

FM6.01

Strategic Facilities Management Sample Workbook

ABOUT THIS SAMPLE

What's included

This sample workbook is designed to give you a flavour of what to expect when studying with the Xenon Group for an IWFM Level 6 Qualification in facilities management.

The sample is taken from one of the key units of the IWFM Level 6 course - FM6.01 - Strategic Facilities Management. This is a mandatory unit for all versions of the Level 6 qualification - Award, Certificate and Diploma - so if you enrol on a course you are guaranteed to be studying this content.

Each unit of the course has its own dedicated workbook like this one, so the depth of knowledge you will gain is thorough and comprehensive.

We've included part 1 of this workbook in its entirety, along with the unit introduction and guidance on how best to use the book.

You'll see from the page of contents that there's plenty more covered by this unit beyond what's included in this sample. All of the different sections have been mapped against the learning outcomes and assessment criteria for the qualification, so when it comes to your assessments, you'll have a logical, structured base of information to refer to.

What else is included in the course?

As well as a dedicated workbook, each unit also has a pre-recorded webinar. These webinars cover similar information to that found in the workbooks, but offer an alternative method of consuming the information on offer.

Alongside the course content, we also offer comprehensive support on the assessments that you'll need to complete in order to successfully complete your qualification.

- > You'll have access to detailed guidance notes for each assessment which help you to plan and structure your coursework assignments.
- > You'll have a personal tutor who can be contacted for help and guidance with your assessment or any other aspect of the course.
- > You'll have access to a huge library of additional resources which can help put some context around the concepts you are learning.
- > You'll be able to post on our dedicated online forums, allowing you to access additional support from your fellow students.

Next Steps

For more information about our IWFM Qualifications, you can call us on [0330 912 5400](tel:0330 912 5400) or e-mail clare.gairn@xenongroup.co.uk.

To enrol on a course and get started, visit www.xenongroup.co.uk/enrolment

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INTRODUCTION

IWFM Level 6 Qualifications

IWFM Level 6 qualifications in Facilities Management focus on developing strategic skills and knowledge so that you can make and deliver plans that underpin substantial change or development while exercising broad autonomy. It will help you to develop your strategic skills and knowledge if you work in or aspire to work in a senior position.

You are likely to be working at senior level and responsible for

- > Strategic review and development of facilities management service provision
- > Corporate governance and risk
- > Driving innovation and change
- > Financial performance
- > Corporate responsibility and sustainability
- > Property and procurement strategy

This workbook

Purpose

FM6.01 is a mandatory unit for the Level 6 Award, Certificate and Diploma in Facilities Management. The course is about developing your skills and knowledge as a Senior Facilities Manager and being able to apply those skills to the work environment. It is designed to equip you with the knowledge you need to plan and oversee facilities services at a strategic level.

Our ultimate hope is that providing you with this Facilities Management knowledge will help fire up your enthusiasm, boost your confidence and encourage you to continue your studies at this level and further progress your career.

Learning Outcomes

The overall goal of this unit in terms of learning is that it introduces you to the concepts required to manage facilities at a strategic level.

There are 5 learning outcomes that will lead to achieving this objective:

FM6.01 Learning Outcomes

- 1.** Understand the influences and drivers that can affect the strategy and direction of facilities management
- 2.** Understand how to market and promote facilities management within an organisation, to clients and end-users
- 3.** Understand the importance of embedding innovation in facilities management
- 4.** Be able to apply innovative tools and techniques in the facilities management industry
- 5.** Be able to establish a creative problem-solving culture within an organisation

HOW TO USE THIS WORKBOOK

This workbook contains everything you need to achieve the learning outcomes for this unit. As you work through the content, you'll notice that there are various activities and assessments to complete. These will help consolidate your learning and some will actually form part of your assessment to ensure that you have reached the required level of understanding to achieve the unit.

As you go through the workbook, you'll notice a number of markers designed to help you identify activities or focus your mind on key points. Here's a quick guide to what those markers mean.



If you see one of these markers, it means there is an activity for you to complete. These activities are optional, but we highly recommend that you complete them.

When reading through material, it's very easy to let our minds wander off somewhere else and not actually digest the information we are reading! Completing activities will help you to focus and to check your understanding of the concepts you are learning.



These markers are included to draw your attention to specific pieces of information that you may need to pay attention to. We'd advise that you make a note of these key points and revisit them a couple of times to check your understanding.

Hint: Some key points will relate to assessment questions later in the unit



You'll occasionally see this marker at the end of a long, intensive section of the workbook. Sometimes it can be helpful to take a break from studying to digest what you've learned. This break could be for a few minutes, hours or even days - that's up to you - but the key is to step away from studying and give your brain time to assimilate all of the new information.

STRATEGY 101

What is a strategy?

Before going any further it would be useful to understand what we actually mean by a business strategy. To do this we must define:

- > What is a business?

And

- > What is a strategy?

Generally, businesses can be defined as:

".... an organization or enterprising entity engaged in commercial, industrial, or professional activities."

www.investopedia.com

This tends to suggest that businesses are primarily engaged in making a profit, but businesses can also be formed as not-for-profit or be state-owned. Perhaps 'organisation' would be a better term to use as this would encompass all sectors, both profit making and non-profit making.

A business strategy can be defined as a clear set of plans, actions and goals that outlines how a business will compete in a particular market, or markets, with a product or number of products or services. The business strategy then, is the long-term plan, usually for the next five years, of what the business intends to do over that period of time.

