



Top trends in facilities management

2019 edition: How society,
demographics and technology
are changing the world of FM

CBRE

CONTENTS

Foreword	04
Top trends in FM: a summary	06
<hr/>	
Relationship foundations	
Suppliers of the future	08
Sustainable relationships	10
Supply chain as a strategic advantage	12
<hr/>	
Evolving contract models	
Simplicity	14
Future proofing and realism	16
<hr/>	
Technology – threats and opportunities	
Security management and asset protection	18
Transforming performance with technology	20
<hr/>	
Focus on people	
Attracting and retaining talent	22
The experience is everything	24
Green buildings	26
<hr/>	
Conclusion	28



Foreword

EMERGING PRESSURES – AND OPPORTUNITIES



The world of facilities management continues to change rapidly. In an industry where the main focus has historically been on cutting costs, our customers' priorities are increasingly focused around employee engagement and talent attraction and development when it comes to corporate real estate strategy. Customers are looking to us to add value and simplicity, rather than simply reduce spend.

Employee engagement, user experience, environmental sustainability, cyber security and advances in technology are front of mind. Customers are choosing providers based on their ability to go above and beyond the traditional scope of FM, and are also looking at the long-term stability of these providers, with good reason.

Since we released our first Top Trends in Facilities Management report in 2017, we've witnessed not only a shift in customer attitudes, but a change across the entire industry landscape. Several high-profile providers have struggled to cope with today's highly competitive market, and margin pressure has proved too much for some. It is clear that to be successful in today's industry, providers – like CBRE – must adapt their business models, work alongside clients, and develop partnerships which are mutually beneficial.

The challenge for today's FM professionals is to look at these trends as a whole, rather than in isolation. How can we take advantage of emerging technologies to enhance user experience and protect our customers from emerging security threats? How can we develop new contract models alongside our clients which benefit both parties? And how can we support clients to reduce their environmental impact while boosting their productivity?

On each page of this report, you will find one of our subject matter experts listed. Please don't hesitate to contact them if you'd like to discuss any of these topics further. I hope you find this report useful.

IAN ENTWISLE

CEO
Global Workplace Solutions, APAC/EMEA
ian.entwisle@cbre.com

TOP TRENDS IN FM: A SUMMARY

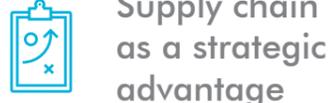
Relationship foundations



Suppliers of the future



Sustainable relationships



Supply chain as a strategic advantage

Outsourcing priorities are changing. Suppliers of the future will need to be more collaborative, forward-thinking and tech-savvy than ever before.

Future impact:

- Customers now expect industry leading technology solutions as standard
- The industry is moving away from purely transactional relationships, to true partnerships
- To be successful, suppliers of the future must think bigger than ever before, and look outside of their own FM industry

Challenging economic conditions have seen some suppliers struggle to survive. Customers are now looking to build long-term, sustainable relationships, rather than focusing on short-term gains.

Impact:

- Customers are carrying out more thorough due diligence processes
- Suppliers are collaborating with potential customers to co-solution contracts
- Both parties must benefit in order for it to become a long-lasting, sustainable contract

Conversations with supply partners are moving from how they can reduce cost to how they can add value.

Recommendations:

- Look for a provider whose supply chain can add value to your business – consider how well your business and theirs align
- Think beyond cost – consider how your provider’s supply chain can add value through innovation, sustainability and diversity initiatives and priorities

Evolving contract models



Simplicity



Future proofing and realism

Simplifying contract arrangements can benefit both parties, but require a platform of trust and transparency.

Impact:

- Simplicity in contract models rewards both clients and providers
- An increasing number of clients are looking for holistic solutions, where providers manage all real estate elements for maximum effectiveness

Clients no longer want facilities management services delivered in isolation. They want a long-term partner who can help them attract and retain talent, and showcase their brand both internally and externally.

Impact:

- Clients are increasingly focused on the way their partners work, and how they train, support and motivate their teams
- Providers must be prepared to work in new ways, including alongside competitors as required by their clients

Technology – threats and opportunities



Security management and asset protection



Transforming performance with technology

Security is evolving as a function, due to complex and ever-changing threats, and the evolution of the workplace.

Impact:

- Companies are looking for experts with experience in both physical and cyber security
- Flexible space, increasing amounts of data and new regulations are all having an impact on how security professionals manage today’s workplaces

70 percent of companies intend to raise their investment in real estate technology over the next few years.

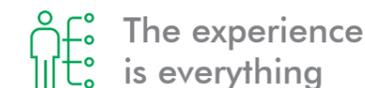
Impact:

- Companies want to connect experience with technology, understanding today’s tech solutions are enablers rather than solutions in themselves
- Connected buildings are producing huge amounts of data – but companies must critically analyse this in order to take action
- Integrated reporting, advanced analytics and AI are all helping people shift their focus from process-driven work, to value-adding work

Focus on people



Attracting and retaining talent



The experience is everything



Green buildings

Much has been made of the skills shortage facing today’s business. What does it mean for the FM industry and our customers?

Recommendations:

- Companies need to adapt for multiple generations in the workplace, from Baby Boomers to Generation Z
- Like our customers, the FM industry should focus on learning agility rather than just employee skills, to adapt for the future
- Companies must accept their role as corporate citizens and embrace employee diversity, alongside sustainability and ethical business

Companies engaged in the war for talent are increasingly focused on how their workplace experience can be used to attract and retain top employees.

