suppliers to employees to customers. Product-oriented companies are adding intangibles (services) to their offerings to create more customer value. Being competitive requires companies to integrate customers, partners, suppliers, and the workforce to serve increasingly fragmented markets.

**4. Long-term success means creating and using of knowledge management systems**

Knowledge management systems are designed to:

- Get the right knowledge to the right people at the right time, and
- Help people share and use information to improve organizational performance.

Facility managers can improve their efficiency and effectiveness by developing and using knowledge management systems capitalize on knowledge, increase connectivity between people and information, thereby allowing faster, more informed decision-making.

**5. IFMA can help individual facility managers prepare for the future**

Because of the changing business environment, facility managers must adapt and improve their skill sets and competencies. Performance-based job evaluations and the growing value-added emphasis of management suggest that IFMA should focus on equipping facility managers to succeed in a rigorous, asset-oriented future.

## CONCLUSIONS

### A. MAJOR CHANGES IN FACILITY MANAGEMENT IN THE PAST 10 YEARS

1. Technology:
  - The Internet has been a source of constant change
  - Information intensity – more decisions must be justified on better information. The rate of change is so fast that it is difficult for people to become knowledgeable about where things are going.
2. Economic:
  - Tremendous focus on cost reduction in the early 90s
  - Corporate downsizing
  - Importance of treating real estate as an asset, and the impact on EPS of the corporation
  - Increased use of outsourcing and contracting for certain facility management services
3. Redefining the facility manager job:
  - Facility management is one of the younger professions – IFMA formed in 1981
  - The discrete parts of facility management have become integrated
  - Need for formal education in facility management – recognition as a profession
4. Competition:
  - Increasing intensity of competition has driven not only cost-cutting, but a focus on facility management to provide a competitive advantage for attracting and retaining employees
  - Companies are no longer are competing in a small class; there is competition from unexpected quarters.
5. Changes in the workforce
  - Demographic changes – GenXers are in the driver's seat, influencing space usage and design. Characteristics of the changing workforce: non-permanent, iconoclastic, mobile “free agents.”
  - Changing of employment status from permanent to contract. Performance measurement is sweeping through Asia – companies don't sign employees up for life. The implication of the new contract is accountability – you will sign on for five years, you will be measured, if you succeed you will be signed up for another five years.
6. Regulations:
  - Ergonomics has emerged as an issue
  - Globally there is increasing accountability in terms of regulations – for example, emissions. There has been an increase in comprehensive regulatory frameworks.

These issues are clearly not unique to facility management – they are broad trends that affect all areas of the economy.

## B. CHANGES THAT FACILITY MANAGERS WILL HAVE TO ADDRESS IN THE FUTURE

How facility management has been characterized in the <i>past</i>	How facility management will be characterized in the <i>future</i>
Cops and mops	Focus on asset value management
Reactive to crisis - Fix things when they become obsolete	Proactive – broad vision, instantaneous solutions
Location, location, location	Location and bandwidth – clients no longer want to be in Class A space as long as they can get the infrastructure. Driving down costs is paramount. Communications infrastructure is crucial. Quality of life concerns are driving companies to suburban locations.
Discrete facility management functions	Merging of IT and facilities management – Bricks and bits
Regulation-driven approach – risk management of environmental issues	Motivation to excel in environmental issues
“Brain drain” and emphasis on younger cheaper personnel	Knowledge management to retain intellectual capital and experience

- The facility manager concept in the past was viewed as “cops and mops” – not viewed as part of the business. Today, the facilities are understood to be assets, and effective management is integral to the competitive and financial performance of the corporation.
- Facility managers are not experts at any one thing. Today the facility manager has to integrate with other functional areas like human resources and IT. Technology has impacted facilities in a profound way. Yet they are not partnering; there is very little discussion between facilities and IT.
- The facility manager’s job 20 years ago was inward-looking at your own set of facilities. Today people work at home, the corporation rents satellite offices to avoid commutes – the facility has become partially “virtual.”

## C. ANTICIPATED DEVELOPMENTS IN FACILITY MANAGEMENT THROUGH 2005

As an aid to developing a vision of the future, the expert panel created this timeline of events in facility management from the recent past to 2005.