Of course, the strategy is not set in stone and may change over the 5-year period but it provides the road map of where the business is heading.

Johnson and Scholes defined a strategy as follows:

Strategy is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations.

Johnson & Scholes 1998

In other words, strategy is about:

- > Where is the business trying to get to in the long-term - the direction
- > Which markets a business should compete in and the type of activities involved in such markets - the markets and the scope
- > How the business can perform better than the competition in those markets - the advantages
- > The resources - skills, assets, finance, relationships, technical competence and facilities - required in order to be able to compete
- > The external, environmental factors that affect the businesses' ability to compete - the environment

So, a business strategy refers to the actions and decisions that an organisation or a business takes to reach its business goals and be competitive in its industry. Think about setting out on a journey to somewhere you have never been before – more than likely you will consult a road map – or a satnav – which will give you the direction in which you need to go. The strategy is the equivalent of a road map for the business. To develop a business strategy, or the FM strategy, there are several stages we should go through. We are focused on the overall business strategy here, but you would follow the same process when developing your FM strategy.

- 1. Gather the facts** – to determine where we are now and where we want to go. To know where you are heading, you must know where you are right now. So, before you start looking ahead, you should review the past performance, or the current situation. Look at each area of the business and determine what worked well, what could have been better and what opportunities lie ahead.

Using a partial SWOT analysis is always a good start. You would look internally at your Strengths and Weaknesses – what is going well and where the business is failing. To identify the Opportunities and Threats to the business, you need to look externally, i.e. outside the business.

A good way of doing this is to undertake a PESTLE analysis – Political, Economic, Social, Technological, Legal and Environmental. The most important part of this process is involving the right people to make sure you are collecting the most relevant information.

- 2. Develop a Vision statement** – This statement should describe the future direction of the business and its aims in the medium to long term. It is about describing the organisation's purpose and values. A vision is a vivid mental image of what you want your business to be at some point in the future, based on your goals and aspirations. A vision statement captures, in writing, the essence of where you want to take your business and can inspire you and your staff to reach your goals. Some notable vision statements can be seen in the box below:

IKEA

Our vision is to create a better everyday life for many people

Nike

Bring inspiration and innovation to every athlete in the world.*

**If you have a body, you are an athlete.*

McDonald's

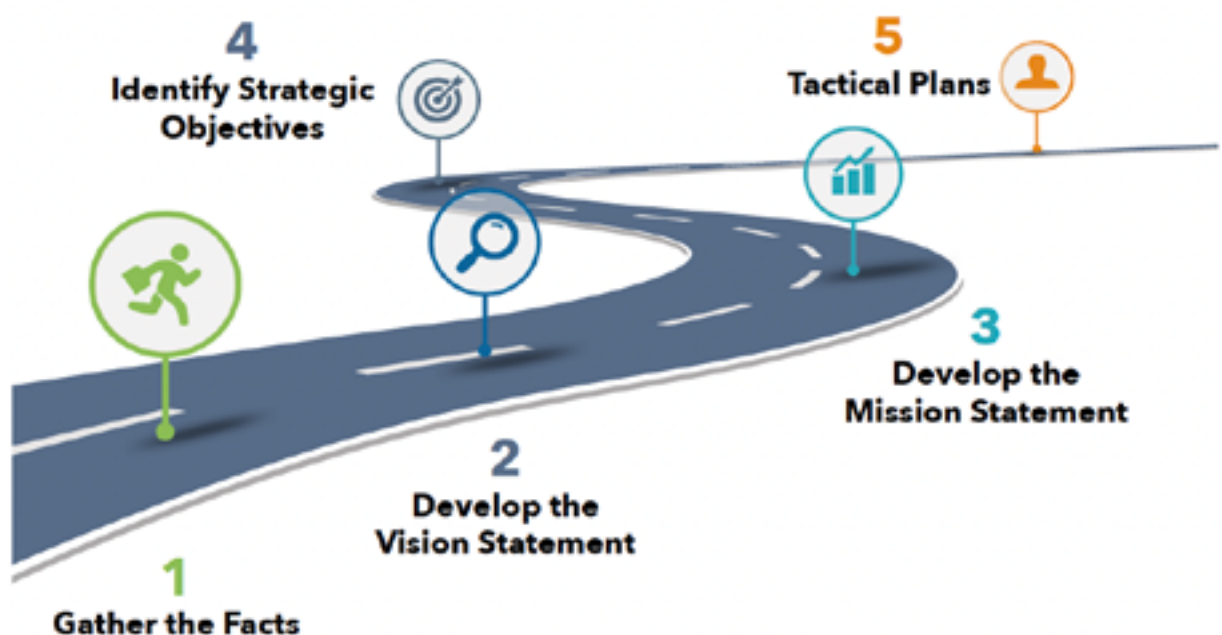
To be the best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness and value, so that we make every customer in every restaurant smile.

Oxfam

A world without poverty

Vision statements should be concise, clear, future-oriented, stable, challenging and inspiring. You might think that the Oxfam vision statement above is somewhat unrealistic; however, it is certainly challenging, and it is hard to see how anyone would not be inspired and motivated by this short, but powerful statement.