Impact:

- Where it may not be possible to create a five-star experience across an entire portfolio, companies are segmenting and prioritising sites to focus on those which will see the greatest benefit
- Recruit experience professionals from diverse backgrounds, but make sure they all have one top priority: the experience of employees and visitors
- Partner with functions such as HR and IT to develop a fully integrated experience programme – it cannot be run in isolation

Owners and occupiers understand the impact their portfolio has on the environment, and are increasingly moving towards greener solutions.

Impact:

- Non domestic buildings account for nearly 20 percent of carbon emissions in the UK
- Companies are making a difference in three key areas: decarbonisation, decentralisation, and digitalisation
- Reducing environmental impact has a significant effect on brand and bottom line, and doesn’t need to cost a lot of money

Relationship foundations

SUPPLIERS OF THE FUTURE

Real estate and facilities management professionals are more collaborative, forward-thinking and tech-savvy than ever before. But is that what clients want?

According to John Maidment, President Sales APAC & EMEA at CBRE, the supplier of the future will have all of those qualities, and more.

How have clients' requirements changed in the past five years, and what will determine their priorities in the next five?

There are two major shifts. The first is in relation to technology. Businesses that took advantage of the latest and smartest solutions used to operate at the cutting edge, but now technology is integral to every organisation. As John explains: "Clients expect us to be able to gather, manage and utilise data for their benefit. The analysis and insight it enables is becoming our lifeblood." That means real estate and facilities management providers will lose customers if the solutions they provide aren't industry leading.

The second significant development is the emphasis clients are placing on sustainability. Companies, regardless of their size and sector, are realising they can do more to protect our planet and the way providers work with other organisations to do that, whether it's their clients or their supply partners, is becoming increasingly important. And that's for several reasons, says John. "Firstly, because it's the right thing to do and also because the way we respond to this urgent need for action has an impact on our ability to attract the talent of the future to our industries. Decisions taken in the short-to-medium term will have a significant impact on a company's brand, their success, and the wider industry."

In the future, will clients define value in the same way?

Clients are looking for different things from their providers now. Facilities management professionals can add value by helping clients improve the efficiency, sustainability and appeal of their workspaces. But they also need to take a more integrated approach that enables them to work together with their clients to add value. According to John, "The industry is moving away from purely transactional relationships."

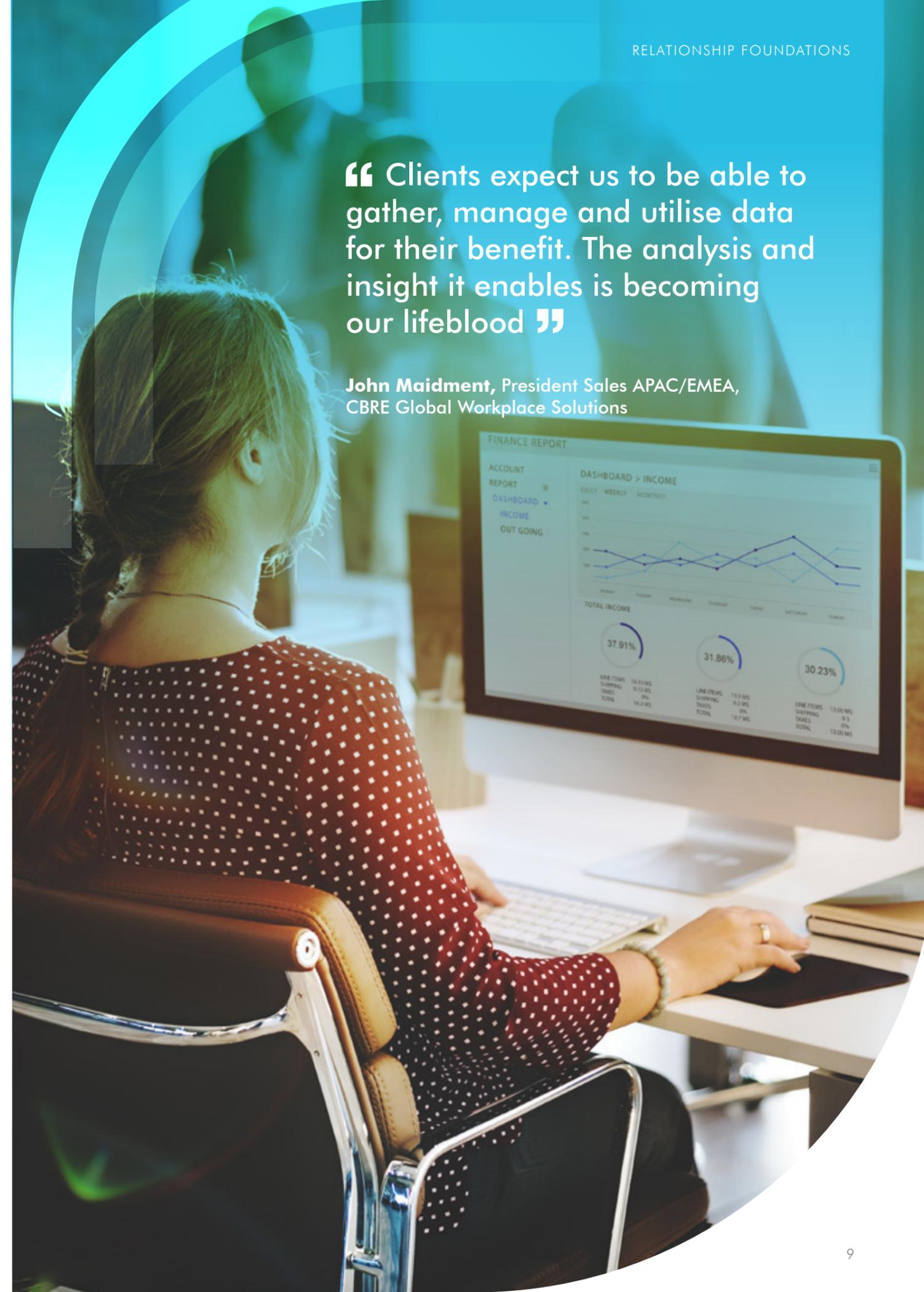
Clients are also looking for diversity within teams, and for providers who will challenge assumptions and come up with new ideas to improve the service they offer. Their organisations and the environment they operate in are constantly changing, so the provider's approach needs to evolve too.