1980

- Economic studies in the early 80s showing the economic value of assets – changed to orientation of the field from maintenance to management
- Ergonomics
- Increased focus on HSE issues
- Introduction of TQM, business process reengineering
- Personal computers
- Facilities measurement – accounting, budgeting
- Introduction of outsourcing, in which anything that is non-core to the corporation can be done by an outside more efficient provider
- ADA legislation in late 80s

1990

- Economic recession and the resulting corporate downsizing
- Acceptance of outsourcing as a means of focusing on core competencies
- Introduction of CAFM (computer-aided facility management)
- Workplace violence and increased focus on security
- WWW and Internet
- U.S. Labor shortage
- Y2K and the resulting business continuity planning that took place

2000

- *Increased emphasis on air quality in the workplace (like Legionnaire's Disease)*
- *Merging of international telecommunications and a tremendous drop in costs*
- *Shortage of resources: Oil crisis, increased energy costs*
- *Shift in power to employees – the decade of the “free agent” – employers are dependent on employees*
- *Ubiquitous Web technology and wireless communication that allows any device to communicate with any other device means smart buildings become a reality*
- *Increased focus on attracting older employees from large companies*
- *Worldwide deregulation of airlines cuts travel costs*
- *Stock market crash and economic downturn*
- *Outsourcing the management of all the administrative functions (including facilities)*
- *Purchasing multiple corporate facilities by a facilities management corporation (a mega-REIT) that leases back the entire facility and related management functions, not just the building. Offers the ability to easily move between facilities of the REIT, takes the real estate off the books.*
- *Acceptance of the virtual company as a viable business model*
- *Potential excess of buildings as birth rate decreases*
- *Aging population means onsite elder care in addition to day care*
- *Increased workplace violence means increased emphasis on security*
- *Licensing of the facility manager profession*
- *Development of a Virtual University for facilities management*

2005

## **D. SKILLS THAT FACILITY MANAGERS WILL NEED TO STAY COMPETITIVE IN THE FUTURE**

The expert panel was divided into three groups, and each group wrote a set of ideal qualifications for the facility manager in 2005. Each ideal candidate description is summarized below.

### Group One's ideal candidate

1. Visionary and Innovator – must understand and adapt to the rapidly changing business (particularly in IT and telecommunications, which are cornerstones to business success)
  - MBA and/or financial analysis skills to understand how the facility contributes to corporate success
  - Macro-Micro Thinker – understand how the details interrelate with overall corporate objectives (global to individual effects)
  - Leader and team builder with managerial skills
2. Insight into financial issues is crucial to be able to speak the language of management.
3. Ability to understand the major functions in the business and how facility management interrelates.

### Group Two's ideal candidate

1. Solution-oriented
2. Humanist (advocate of the employees)
3. Information-literate (can turn information into knowledge to make decisions)
4. Value-oriented (need to know what value is and how to extract it)
5. Negotiator (among all the conflicting demands a facility manager faces)
6. Strategic thinker (don't get bogged down in the day-to-day issues facility managers face)
7. A good manager, not necessarily an expert in all aspects of the facilities

### Group Three's ideal candidate

1. Self-promoter who creates fans through a strong focus on customers (users of space) and client (senior management) satisfaction
2. A resourceful, collaborative person who communicates effectively about what is going on in the facility
3. Prior real estate experience (know-how goes a long way in demonstrating expertise and getting respect)
4. Creative vision for what can be...(and commitment to change; willingness to try something new)
5. Commitment to successful implementation of new systems, tools and processes.
6. Ability to present well
7. Self-confidence in personal skills, abilities and their own facility management team and protocol they have established.

## **E. RECOMMENDATIONS FOR FACILITY MANAGERS TO PREPARE FOR THE FUTURE**

### **In the event of an economic downturn:**

- Facility managers will focus on leaner operations. But it will be crucial to be a visionary and risk-taker, looking past the short-term problems and planning for the future.
- High-quality facilities will be a benefit in good or bad times for attracting good employees.
- Companies that know how to effectively use remote officing and telecommuting will benefit due to a lower cost structure.
- Facility security will be more important during a downturn
- Facilities should be designed so that sections can be turned off if the company temporarily shrinks its space requirements.
- Have a clearly defined strategic occupancy strategy to better manage shuffle and churn over the short term, but know how to deal with growth and change in the organization over the long term.
- Enroll in educational courses for facility managers