3. **Develop a Mission Statement** - Like the vision statement, this defines the organisation's purpose, but it also outlines its primary objectives. This focuses on what needs to be done in the short term to realise the long-term vision. So, for the vision statement, you may want to answer the question: "Where do we want to be in 5 years?" For the mission statement, you'll want to ask the questions:
 - > What do we do?
 - > How do we do it?
 - > Whom do we do it for?
 - > What value do we bring?
4. **Identify Strategic Objectives** - At this stage, the aim is to develop a set of high-level objectives for all areas of the business. They need to highlight the priorities and inform the plans that will ensure delivery of the company's vision and mission.
5. **Tactical Plans** - the strategic objectives need to be translated into more detailed short-term plans. These plans will contain actions for departments and functions in your organisation. You are now focusing on measurable results and communicating to stakeholders what they need to do and when. You can even think of these tactical plans as short sprints to execute the strategy in practice. These are the elements that you will performance measure to check that your overall strategy is working.



Functional Strategy

Functional Strategy deals with specialised areas of operational activity. Examples include finance, sales, marketing, personnel and, of course, facilities.

Beneath the umbrella of the overall business strategy each of the functions and operations requires an individual functional strategy. Functional strategies should consider:

- > The role of the function
- > The resources needed to support the functions
- > Any constraints placed on the function
- > Any future planned expansion or contraction of the function.

Functional strategies can be further subdivided, and we can see this quite clearly within FM. Our organisation will no doubt have some, if not all, of the following:

- > **Service Delivery Strategy** - services can be delivered either all in-house, meaning that the organisation employs all the staff required to undertake and deliver the facilities services, hard, soft and technical and specialist; wholly outsourced meaning that all services are delivered by external contractors or a mix of both with some services delivered in-house and some outsourced. Outsourcing can be further subdivided into single service contracts where one service is delivered by one contractor and another service by a totally different contractor; bundled, where one contractor may deliver two or three aligned services, or a Total Facilities Management contract where ALL services are delivered by one contractor.



Many companies refer to the fact that they have a TFM contract for soft services and a TFM contract for hard services - these are NOT TFM contracts, they are, in effect bundled service contracts. Similarly, if you have one contractor providing services but then there are specialist services which you arrange the contract for, this is also not TFM.

- > **Property Strategy** - we may have decided to own or lease our property portfolio or we may have a mix of both. If leasing, decisions will be made as to the best type of lease to go for.
- > **Maintenance Strategy** - we may opt for a Planned Preventative Maintenance strategy backed up by Reactive Maintenance when required or we may have decided to go for a Condition Based Maintenance strategy. It may be that we have decided to rely entirely on Reactive Maintenance, for example.
- > **CSR Strategy** - this in itself will encompass a range of different elements with the overall strategy focussing on some or all of the UN 19 Sustainable Development goals. This will be considered in detail in unit FM6.11.

Business Objectives

Corporate objectives are the primary objectives of a business; they set the agenda for the secondary objectives.

Corporate objectives are the ultimate, long-term goals of the business (3-10 years typically) and are the key strategic objectives such as profit growth or shareholder returns.

Functional objectives are the secondary objectives. They make a direct contribution to

meeting primary objectives, e.g. sales growth will help the business achieve profit target. They are usually focused on the short or medium-term (1-3 years). Secondary objectives can also be known as tactical objectives.

Business Drivers

A business driver can be defined as a resource, process or condition that is vital for the continued success and growth of a business. They are critically important dynamics that determine the value of a business. A key business driver is something that has a major impact on the performance of the business, which requires constant monitoring to reflect the latest trends in markets.



The diagram above shows some examples of possible business drivers. This will change depending on the business but a key driver, and one that applies to virtually every business, is Regulatory compliance. This driver is critical to the Facilities Management function, and we will consider this, and other drivers which may impact the FM strategy later in this book. However, suffice to say that it is vital that you are aware of the key business drivers within your own organisation as a key element of the role of Facilities is to support the core business and enable it to achieve its objectives.

The difference between business drivers and business objectives is that a business driver is a measurable resource that drives performance to achieve maximum profits for a business. Business objectives can be seen as 'How much' or 'By when', whereas drivers can be seen as 'what influences' these objectives.

So, having briefly considered both the Corporate and the FM strategies in the next chapter we move on to what is happening within the FM industry today as many of the trends and developments within the industry will have an impact on the FM strategy going forward.

PART 1

FM Strategy - Drivers and Influences

CHAPTER 1

The Impact of Recent Trends & Developments on the FM Strategy

The FM strategy, as with any strategy, should be iterative, i.e. capable of being changed, and it is important to review and, if necessary, update the strategy on a regular basis. Reviews are important because the industry is continually developing and so the FM strategy should develop in harmony considering the trends and developments within the industry. The trends we have discussed below are current at the time of writing.

In 2019 CBRE identified 10 emerging trends in Facilities Management, which they broadly categorised into 4 themes. (CBRE, 2019) Whilst this list does not necessarily cover all the current trends, it is a useful way of considering the influence of current trends on the Facilities Management (FM) Industry. So, let's take a closer look at these four areas.