Are the solutions facilities management professionals offer likely to be different?

To be successful, providers need to think even bigger than before. That may mean looking outside facilities management to be able to achieve the benefits clients are looking for. "For example, we're having more conversations about the total cost of ownership; this relates to the entire property portfolio, and includes everything from FM to leases, to rates and energy," explains John. "We're also discussing their occupancy. This is particularly relevant to businesses that have grown through acquisition and have recently right-sized their operations."

“ Clients expect us to be able to gather, manage and utilise data for their benefit. The analysis and insight it enables is becoming our lifeblood ”

John Maidment, President Sales APAC/EMEA, CBRE Global Workplace Solutions



CONTACT

John Maidment

President Sales APAC/EMEA
CBRE Global Workplace Solutions
john.maidment@cbre.com

Relationship foundations



SUSTAINABLE RELATIONSHIPS

It has, undoubtedly, been tough for companies in the UK in recent years. Challenging economic conditions have meant organisations, from some of the largest to the smallest, have struggled to survive.

For the leaders that have been able to manage the ups and downs, some have still needed to re-think their approach to outsourcing. An increasing number are now seeking to build sustainable relationships instead of focusing on short-term gains.

This is being demonstrated through:

More robust procurement practices

Organisations are investing more in the tendering process. They're increasingly concerned about a supplier's track record, and their financial stability and management. Do they have a strong balance sheet? Are they profitable? Do they pay their suppliers on time? Can they invest in their teams?

Neil Johnson, Managing Director, explains further: *"We're having different conversations with potential clients now. And that's because procurement teams are changing the way they think about value and risk. In the past, some companies focused solely on driving down costs and transferring risk to the supplier. Now, we know that approach isn't sustainable."*

A collaborative approach

Companies are also changing the way they work with potential providers. Neil says: *"We've spent as long as 12 months working collaboratively with organisations to understand their challenges and discuss possible solutions before being appointed as their facilities management partner. All organisations are trying to navigate difficult market conditions so they know they have to approach the procurement process intelligently."* That means they're taking their time and getting to know providers through, for example, dialogue days. If they don't, they risk ending up with the wrong partner and receiving poor service.

A more equal partnership

Increasingly, that due diligence is going both ways, according to Neil. More providers are deciding that if a potential client isn't viable in the medium or long-term they'll proceed with caution or consider not moving forward at all. *"Sometimes the strength of a company is in being able to walk away when you know something's not right,"* he says.

Better balance

If a relationship is going to be successful in the long term, all parties involved need to feel like they're benefiting from it. *"That's the key to sustainability and the contract should reflect that ambition to create fairness,"* says Neil. *"There has to be a way of incentivising a supplier so they strive to save you money and deliver outstanding service, and ensuring the penalties for underperforming are a deterrent but don't damage a company."*

Seeing the bigger picture

There's a difference between being a supplier and being a partner. When a client is under pressure to minimise expenditure, providers have to be able to work with them to make savings. In a rapidly evolving business environment like the one companies are currently operating in that means taking a more holistic approach and looking outside of the contract to the wider real estate portfolio. The required changes can't always be made within FM.

“ Sometimes the strength of a company is in being able to walk away when you know something's not right **”**

Neil Johnson, Managing Director, CBRE Global Workplace Solutions

CONTACT

Neil Johnson
Managing Director, National Accounts
CBRE Global Workplace Solutions
neil.johnson2@cbre.com

Relationship foundations

SUPPLY CHAIN AS A STRATEGIC ADVANTAGE

Your supply chain can go one of two ways, according to Kerry-Anne Dilley, Regional Supply Chain Director: it can either add another layer of complexity to your organisation and be a cause of constant concern, or help you build a competitive advantage.

A decade ago, conversations about the supply chain were dominated by cost. But now, clients are starting to ask their outsourcing partners what value their suppliers can add. A provider's supply chain can help build strategic advantage through:

Finding the right supply partner

It's vital to choose a partner with the capabilities and experience required to deliver best-in-class service but as Kerry-Anne explains, that's still not a one-size-fits-all approach. "We look for supply partners whose interests and way of working are aligned with our clients'," she says. "And our clients' needs change depending on their industry, geography or culture."

In addition, the marketplace is evolving and clients are looking for different things from their partners. According to Kerry-Anne: "Cost used to feature prominently in any conversation but now they want to know what value a supplier can add. A supplier's track record on, for example, wellness and sustainability, have become increasingly important."

“ There's a lot to gain from spending time understanding your supply partners' organisations and how they complement your own ”

Kerry-Anne Dilley, Regional Supply Chain Director, CBRE Global Workplace Solutions

A relationship-based approach

More organisations are focusing on establishing long-term, mutually beneficial relationships with their supply partners, or as Kerry-Anne says, "Partnering for sustained and mutual value." That means having strong relationships, shared agendas and confidence in your combined delivery. "There's a lot to gain from spending time understanding your supply partners' organisations and how they complement your own."

For facilities management providers, it also involves paying suppliers on time, at an appropriate rate and supporting smaller businesses to help them to grow alongside you.

Technology as an enabler

Advanced technology and real-time data analytics are helping suppliers report on progress and provide up-to-the-minute information to clients to inform their decision making. It can also make processes such as vetting and onboarding suppliers quicker and easier.