### **Actions facility managers should take that will pay off in good or bad times:**

- CAFM workshops are available using a revolving set of suppliers, so attendees can learn the benefits of various systems and how to choose the right systems.
- Take advantage of continuing education programs that are offered online.
- Build up an understanding of technology, finance and the broad array of issues that facility managers have to interact with.
- Develop the ability and strategies to use knowledge – an executive MBA for facility managers – that teaches facility managers how to solve problems based on this knowledge.
- Leadership training to teach facility managers how to create and promote change
- Embrace change: Be entrepreneurial, innovative and risk-taking
- Learn about trends in ERP and how to leverage it.
- Market your services internally
- Measure customer satisfaction and respond to needs
- Demonstrate the value created by facility management initiatives

## APPENDIX

### A. FOUR SCENARIOS FOR FACILITY MANAGEMENT 2005

The expert panel was challenged to take two major trends affecting facility management -- wireless communications and outsourcing were selected – and envision “scenarios of the future” based on partial or full realization of those two trends over the next five years. This exercise helped provoke thoughts and ideas about how facility managers can prepare for the future, and how IFMA can adapt its programs and services to effectively serve the facility management profession.

	Ubiquitous Wireless communications	Partial availability of wireless communications
Total outsourcing of facilities and administrative functions to large specialist firms widely implemented	<p>“E-SyncLiquidity”            Totally technology-enabled            Seamless integration with outsource providers            Knowledge management systems in place</p>	<p>“Hell.com” - the facility manager is a generalist, non-technical manager, emphasizing negotiation skills because the function will emphasize the purchasing of services. Little value added from facility manager as an employee of the company. Limited utilization of knowledge management. The facility management job is heavily automated with project management software. Personal interaction and customer service will be a key function of the facility manager. There will be more business change to cope with as suppliers change.</p>
Outsourcing of various facility management functions widely but not universally accepted	<p>“Everywhere.com”            Mobile, in touch, everywhere            facility manager is innovative, visionary, technology-savvy            Less emphasis on personal interactions for customer service            High level of automation of facility management functions, fewer people doing facility management work            Outsource provider brings automated systems when the company doesn't want to invest in automated systems</p>	<p>“Close to the present”</p>

## B. EXPERT PANEL PRESENTATIONS

*Christine Barber, Knoll Workplace Research*

Six critical trends will impact corporations and real estate

1. More diverse workforce on many levels
  - More women in positions of authority
  - Women are likely to dominate the professions (HR, Accounting, Finance, Management, and Lawyers).
  - More ethnic diversity in the workforce.
  - Aging of the population means older workers as productive lifespans increase.
  - The physical environment of workers is an issue of respect.
2. Social trends: Breakdown of boundaries
  - Fluid 24 hour workday
  - Working at home
3. Weakening of hierarchy
  - Distrust in the corporation
  - Less loyalty to the corporation; portable skills
4. Simplification
  - Tradeoffs in the name of reducing stress and overload
  - Purchases of personal services and technology to help, but also rethinking priorities
5. Passionate pursuit of leisure
  - Increased desire to have fun; working in a stimulating, fun work environment. Having fun is perceived as a greater symbol of success.
6. Personal freedom & control (eg: HVAC is the #1 area of concern for most workers)
  - Individualization of personal workspace
  - Online buying
  - Personal style on all levels

*Maureen Ehrenberg, Grubb & Ellis*

1. Facility management outsourcing – corporations are outsourcing a vast array of responsibilities, and getting:
  - High quality, dependable service
  - Lowest possible cost
  - Safe, comfortable work environment
2. Outsourcing enables clients to commit more resources to generating revenues from their core businesses.
3. Outsourced facility management functions:
  - Strategic and tactical facility planning
  - Financial forecasting and budgeting
  - Timely, accurate, meaningful reporting
  - Leasing and lease administration
  - Real estate procurement and disposal
  - Procurement of furniture & equipment
  - Procurement of subcontracted services
  - Construction, renovation and relocation
  - Health, safety and security
  - Environmental management
  - Development of policies and procedures

- Quality assurance (training, benchmarking & best practices)
- Architecture and engineering planning and design
- Space planning and management
- Building operations, maintenance and engineering
- Telecommunications management
- Code compliance
- Other business services such as reprographics, transportation, mail service and inventory management