1. Relationship Foundations

Customers are now looking to build long-term, sustainable relationships, rather than focusing on short-term gains and so, within this broad category of relationships, CBRE identified three main areas:

- i. Suppliers of the future – CBRE suggested that Outsourcing priorities are changing. Suppliers of the future will need to be more collaborative, forward-thinking and tech-savvy than ever before. They suggested that customers now expect industry leading technology and that they want to work in partnership with suppliers rather than the traditional client – supplier relationship. In order to be successful, suppliers must be innovative and be prepared to work in a more open and transparent way with their customers
- ii. Sustainable Relationships - Challenging economic conditions have seen some suppliers struggle to survive – think about Carillion and Interserve as classic examples, but many other smaller service providers have also struggled. This has resulted in some customers deciding to take services back in-house – particularly organisations in the public sector. A report by the Association for Public Service Excellence (APSE) published in May 2019 showed that 77% of UK councils are planning to bring services back in-house. Examples include Brent Council and Oxford Council which have brought services back in-house and MoJ have set up their own FM company. You might want to read the following articles:

- > [Brent Council FM Service Delivery Report 2020](#)
- > [Oxford Council Bring Services Back In-House Facilitate Magazine 15th Jan 2018](#)
- > [MoJ sets up its own FM company Facilitate Magazine 26 Jan 2018](#)

Conversely, however, a report in Global FM 2018 suggested that many large global private corporations are looking at global outsourcing as a way of making substantial cost savings and improved standardisation.

Where services continue to be outsourced, however, CBRE suggest that the result of companies such as Carillion failing has meant that Customers are now carrying out more thorough due diligence processes and suppliers are collaborating more with customers to come up with collaborative solutions. TFM contracts are losing popularity with many organisations opting to move to a more Bundled Service delivery option.

A report by Mordor Intelligence in 2021 suggested that:

Single FM Service is Expected to Witness a Significant Growth

And a report in May 2021 published by RICS suggested that:

10% of the respondents (to the RICS survey) believed single FM (would) witness the highest growth. However, substantial respondents in the survey believed that other services such as bundled FM and in-house services are poised to see the highest growth rate in the next 12 months.

<https://www.mordorintelligence.com/industry-reports/united-kingdom-facility-management-market>
accessed 22 Mar 2022 @ 11.00

- iii. The Supply Chain – until recently the relationship between the suppliers and the customers has been one focussed on reducing costs. Now the relationship is moving towards a focus on adding value. Customers are more focussed on ensuring that the supplier's business and the customer's business align more closely. Adding value results in the customer no longer using price as the benchmark for service delivery but considering how the supply chain can add value through aspects such as innovation, sustainability and diversity.

2. Evolving Contract Models

Where services continue to be outsourced, CBRE suggest that contract models are becoming much simpler with clients are looking for holistic solutions, where providers manage all real estate elements for maximum effectiveness. CBRE suggest that Clients are increasingly focused on the way their partners, the service providers, 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.

3. Technology

It probably comes as no surprise that technology plays a huge part when considering the trends and developments that are relevant to Facilities Management. The increased use of particularly digital technology within the workplace has been termed 'Digital Disruption'. Digital disruption is the term for the change which occurs when new digital technologies and business models affect the value of existing goods and services. Perhaps the best example of digital disruption within FM is the advent of the Internet of Things.

The Internet of Things (IoT) refers to a system of interrelated, internet-connected objects that are able to collect and transfer data over a wireless network without human intervention. Examples of objects that can fall into the scope of Internet of Things include connected security systems, thermostats, electronic appliances, lights in commercial environments, speaker systems, vending machines and more. The main purpose of IoT devices is to generate real-time data that we can then analyse and use to create desired business outcomes.

CBRE identify two main aspects in terms of technology. The first focusses on security management. Security is evolving as a function, due to complex and ever-changing threats, and the evolution of the workplace. The way we manage the security of our physical space

has changed dramatically over the past few years, particularly with the advent of more flexible working as a direct result of the Covid-19 pandemic.

Let's look at one example of how the IoT has become a key trend in recent years by focussing on security.

Following the events of 9/11 and 7/7 security became a major factor for Facilities Management, particularly for organisations with a property portfolio in areas which are seen as being of high risk – the City and areas such as Canary Wharf in London as an example.

Perhaps one of the most important trends within the security industry over recent years has been the merger of security and IT. Next-generation equipment and software combine the monitoring and management of the physical environment with computer security.

The Chris Lewis Group, in their blog on Trends in Access Control, May 19th 2021 suggest that:

"Access control has come a long way since keypads and card readers, and will only continue to evolve."

<https://www.chrislewis.co.uk/blog/access-control-trends-for-2021>
accessed 13 Aug 2021 @ 12.20

They discuss three main trends in security and access control all made possible by the Internet of Things.

- a. Mobile credentials** – access using Smartphones. Access credentials are sent via a link to a Smartphone. Credentials are checked by a mobile-capable reader which relies on either a Bluetooth, Wi-Fi, mobile, or NFC connection. NFC is a method of wireless data transfer that allows smartphones, laptops, tablets, and other devices to share data when in close proximity. Access is then granted or denied. The technology allows access credentials to be issued without someone needing to pick up a card or fob. A new hire or contractor, for example, can be added to the system ahead of their arrival.
- b. Biometrics** - Going one step further, the use of biometrics can remove the need for physical credentials, even smartphones. Biometrics refers to the automatic identification or identity verification of living persons using their enduring physical or behavioural characteristics and involves the use of unique biological traits carried by each individual – fingerprints, retinal screening and voice recognition are classic examples. This presents a highly secure method of access control as it is very difficult, not to mention illegal, for someone to steal your finger or your eye!
- c. Cloud solutions** - In the past, companies have hosted their data on-site using expensive hardware. This not only demands a lot of physical space but is costly to install, maintain, and upgrade. Switching to a cloud-based solution can help drive down costs at the same time as improving convenience and scalability. It also allows security managers 24/7 remote access to data, receiving instant notifications of component failures, security concerns, or event alarms.