A commitment to diversity

There is an increasing need for providers to demonstrate that their supply chain appropriately reflects our communities by including a diverse range of businesses.

As Malcolm Harrison, group CEO of the Chartered Institute of Procurement & Supply said in a recent article¹: "Diverse suppliers can bring innovation as well as profit to an organisation, along with socio economic benefits to the wider communities. They are by their very nature smaller, more flexible and agile. This is the perfect environment for incubating innovative ideas that businesses can deliver to market quickly." By working with both large corporations and SMEs, CBRE can leverage diversity within its supply chain to best benefit customers. "If a client is required to use local or diverse suppliers, we can provide that solution for them," says Kerry-Anne.

Encouraging innovation

CBRE is unlocking innovation within its supply chain through its Dragon's Den style event, called The Great Idea. Suppliers have the chance to pitch their ideas, whether technology, people or process related, to a panel of experts. Winners' ideas are showcased across CBRE and implemented across contracts.

But the event doesn't just demonstrate fresh thinking. "You can only encourage innovation when you have strong partnerships," says Kerry-Anne.



More sustainable solutions

Sustainability is quickly becoming one of our clients' biggest concerns in relation to the supply chain; that's backed by a recent survey that showed that 60 percent of businesses take sustainability as seriously as economic performance².

It's also one of CBRE's top priorities. According to Kerry-Anne: "We can help our clients achieve their sustainability goals by the choices we make together with our supply chain, and that means we're all making a fundamental difference to the world."

CONTACT

Kerry-Anne Dilley
Regional Supply Chain Director, EMEA
CBRE Global Workplace Solutions
kerry-anne.dilley@cbre.com

Evolving contract models

SIMPLICITY

In recent years, several industry giants and well-known brands have found it hard to navigate the challenging business environment. For some, it's been difficult to strike the right balance between risk and reward. So how will this instability change the way we work in the years to come?

Sustainable commercial models

According to Tom O'Connor, Vice President of Client Solutions, the turmoil in the market has led to attempts to create commercial models that benefit both the client and the provider. "It's about sustainable and long-term partnerships and an equitable balance of risk and reward," he says. "When that balance isn't right neither party achieves the outcomes they require. So that means clients and providers have to work together to agree the underlying principles that contribute to a fair deal."

Rather than following the traditional request for proposal (RFP) process, providers are increasingly co-solutioning

contracts alongside clients, agreeing outcomes and performance measures which benefit both parties.

Simple contracts

There is also a need to simplify complex contract arrangements, to everyone's benefit. That includes clearly setting out what is being delivered and how performance will be measured. "The whole team, from the most senior manager to the newest recruit, needs to understand the contract, their role in it, and what success looks like" says Tom. "Then they can focus on fulfilling those requirements and doing great work. The more complicated the contract, the more time and money you have to spend on managing it."

The right behaviours

But complexity can only be removed from a contract if the relationship between the parties is built on openness and transparency. According to Tom: "If you establish a positive environment, that good intent flows through to the entire team and drives the right behaviours."

Simplicity rewards clients and providers, he says: "Providers deliver a better service when there is a simple, collaboratively built commercial model. It also enables clients to benefit from a leaner, more efficient and more productive operating environment."

Total Cost of Occupancy: A holistic approach to real estate outsourcing

An increasing number of clients are seeking newer, more innovative ways of optimising their real estate portfolio, organisation and operations. CBRE has responded by developing a Total Cost of Occupancy (TCO) model, combining all aspects that impact a typical real estate budget, such as people, utilities, leases, depreciation, FM spend and capital projects, leveraging a global platform to create holistic cost reduction programmes.

TCO is an outcome-based model that is underpinned by a robust governance framework. It is a clear pathway, which, by integrating multiple service lines, allows CBRE to deliver real and tangible savings for customers.

CONTACT

Tom O'Connor
Vice President, Client Solutions
UK & Ireland
CBRE Global Workplace Solutions
tom.oconnor@cbre.com



“ Providers deliver a better service when there is a simple, collaboratively built commercial model. It also enables clients to benefit from a leaner, more efficient and more productive operating environment ”

Tom O'Connor, Vice President – Client Solutions,
CBRE Global Workplace Solutions

Evolving contract models

FUTURE PROOFING AND REALISM

Our workplaces are evolving and employers are trying to navigate their way through change. That means they're asking their facilities management providers to look to the future too, as Vince Connolly, Head of Client Care, explains.

Collaboration and partnership

Employees' expectations are changing. Clients are saying that a growing number of their people want providers to enhance their experience of the working environment rather than only focus on the physical assets. And that has significant implications for service providers. "Clients aren't looking for a company to just paint the walls or manage the reception desk," says Vince. "They want a partner to help them create experiential solutions so they can attract new talent, and retain and delight their existing team. Ultimately, they want us to help them showcase their brand and values."

That may involve enabling a shift towards more personalised services or bringing a client's vision to life through its social responsibility initiatives. But there's also an important underlying principle that clients are increasingly relying on – partnership. "Clients don't want to pay for a service to be delivered in isolation," says Vince. "They want to develop long-term and collaborative relationships that both parties benefit from."

According to research by Frost & Sullivan, collaboration and partnership are increasingly important for companies trying to maintain a competitive edge. In its recent report, Growth Opportunities in the UK Facility Management Market, Forecast to 2025, it states, "The pace of change in the market is faster than suppliers have ever seen and collaboration is key to avoiding being left behind³."

Transparency

There's also a greater focus on the behaviours that good partners demonstrate, for example, openness and transparency. According to Vince, the value of transparency is immeasurable. "It's like a currency," he explains. "Clients want to understand the way their service providers work. What processes, systems, training and communication channels have they put in place and how they support and motivate their teams?"