*Paul Doherty, the digit group*

1. Wireless technology, mobile devices are the way of the future.
2. Information is going to be everywhere.
3. Aggregation of buying power creates more efficient marketplaces and cost savings.
4. Virtual private networks (invitation only)
5. Ariba.com and CommerceOne.com are aggregators of the business to business e-commerce.
6. Associations have a huge advantage through existing relationships and networks – there is no reason that associations can't get into the B2B e-commerce business.
7. For example, AIA is starting a for-profit dot.com company
8. Object modeling is the next generation beyond CAD
9. Talent shortage is an issue – both professionals and trades
10. Plug & Play type buildings with integrated IT and telecommunications for tenants
11. Knowledge management needs are increasing to help deal with information overload, helping acquire, consolidate, disseminate and share with employees, partners, clients, etc. "The right information at the right time."
12. Emerging trends:
  - TelePresence
  - E-ink (eink..com)
  - E-invoicing has tremendous implications for how facilities will be built
  - V-commerce (visual commerce)

*Dana G. Stewart, Michigan State University*

Years ago, our lives were "local" – but today commerce and communication are ceaseless, and our lives are global. Workweeks have changed – 9 to 5 is an anomaly. Computers are mandatory for college students. Retailers are open 24 hours. All of this is leading to "uprooted living" – a timeless schedule. For example: a hotel stay is a 24-hour block of time regardless of when it starts. What is being delivered is what is important, not when or where it is done. Units of time have become fungible.

Education is becoming more important as people live longer and need skills for a lifetime. Lifelong learning, learning on demand and interest in the Virtual University will increase as people want to fit education into their lifestyles.

Global learning – students are not content with a domestic US picture. Learning abroad programs are increasing. MSU is developing a facility management program that is geography- and time-independent that uses a variety of interactive technologies, and is online and supported 24 hours a day, 7 days a week. Some people will never be interested in online education, but those who are really love it. Students can learn in ways that best meet their needs – backwards, forwards.

*Thomas Kvan, University of Hong Kong*

Knowledge management is the extraction of knowledge out of individual experiences. Education gives people the advantage of this knowledge. Facility management will benefit from sharing this type of knowledge. The Virtual University brings this richness to the learning environment.

From the perspective of Asia, Hong Kong and Singapore compete ferociously on the issue of knowledge access. The strategy of Hong Kong is to build the largest bandwidth coming into China. Hong Kong is going into a knowledge world, with complete, open bandwidth to facilitate the transfer of information.

Combining wireless communication, large bandwidth, open access to knowledge will fundamentally change the way buildings are used, operated and managed. This is already occurring in universities. What has held back facility management is the inability to abstract knowledge.

Knowledge should be free. It is how it is used that makes the difference. Organizations should allow open access because it doesn't know where people will go and what they will accomplish once they have it.

*David Mosley, Reliant Energy – Electricity Issues for Facility Managers*

Electricity is absolutely going to change for the facility manager. Without electricity, all the things we depend on won't run. Electricity has traditionally been a line item in the budget that was basically not managed. This is changing today, for three reasons – deregulation is changing how electricity is purchased; reliability will become even more important as the cost of downtime increases; and energy efficiency has implications in managing costs.

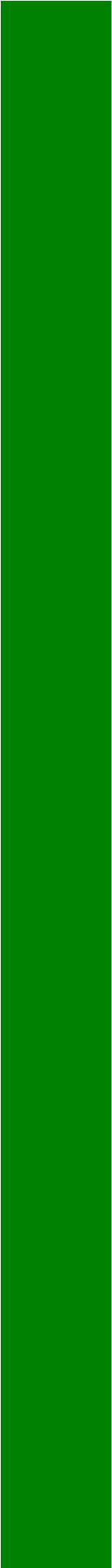
New issues in managing electricity are not only price, but contract term, risk and level of service. The facility manager will need to understand how electricity fits into the strategy of their business.

Customer buying criteria:

- Tolerance for risk
- Aggressiveness of commodity cost goals
- Business philosophy toward outsourcing
- In-house expertise
- Credibility of energy service companies
- Outsource facilities management to an energy company

To optimize energy usage, a company may want to outsource the buying and the facilities themselves so that one company can control both. Or aggregate their electricity buying to achieve economies of scale. On the other hand, a company with distributed operations will want to have electricity suppliers in each area, because it is very difficult for a national supplier to compete on the same economic basis in several areas.

The cost implications of losing power are staggering – data centers, communications, securities and commodities trading, e-business, call centers...facility managers must be able to evaluate the reliability of a power grid.



Energy efficiency: Energy companies are creating service opportunities so that companies can retrofit their facilities to increase energy efficiency. Energy information services are available over the Internet to provide the maximum advantage in buying power.