Via the IoT, cloud access control can integrate with other systems via open application programming interfaces (or "open APIs"). For example, the cloud can integrate with payroll to help keep accurate timesheets. Or it can integrate with facility management software to automatically raise a work request to your maintenance contractor if there is a problem with a component of the system. It may also be used to establish virtual zones within a building, monitoring which employees have entered this area and at what time of day.

An example might be the use of ANPR (Automatic Number Plate Recognition) for secure car parks and access control, stand alone and on-line access control for admission into specific areas of a building. Both these latter systems work on the use of a PIN number entered into a keypad, a proximity pass or even the use of biometrics.

The second area identified by CBRE in terms of developments in technology centres on how performance can be transformed. They suggest that 70% of companies intend to raise their investment in real estate technology over the next few years. Integrated reporting, advanced analytics and AI are all helping people shift their focus from process-driven work to value-adding work.

One example to highlight this area is the development of **smart technology and AI** – Building Management Systems (BMS) are perhaps the most widely known trend within FM but even these are advancing all the time and recent developments include 'machine-learning'. Machine learning can be a powerful way of improving energy efficiency, with, for example, Building Management Systems learning exactly how much energy needs to be expended to reach optimum temperatures at the required time.

FMs can use these emerging technologies to re-consider their maintenance strategies, moving away from costly, conventional, Planned Maintenance, towards a more condition-based model. Other advances include the use of drones, with on board cameras, for maintenance inspection, helpdesk chatbots and virtual reception & concierge which will enable services to be provided round the clock, ensuring rapid response to end-user requests.

4. Focus on People

The final area that CBRE identified as a trend within FM is the increased focus on people within the workplace. Within this theme they identified three main areas of focus:

- > Attracting and retaining talent – there have been many discussions re the skills shortage within British industry today and, to a certain extent, this has been exacerbated as a result of Brexit. So, what does this mean for the FM industry? The skills shortage will have an impact on our service delivery strategy, for example, companies may look to outsource to transfer the risk of not being able to hire the right skill sets in certain areas but CBRE suggest that the FM industry should focus on learning agility rather than just employee skills, to adapt for the future.

Learning agility can be described as finding yourself in a new situation and not knowing what to do but having the ability and the resources to figure it out. Essentially it means having the ability and willingness to learn from work experiences and then apply those lessons in order to perform well in new and challenging situations. Because the industry is developing at such a rapid pace, we need to focus on enabling our team to become more agile and move away from micro-managing them, allowing them to make decisions for themselves. Giving employees more control will not only encourage a culture of learning agility but will help to retain staff as well.

- > The Experience is Everything – CBRE suggest that companies engaged in the war for talent are increasingly focused on how their workplace experience can be used to attract and retain top employees. To promote this within the FM department Facilities Managers will be required to work much more closely with other support services such as HR and IT to develop a fully integrated experience programme.

Flexibility in the Workplace is the other trend that is specific to the FM arena. Workplace flexibility is about when, where and how people work. It is increasingly an essential part of creating an effective organisation. Basically, flexibility is about an employee and an employer making changes to when, where and how a person will work to better meet both individual and business needs. Flexibility should be mutually beneficial to both the employer and employee and result in superior outcomes.

There is a range of creative and practical ways to change when, where and how work is organised:

When people work:

- > **Flexible working hours** - altering the start and finish times of a working day but maintaining the same number of hours worked per week (for example, 8am to 4pm instead of 9am to 5pm). It can also mean condensing standard hours per week into fewer days (for example, four days per week at ten hours per day)
- > **Part-time work** - generally speaking, working fewer than the standard weekly hours. For example, two days per week, 10 days over four weeks or two days one week and three days every second week
- > **Variable year employment** - changing work hours over the month or through the year, depending on the demands of the job (for example working more hours during busy periods and taking time off in quiet times)
- > **Part year employment** - also called purchased leave, this means that an employee can take a longer period of leave (e.g. a total of 8 weeks per year) by averaging their 48 week salary across 52 weeks. It's sometimes called 48/52
- > **Leave** - varying from leave in single days or leave without pay, to special or extended leave. For example, parental leave, family/carer's leave, study leave, cultural leave and career breaks.

Where people work:

- > **Working from home** - this used to be referred to as teleworking but since the Covid-19 pandemic is now usually referred to as 'Hybrid Working.' Working away from the main office (i.e. at home) either full or part-time, and on a regular or intermittent basis. For most people, it's working from home either occasionally or for an agreed number of days each week
- > **Working remotely** - in some industries people may work at a different office, or in a client's workplace for some or all of their working hours.

How people work:

- > **Job-sharing** - two people sharing one full-time job on an ongoing basis. For example, working two and a half days each, a two/three day split or one week on and one week off
- > **Phased retirement** - reducing a full-time work commitment over a number of years (e.g. from 4 days to 3 days per week) before moving into retirement. It can also mean becoming an "alumni", i.e. that a "retired" employee returns to the workplace to cover peak work periods or to provide specialist knowledge

- > **Annualised hours** - working a set number of hours per year instead of a number of hours per week.

5. The Workplace:

As a result of the Coronavirus pandemic, the workplace is undergoing major changes at the moment and a report from the BBC on 16 Jul 2020 suggested that once we are through the pandemic, home working as the norm is set to double.