They're also interested in how they can learn from providers' best practice, for example, their development programmes and, in some cases, how they can benefit from their experience and scale. Equally, they expect that willingness to improve to go both ways. Feedback, including from independent mechanisms, is increasingly valued.

“ The value of transparency is immeasurable. It's like a currency ”

Vince Connolly, Head of Client Care, EMEA, CBRE Global Workplace Solutions

Engagement

To help clients thrive in this new world, supply chain partners should be aligned with their needs, as Vince explains. "Suppliers are an extension of a service provider's team, so they need to be as reactive, as trained, as qualified, as dynamic and as passionate as the provider is." They must also be prepared to work in a new way. In the past, competitors wouldn't have collaborated on the same project but now, they may be called on if it provides strength or resilience; for example, if geography or the availability of plant or equipment means this collaboration is the best way to offer a solution to a client.

CONTACT

Vince Connolly
Head of Client Care, EMEA
CBRE Global Workplace Solutions
vince.connolly@cbre.com

Technology – threats and opportunities

SECURITY MANAGEMENT & ASSET PROTECTION

Security is often considered to be an extra cost that businesses must incur if they want to keep their people, information and infrastructure safe. But is that really the extent of it? Here are five ways the function is evolving and can even add value to a client's organisation.

But first, what does 'security' really mean?

"Until now, the answer to the question may have varied depending on who you asked and whether they specialised in physical or cyber security," says Iain Murphy, Corporate Security Director and Global Security Consultancy Practice Lead. "But the two disciplines are rapidly converging and when we recruit security experts we're looking for someone who has qualifications and experience in both."

The reason for this is the threats to organisations are complex, persistent and always evolving. They may be strategic threats such as organised crime or espionage, or more operational, such as theft or fraud. But in all cases, they can have an impact on our real and digital worlds.

And it's not just the threats that are evolving. Our workplaces are transforming too. We've outlined five key developments below and what they mean for security professionals.

1. More flexible spaces

In many buildings, there is a clear line dividing private and public spaces. It's usually a physical barrier, for example, a turnstile or doors that unlock when you swipe your identification. But an increasing number of companies are now opening their facilities to other organisations or even the community. People from outside the business can access the onsite gyms and cafés, or under-utilised floor space is being sub-let to other firms. And importantly, clients are looking to their security professionals to enable that change, as Iain explains: "The workplace is currently being reimagined. Security teams have to come up with innovative approaches which enable that transformation instead of focusing on the way we've done things in the past."

"The workplace is currently being reimagined. Security teams have to come up with innovative approaches which enable that transformation instead of focusing on the way we've done things in the past"

Iain Murphy, Global Security Practice Lead, CBRE Global Workplace Solutions

2. Data-driven decision making

Rapid advances in technology are enabling security teams to add more value to the organisation. For example, they can use artificial intelligence (AI) to enhance their understanding of a building and the way space is used. They can quickly analyse the information received from cameras and Internet of Things (IoT) devices to check temperatures, work patterns or cleaning schedules and use that to inform decisions about optimising space and efficiency. They could also track VIPs as they move through the building to enhance their experience.

the company maintains its compliance with industry standards such as ISO27001. Clients are asking:

- Do we have the right processes in place?
- Are we working with the right partners?
- Are we retaining information for long enough?
- Are we disposing of information in the correct way?

4. Shared values

"When we're identifying our security partners we're increasingly being asked if they share our clients' values," explains Iain. "It's not enough to ensure teams are licensed, insured and reputable. They're an extension of an in-house team and their approach needs to reflect the client's commitment to sustainability and diversity, as examples."

3. Compliance and assurance

More clients are asking security teams to help them comply with new data legislation or demonstrate best practice in information management and assurance. Examples include meeting the requirements of the General Data Protection Regulation (GDPR) or ensuring

5. Increased reliance on external resources

Many organisations are under pressure to do more with less and for that reason more security services are being outsourced. Suppliers are being called on to act as trusted advisors and help companies manage their risks and protect their assets and reputation. According to Iain, "The likelihood of a security breach increases if you don't have the appropriate measures in place. For that reason, clients are asking us to help them identify and mitigate risks to their organisation as part of our integrated facilities management services."

Automation is also starting to gain more traction within the security space. Technology is becoming cheaper and easier to integrate across global markets. We'll see continued growth in advanced analytics and AI which will help mitigate security risks and enable organisations to better protect their assets.

CONTACT

Iain Murphy,
Corporate Security Director and
Global Security Practice Lead
CBRE Global Workplace Solutions
iain.murphy@cbre.com



Technology – threats and opportunities

TRANSFORMING PERFORMANCE WITH TECHNOLOGY

Our workplaces are being transformed by technology. It's changing how we operate our buildings, allocate space, and even how we interact with each other.

According to CBRE's 2019 EMEA Occupier Survey⁴, 70 percent of companies intend to raise their level of investment in real estate technology over the next few years. But where are they focusing their attention?

1. Connecting experience with technology

Alex Rose, Senior Director of Digital Product Sales, says more companies are using technology to enhance people's experience of their workspace, with the overarching aim to help attract and retain talent. But what makes some of the new platforms interesting is that they are enablers, not solutions in themselves. *"Technology in this sense provides a platform to connect people to their environment, amenities and each other by making it easy for them to book a meeting room, coordinate community events, or order a coffee for example,"* Alex explains. *"But technology isn't driving the experience. It's helping FM professionals focus their attention on what matters most; that is, providing outstanding customer service and creating a sense of community."*

CBRE's Host product is an example of this people-centric approach. Referred to as an experience platform by the Host team, it's a combination of highly skilled front-of-house teams and customer service training and certification, which are underpinned by a powerful technology platform.

2. Connected buildings

Again, we're seeing that the end user experience is central to the conversation around smart/connected buildings.

The Internet of Things (IoT) – all of the devices connected to the internet – is growing rapidly. Some predict there will be more than 40 billion connected devices by 2025⁵. That means organisations need to know what to do with the data generated by a potentially vast network of systems and inputs in their buildings.

CONTACT

Alex Rose
Senior Director,
Digital Product Sales
CBRE EMEA
alexandra.rose@cbre.com

“...technology isn't driving the experience. It's helping FM professionals focus their attention on what matters most; that is, providing outstanding customer service and creating a sense of community”

**Alex Rose, Senior Director,
Digital Product Sales EMEA, CBRE**

Companies are already utilising technology to monitor and control building systems and improve efficiency, in an effort to drive sustainability and reduce operating costs. CBRE has found that more than 80 percent of offices' requirements are currently controlled by building management systems⁶ (BMS). But now buildings are under pressure to become even better connected in a race to drive healthy, happy and productive workplaces in the war for talent. Making sure clients are thinking critically about how they will action the data derived from occupancy sensors or indoor air quality metrics is just as important as gathering it in the first place, and is critical to success.

"Some clients are further along than others in creating connected environments that are healthy, smart and integrated," says Alex. *"But nearly all are thinking about it, as the demand for this type of working environment isn't going anywhere."*

3. Artificial intelligence and machine learning

Eighty-three percent of respondents to CBRE's 2019 EMEA Occupier Survey ranked artificial intelligence (AI) and machine learning (ML) in their top three technology concerns (followed by the IoT and Robotic Process Automation)⁷. But to maximise the benefits of these technologies companies must have robust data that AI and ML can learn from; to enable, for example, predictive analytics. *"AI and ML can help us derive greater meaning from data,"* says Alex. *"By automating business processes that are systematic, we can spend more of our human intelligence on actioning that data rather than gathering it."*

Building optimisation platforms are a good example of this, with the ability to take energy data from spreadsheets and into dashboards straight from the BMS. This allows facility managers

and building consultants to proactively action anomalies found during daily building operations in order to optimise performance and provide a healthier and more sustainable building.

4. Reporting integration and advanced analytics

Many organisations understand that they need to get the basics right in order to build real strategies around data. In this sense, nearly all clients are on some data journey, and those who are demanding advanced analytics and reporting integration understand that *"technology, and automation in particular, is replacing process,"* says Alex. *"And that means people can now shift their attention to the work that adds the most value."*



Focus on people

★ ATTRACTING AND RETAINING TALENT

Much has been made of the skills shortage facing today's businesses. Research by leading consultancy firm Deloitte estimates that over the next 10 to 20 years, 35 percent of the UK's jobs are at high risk of automation⁸.

This doesn't mean robots are set to take over the working world; robotics and automation will augment rather than replace humans, leading to opportunities for more creative and skilled roles. With this change, companies will need a more agile workforce, who are able to work and adapt more quickly than ever before.

CBRE's 2019 EMEA Occupier Survey reported that over a third of companies see labour and skills shortages as a key strategic challenge – double that of the previous year⁹. The war for talent is seeing many companies take active steps to attract and retain today's and tomorrow's knowledge workers (see our chapter The Experience is Everything for more on how they are doing this).

Companies across all sectors must adapt their workplaces and cultures for the future; but what does today's talent challenge mean for the FM industry?

Developing the future workforce

"We are facing the same challenges as our customers," explains Lisa White, Head of People. "Companies like ours need to invest in their people and support them in upskilling for the future."

"CBRE is focused on retaining talent through the delivery of clear career pathways and learning and development opportunities to ensure people are engaged and prepared for future challenges."

She adds: "Today's companies must understand the changing and differing demands of their people – they can no longer offer 'one size fits all'."

Increasing diversity in the workplace

Today's workforce is made up of four distinct generations:

- Baby Boomers – born between 1946 and 1964
- Generation X – born between 1965 and 1976
- Generation Y, or Millennials – born between 1977 and 1997
- Generation Z – born after 1997

This combination of generations brings unique challenges, not least because employee requirements change with different life stages. Baby boomers are retiring and may be looking for more flexible work options as they prepare to do so, and the FM industry is struggling to attract Generation Z. Young, digital-savvy talent don't necessarily

view FM as an attractive career path, especially compared to tech companies and their office perks. Company culture is particularly important to young workers. Forbes estimates that, "on average, millennials would be willing to give up \$7,600 in salary every year to work at a job that provided a better environment for them"¹⁰. FM providers must acknowledge the influence their culture and image has on attracting this new generation.

"Younger generations don't necessarily consider FM as a career option, but they are crucial to the future success of the industry," says Lisa. "Due to the shortage of young people pursuing careers in STEM, we are broadening our talent pipeline and taking on an increasing number of apprentices. We also assess for key behaviours including learning agility – if we recruit a workforce which is highly adaptable and projects the right behaviours, we can continuously upskill them for a changing environment."

Hays' 2019 Salary Report emphasises the importance of behaviours alongside specialist skills; within the property industry, employers rank communications, problem-solving and interpersonal skills as key shortage areas which are already impacting productivity¹¹.

CONTACT

Lisa White

Vice President, People, EMEA
CBRE Global Workplace Solutions
lisa.white@cbre.com

Demonstrating corporate citizenship

Companies are under increasing pressure to act as good corporate citizens. Whether mandated or voluntary, companies are more readily reporting their performance across sustainability, ethics and diversity.