Clearly this will have major implications for the FM department as space requirements within the office could reduce dramatically but perhaps more permanent systems will have to be put in place to enable staff to work safely from home. Where workers do remain working within the workplace the FM department will need to look at focussing on understanding how the overall workplace experience helps them to attract, retain and motivate the most talented staff.

Whilst organisations like Google frequently grab the headlines with quirky workplace gimmicks, such as slides in the office, there are many more companies actively trying to measure and benchmark the impact their workplaces have on employee productivity and wellbeing and to develop strategies which promote this.

All of these options will have implications for the Facilities Manager.

CBRE also suggest that both owners and occupiers understand the impact that the property portfolio has on the environment and are increasingly moving towards greener solutions. The reduction of the environmental impact of the property portfolio sits squarely within the remit of the Facilities Manager. Non-domestic buildings account for nearly 20% of carbon emissions in the UK. Companies are making a difference in three key areas: decarbonisation, decentralisation, and digitalisation.

The Climate Change Act 2008 was amended in 2019 and requires the UK to cut carbon emissions to net zero by 2050. To facilitate this new legislation came into effect on 6th April 2022 which requires all 1300 of the UK's largest companies and financial organisations to disclose climate-related financial information on a mandatory basis.

This applies to companies with over 500 employees and £500 million in turnover. Clearly, given that the Facilities departments of most organisations is responsible for most activities which contribute to carbon emissions, Facilities Managers need to be aware of, and move towards greener solutions in terms of energy management, for example.



The very nature of trends and developments means that the Facilities arena is in a constant state of flux with new ideas being presented on an almost daily basis. The trends we have discussed above are relevant at the time of writing but, as a senior Facilities Manager, it is your responsibility to keep up to date with the ever-changing world of facilities

CHAPTER 2

Strategic Influences

In the previous chapter we considered some of the trends and developments within the industry which may have an impact on the FM strategy. However, there are wider issues which should also be taken into account when developing or reviewing the FM strategy for the organisation. External influences may come from within the UK or from the wider global arena and, as senior Facilities Managers, it is an important part of our role to ensure we are fully cognisant of the impacts these influences may have on the FM strategy for our organisations.

So, let's consider some of the major influences from both within the UK and globally that are relevant at the time of writing.

1. The Economy

As a result of the Covid-19 pandemic, the UK economy saw a massive downturn, falling by 9.4% in 2020 following the enforced lockdowns. Despite the continuing problems surrounding the pandemic, however, 2021 saw a reverse in the trend with growth at almost 7.5% with only a marginal downturn in December 2021 as a result of the Omnicron variant and a further self-imposed lockdown to 'protect Christmas'. Despite this favourable growth, however, the UK economy faces a raft of challenges in 2022.

Inflation is increasing rapidly with the Bank of England expecting a peak of 7.2% in April 2022. In September 2020, at the height of the pandemic, inflation was a mere 0.5%. This rapid increase has resulted in the Bank of England increasing interest rates from 0.1% in 2020 to 0.5% in the first quarter of 2022 and it is expected to rise further in the coming months. (<https://www.cnn.com/2022/02/11/uk-economy-grew-7point5percent-in-2021-mostly-recovering-from-its-pandemic-plunge.html> - accessed 19 Mar 2022 @ 14.50)

Clearly, this rise in interest rates will impact Facilities Management. Mortgage rates have already increased to reflect the hikes in base rate and so the cost of owning property will increase. This will affect companies that own property but also the chances are that rents will increase on leased property. Either way, Facilities Managers will need to consider their Property Strategy carefully to ensure they make the right decision on whether to own or lease property.

As inflation goes up, so will the demand for higher salaries. In the three months to December 2021, average weekly earnings for total pay in the United Kingdom grew by 4.3 percent, with regular pay growing by 3.7 percent, when compared with the same period in 2020. In the same month, the inflation rate for the Consumer Price Index was 5.4 percent, indicating that while wages are rising, price increases are currently outpacing this growth. The other issue, of course, is that where employers are granting salary increases, they are doing so in some cases, at the expense of jobs and so in several industries, the prospect of redundancy is being floated. This has already led to strikes on the London Underground and the RMT union is planning a national rail strike later in the year. This in itself could affect FM as employees may struggle to get to work, but salary increases within FM will affect budgeting and cash flow and could result in companies having to make FM employees redundant resulting in reduced service capability.

Of course, the impact of inflation will also affect suppliers and so the cost of procuring goods and services is also likely to increase – bad news all round!

A second issue affecting the economy is the recent hike in energy prices. The year-on-year increase in the price of electricity, gas and heating oil between 2020 and 2021 was the highest on record. Increased energy prices result in increased inflation and increase the chances of the Bank of England increasing interest rates even further.

Rising energy prices both at home and at work are a global issue that has been caused by some far-reaching and unexpected reasons. The conflict in Ukraine is currently having a huge impact on what was already a big problem with energy prices, but the following issues have also combined to inflate energy rates:

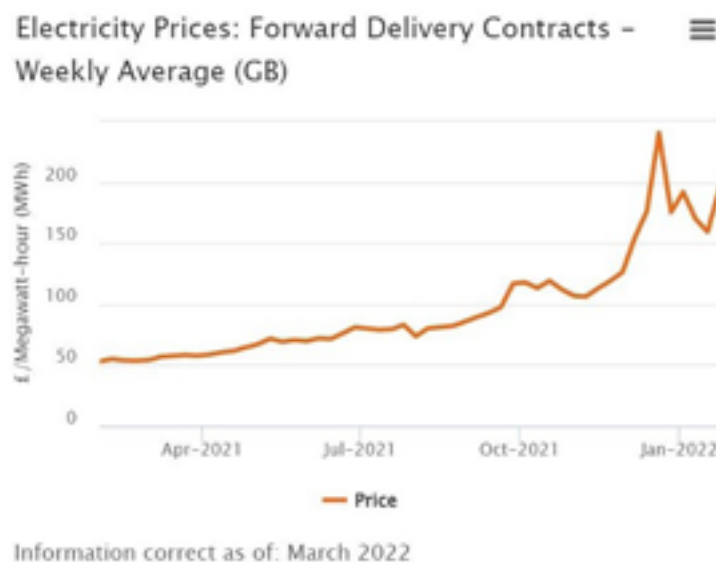
- > Gas shortages across Europe, caused by a prolonged cold winter over 2020 and 2021 that drained natural gas storage.
- > High demand for liquefied natural gas (LNG) from Asia has led to lower LNG shipments to Europe.
- > Initially, delays and complications to the Nord Stream 2 pipelines, which is an \$11 billion link across the Baltic Sea with the capacity to send 55 billion cubic metres of gas a year directly from Russia to Europe, bypassing Ukraine. The effect of this has now been exacerbated as a direct result of the war in Ukraine. European countries such as Germany who traditionally source the majority of their oil and gas from Russia have imposed sanctions and, at the time of writing, are considering stopping all import of Russian oil and gas
- > An increase in demand as lockdown restrictions have eased across the globe.

The UK is also suffering from the following problems:

- > Low winds mean lower renewable energy generation. This, coupled with outages at some nuclear power stations, means that a higher percentage of our electricity generation is using gas during its production.
- > Fire at a National Grid site in Kent knocked out a power cable that runs between England and France and is used to import electricity from the continent. This isn't expected to be fully back up and running until 2023.
- > The UK has some of the lowest gas reserves in Europe, which means there's almost no way of stockpiling gas to use it when needed. Capacity is equivalent to roughly 2% of the UK's annual demand, compared with 25% for other European countries and as much as 37% in Europe's four largest storage holders.
- > The UK Government has announced that it will cease purchase of gas and oil from Russia by the end of 2022 and although we only import about 9% of our requirements from Russia, as other Western countries implement similar sanctions, the price of gas and oil is soaring

Although wholesale energy costs fluctuated over the last few months of 2021/22, prices are still on the up. There's nothing to suggest this will change any time soon, as Chris O'Shea, chief executive of British Gas owner Centrica, said: "The market suggests the high gas prices will be here for the next 18 months to two years"

The graph below from Ofgem's wholesale market indicators show how electricity prices rose throughout 2021 and into 2022.



Source: Ofgem and ICIS

What does this mean for Facilities Management? Clearly, energy bills will increase, but, of course, it is not only energy bills. Fuel prices have increased exponentially in recent weeks with both petrol and diesel reaching an all-time high at an average of £1.60 per litre for petrol and £1.80 per litre for diesel in March 2022.

Clearly this will result in an increase in the cost of supplies as the cost within the supply chain, particularly in terms of logistics, will increase. It will also affect cash flow for our organisations and, for those of us working in the private sector will affect profit margins.

Of course, this could be mitigated by an FM strategy change where we have a fleet of vehicles. We could, and perhaps should, change to electric vehicles wherever possible. Not only would this save on fuel costs but maintenance costs also reduce.

Dr Achim Kampker, the CEO of Streetscooter Professor, a company tailor making vehicles for the parcel delivery industry, suggests that:

"expenses for wear and maintenance (are) significantly lower than those of comparable diesel-driven utility vehicles."

<https://www.dhl.com/discover/en-global/business/business-ethics/future-of-electric-vehicles>
accessed 19 Mar 2022 /@ 15.30

DHL Express announces rollout of new green fleet in UK to mark World EV Day, with further investment in charging infrastructure and fleet scaling planned

More than 300 electric vehicles (EVs) will join the UK fleet of DHL Express by the end of 2022, following a successful trial in the capital.

DHL Express rolled out a pilot scheme in 2019, which saw EVs take to the streets of London. Today, on World EV Day, the company announced that 50 additional electric vans have now taken to the road. A total of 320 new EVs will join the fleet by the end of 2022: 50 more by the end of this year, and an additional 220 by next December. The new vehicles will operate in major cities across the UK, including Birmingham, Leeds, Manchester and Glasgow.

The EV rollout forms a small part of Deutsche Post DHL Group's €7bn investment to reach net-zero emissions by the middle of the century. It says it is committed to rapidly scale up its EV fleet, with plans to have 80,000 on the road and 60% of its last mile electrified by 2030.

<https://supplychaindigital.com/sustainability/world-ev-day-dhl-express-adds-320-new-evs-uk-green-fleet>
9/9/2021

2. Political Influences

Despite the fact that it is now over 2 years since we left the European Union, Brexit is still having an impact on how we deliver Facilities Management services. On 1st January 2022 the UK finally introduced border checks on imports from the EU. Interestingly, the EU implemented checks on goods from the UK straight away, in January 2020 but the UK decided to go for a 'phased introduction'. Nevertheless, these checks have now had the effect of slowing the import process down as checks and controls are required. This, of course, has resulted in an increase in administrative and logistical costs.