As part of the tendering process, customers are requesting information on the diversity, inclusion and retention of their FM partners; they expect both their partners and supply chain to reflect the diversity of society and of their customers. For the most part, suppliers are relishing this opportunity.

"As an example, we are seeing an increasing number of women joining FM, which has traditionally been a male-dominated industry," explains Lisa. "There is a rise in women focussed FM networking groups and professional development programmes – and legislation like Gender Pay Gap reporting has renewed the focus on diversity and inclusion, and is encouraging companies to take active steps towards improving the diversity of their workforce."

“...if we recruit a workforce which is highly adaptable and projects the right behaviours, we can continuously upskill them for a changing environment”

Lisa White, Vice President, People,
CBRE Global Workplace Solutions

“What we’re seeing is that the initiatives that lead to moments of delight aren’t necessarily big and expensive. It’s about empowering the people who are responsible for creating a great impression”

Kate Rich, Associate Director, Workplace, CBRE

Focus on people



THE EXPERIENCE IS EVERYTHING

Companies vying to be an employer of choice need to think beyond traditional attraction and retention strategies. CBRE’s 2019 EMEA Occupier Survey¹² highlighted the importance of real estate to the search for top talent and identified user experience (UX) as one of four major levers through which organisations are trying to appeal to prospective employees.

The survey found that just over a third of companies (37 percent) have a UX strategy or plan to introduce one but of those that do, 63 percent view it as a key competitive advantage.

Organisations that are enhancing the value of their workplace have a clear vision of what a good experience looks and feels like, and are focusing their attention on:

Understanding who they are designing an experience for

Instead of trying to guess what employees and visitors want, forward-thinking firms are conducting user research, says Kate Rich, Associate Director of Workplace.

“It may sound obvious, though it’s surprising how often this valuable step is missed. Focus groups or interviews help you understand users’ highest priorities, as well as what’s negatively impacting their experience today,” she explains. “Armed with that knowledge you can deliver ‘quick wins’ and create meaningful user profiles that reflect the diverse range of people, perspectives, and preferences you need to cater for. Investing intelligently in this step ultimately helps you scale your experience programme and achieve benefits more quickly.”

Real estate and FM professionals are increasingly working with functional partners such as IT and HR.

“An individual’s experience in the workplace is shaped by more than just the physical space and facilities, so it’s important we partner with all those who impact the experience.”

For many companies, delivering a five-star experience at all locations, immediately, is unrealistic. Additionally, the elements that constitute a five-star experience may vary between office sites, warehouses, and labs, for example. To account for this, an increasing number of organisations are segmenting their portfolio to help focus initial efforts at sites where they’ll see the greatest benefit.

Delivering a consistently good experience – evolving the offer

As employee experience improves and new initiatives are embedded, a new baseline is established, setting higher expectations. This means employers must focus on constantly evolving the experience offer, though that doesn’t have to mean significant ongoing expenditure.

Kate explains: *“What we’re seeing is that initiatives that lead to moments of delight aren’t necessarily big and expensive. Often, it’s seemingly small things that have the biggest impact. It’s about empowering the people who interact with employees and visitors – those who can make or break the experience – to view things from the users’ perspective; to think creatively about what will make a positive difference; to follow their instincts and act with empathy.”*

Such moments might happen with front of house, catering or technology support teams. *“Imagine you walk into the office drenched from the rain, and the concierge hands you a towel and guides you to the bathrooms – these small touches can have a lasting impact,”* says Kate.

Measuring success

Importantly, successful user experience programmes are sponsored by company leaders and have appropriate structure and governance in place. They’re also underpinned by key performance indicators (KPIs) that focus on experience outcomes rather than more tactical metrics, with feedback gathered from users through snap surveys, focus groups and more formal indices.

Turning feedback into actionable insights is vital to success – creating visualisations that make large data sets understandable, and sharing results with employees are other crucial steps that companies are taking.

What does an increased focus on user experience mean for the industry?

According to Kate, real estate and FM professionals are increasingly being hired for a broader range of skills and experience. *“We’re recruiting people from diverse professional backgrounds who have a particular mindset,”* she says, *“that is, they put the experience of employees and visitors first.”*

CONTACT

Kate Rich
Associate Director, Workplace
CBRE EMEA
kate.rich@cbre.com

Focus on people



GREEN BUILDINGS

The owners and occupiers of office buildings and industrial facilities have an important role to play in addressing the climate crisis. In the UK, non-domestic buildings account for nearly 20 percent of carbon emissions¹³.



Fortunately, says Joe Gomez, Head of Energy & Sustainability, more and more clients are moving towards greener solutions. They're making a difference in three key areas:

1. Decarbonisation

Organisations are gradually moving away from fossil-fuels to more renewable energy sources. They're doing this with the help of corporate renewable power purchase agreements (PPAs)¹⁴, which provide a steady flow of energy from renewable sources to buyers, usually as part of a set and long-term agreement. They're also benefiting from tracking programmes, such as the Green Gas Certification Scheme¹⁵, which encourages businesses to choose greener alternatives because it offers certainty over the claims being made by bio methane or 'green gas' suppliers regarding its benefits.

Importantly, decision makers at all levels are engaging in conversations about the switch. Some boards are even following the Government's lead and committing to net zero targets¹⁶. "The question is, how do you ensure you reach the goals you've set?" asks Joe. "We're encouraging our clients to base their projections on science. For example, the Science Based Targets¹⁷ initiative enables organisations to set targets that are stretching but realistic."

“ There may be organisations that think they can't afford to move towards more sustainable ways of working but I say you can't afford not to ”

**Joe Gomez, Head of Energy & Sustainability, EMEA
CBRE Global Workplace Solutions**

2. Decentralisation

Some clients are helping to reduce the pressure on our energy networks by taking part in initiatives like demand side response, which enables them to limit electricity use when there is stress on the grid and carry out energy-hungry tasks when there's capacity.

Larger companies are generating their own electricity through micro combined heat and power (CHP) systems, which can save them around 20 percent on their energy bills and reduce carbon emissions by up to 30 percent¹⁸, or through on-site solar and wind generation. They maintain their connections to the grid to safeguard supply.

3. Digitalisation

Organisations are also saving time and money through digitalisation. Traditionally, facilities management teams have spent significant amounts of time trying to identify problems before they impact on a client's business. But now, technology enables us to gather real-time data on assets and analyse it, which improves the speed and efficiency of our response. Joe explains: "Service providers used to spend 80 percent of their time tracking down the problem and 20 percent actually fixing it. Now we can use technology, including artificial intelligence, to reverse that."

That results in less downtime, lower energy use and reduced waste. "Often, assets consume more energy when they're close to failure," says Joe. "They have to work harder to maintain basic functionality."

In addition to these three main developments, organisations are also greening their buildings through:

Waste management: for example, reducing or eliminating single-use plastics in their buildings.

Building controls: real-time occupancy monitoring, which enables an organisation to adjust heating, cooling or lighting levels based on occupant requirements rather than forecasts.

Reducing energy use: simple, low-cost measures which help organisations reduce energy wastage, saving money and helping the environment. "We have identified more than 100 low-cost or no-cost energy saving solutions, which we share with our clients," says Joe.

"Reducing your impact on the environment has implications for your brand and the bottom line," says Joe. "There may be organisations that think they can't afford to move towards more sustainable ways of working but I say you can't afford not to."

CONTACT

Joe Gomez
Head of Energy &
Sustainability, EMEA
CBRE Global Workplace Solutions
joe.gomez@cbre.com

Conclusion

FURTHER OPPORTUNITIES EMERGING IN FM

In a rapidly changing industry, FM providers, professionals and customers are seizing new opportunities to add value across the entire real estate portfolio.

With employee engagement, sustainability and diversity increasingly top of mind for today's businesses, FM providers are working in partnership with customers to help them achieve these corporate goals. Together, they are embracing emerging technologies and addressing the security issues today's connected world is bringing.

In the wake of a challenging time for a number of providers, long-term, sustainable, mutually beneficial partnerships are emerging, where parties work together to co-solution contracts and ensure ongoing success. Trust, transparency and simplicity lie at the heart of these relationships.

This report has touched on just some of the trends including FM. The future is exciting, and we look forward to embracing these and other changes facing our industry.



REFERENCES

Footnotes

- 1 <https://www.cips.org/en-GB/supply-management/news/2019/march/how-diverse-suppliers-bring-value-to-your-business/>
- 2 <https://www2.illamasoft.com/Sustainability:TheMissingLink-NA>
- 3 Growth Opportunities in the UK Facility Management Market, Forecast to 2025, 2019
- 4 CBRE EMEA Occupier Survey, 2019
- 5 <https://www.zdnet.com/article/iot-devices-to-generate-79-4zb-of-data-in-2025-says-idc/>
- 6 <https://tech.cbre.com/needs/a-smart-approach/>
- 7 CBRE EMEA Occupier Survey, 2019
- 8 <http://www2.deloitte.com/uk/en/pages/growth/articles/agiletown-the-relentless-march-of-technology-and-londonsresponse.html>
- 9 CBRE EMEA Occupier Survey, 2019
- 10 <https://www.forbes.com/sites/larryalton/2017/06/20/how-millennials-are-reshaping-whats-important-in-corporate-culture/>
- 11 Hays Salary & Recruiting Trends 2020 guide, 2019
- 12 CBRE EMEA Occupier Survey, 2019
- 13 <https://www.theccc.org.uk/publication/reducing-uk-emissions-2018-progress-report-to-parliament/>
- 14 <https://www.wbcsd.org/Programs/Climate-and-Energy/Energy/REscale/Corporate-renewable-power-purchase-agreements-PPAs>
- 15 <https://www.greengas.org.uk/>
- 16 <https://www.gov.uk/government/news/uk-becomes-first-major-economy-to-pass-net-zero-emissions-law>
- 17 <https://sciencebasedtargets.org/>
- 18 <https://www.gov.uk/guidance/combined-heat-and-power>

About Global Workplace Solutions

Global Workplace Solutions (GWS) is redefining 'workplace' because we believe every place of work can become a competitive advantage for our clients.

Productivity, reliability, engagement, quality, brand – the workplace contributes to business results, whether it's an office, a retail outlet, a laboratory, a data centre, a manufacturing environment or a virtual location.

GWS is a division of CBRE which provides integrated solutions across large multi-discipline property portfolios for occupiers, helping them turn their real estate into real advantage.

We support predominantly corporate clients who buy services on a contracted basis all across Europe, the Middle East and Africa – even globally depending on their portfolio.

CBRE Disclaimer 2019

CBRE Limited confirms that information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt their accuracy, we have not verified them and make no guarantee, warranty or representation about them. It is your responsibility to confirm independently their accuracy and completeness. This information is presented exclusively for use by CBRE clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of the CBRE Global Chief Economist.

To learn more about CBRE Research, or to access additional research reports, please visit the Global Research Gateway at: cbre.com/researchgateway

For more information please contact:

John Maidment

President, Sales, APAC/EMEA
CBRE Global Workplace Solutions, EMEA
john.maidment@cbre.com

Tom O'Connor

Vice President Client Solutions, UK & Ireland
CBRE Global Workplace Solutions, EMEA
tom.oconnor@cbre.com