The limitations imposed on immigration are also now having an effect. This was difficult to quantify immediately following our departure in 2020 as the lack of movement of people across borders was hampered by Covid-19 restrictions; however, now that these restrictions have mostly been lifted, it is becoming apparent that the increased difficulty in obtaining work permits for people from the EU means that there is a shortage of both skilled and unskilled labour. Within FM, many entry level jobs have, in the past, been filled by European migrants and so FM service delivery has been impacted by the new regulations.

The Russian invasion of Ukraine in March 2022 is another political issue that will have an impact on Facilities Management. Leaving aside the energy crisis which we have already discussed in detail, another key example would be the potential impact on supply chains. Many companies have cut off all ties with Russia and so are now unable - and unwilling - to import goods produced in that country. One prime example is Palladium. Russia provides around 40 per cent of the world's palladium, a key component of catalytic converters in petrol-powered vehicles as well as electronic devices such as computers and mobile phones. Closing off the supply of Palladium will affect the manufacture of these devices and subsequently, the price.

3. Environmental Influences

The 2021 United Nations Climate Change Conference, more commonly referred to as COP26, was the 26th United Nations Climate Change conference, and was hosted by the City of Glasgow in November 2021.

It is widely accepted that climate change is a key global issue and the main aim of the COP26 conference was to keep alive the hope of limiting the rise in global temperature to 1.5°C. In the closing speech of the conference, it was suggested that the resulting Glasgow Climate Pact would do just that. Combined with increased ambition and action from countries, it was felt that remains 1.5°C remains in sight, but it will only be achieved if every country delivers on what they have pledged.

Whilst the participating countries are committed to achieving this target, it has become more difficult with the war in Ukraine. Germany, for example, has postponed the certification of a new oil and gas pipeline from Russia meaning that the import of oil and gas has been severely reduced and so Germany is having to revert to coal to produce enough power to meet needs. The increase in reliance on coal power had started before the Ukraine conflict. Energy consumption in Germany increased in 2021, as the economy recovered from the effects of the coronavirus pandemic and the country weathered a cold winter. At the same time, a year of depressed wind power production let the share of renewables in the country's power mix shrink. This development does not bode well for the new German government's plans to reduce energy use and boost renewables to record shares by 2030 - the same year it plans to end the use of coal.

What the outcome of the COP26 conference means for FM, however, is that there must be a focus on reducing organisations' carbon emissions and this falls squarely in the lap of the FM department. FM will need to be more innovative in the ways they manage the property portfolio both in terms of the use of space and the use of energy. Reducing the property portfolio by encouraging flexible working, for example, will reduce the carbon footprint of the company. Investing in alternative energy sources and in EVs will also help. FMs could also work more closely with contractors to encourage them to become more eco-friendly. Pre-qualification criteria which address these issues should be set when writing tenders and sustainability should play a key part in terms of adjudication criteria when evaluating tenders.

The examples we have provided above form part of a PESTLE analysis. A PESTLE analysis studies the key external factors (Political, Economic, Sociological, Technological, Legal and Environmental) that influence an organisation. It can be used in a range of different scenarios and can guide senior managers in strategic decision-making. A PESTLE analysis can be used as a framework to look outside the organisation to hypothesise what may happen in future and what should be further explored. It can ensure that some basic factors are not overlooked or ignored when aligning functional strategies to the broader organisational strategy.



The Wider Political Agenda and the Global Economic Implications on the FM Strategy

Many influences may affect the FM strategy. You need to consider Global, European and UK factors. We have discussed Economic, Political and Environmental Issues above.

To identify some others, undertake a PESTLE analysis to identify factors and briefly summarise the possible effects on your FM strategy. The analysis has been started for you below and a completed table of suggestions can be found at [Appendix 1](#). You might want to add some more examples.

You will need this information for your assignment

	UK	European	Global	Impact
Political				
Economic			Current economic climate	Fluctuations in the economy affect property prices and may affect decisions as to whether to own or lease property
Social		Immigration, particularly from EU countries		Decrease in EU immigrant workers resulting in skills shortages and vacancies. May affect service delivery strategy
Technological				
Legal	Climate Change Act 2008			The Act requires large businesses to report on energy use, resulting in the need for more data collection and reporting
Environmental				

CHAPTER 3

Business and market pressures on the FM strategy

In Chapter 2 we considered external factors that can have an impact on our Facilities Management strategy but it is equally important to consider factors that come from within the business. These tend to focus on business drivers associated with the overall business strategy and so it is important that we consider these drivers and how they may affect the overall FM strategy.

We discussed in the introduction what a business strategy is so let's just recap before we go any further.

A business strategy refers to the actions and decisions that an organisation or a business takes to reach its business goals and be competitive in its industry. To enable the business to achieve its strategy it will set objectives and will also have some key drivers. Remember that the business driver is a measurable resource that drives performance to achieve maximum profits for a business. Business objectives can be seen as 'How much' or 'By when', where drivers can be seen as 'what influences' these objectives.

Drivers within the private sector tend to centre on increasing profits, increasing market share, expanding, or perhaps even consolidating. Drivers within the public sector clearly cannot focus on profits; they tend to focus on the way public services are delivered. Drivers within the public sector might include some or all of the following:

- > **Effectiveness** - applying enterprise approaches to achieve better outcomes and operational efficiency. It is widely accepted that lessons can be learned from the private sector in terms of how to operate to maximum efficiency
- > **Risk** - mitigating risk wherever possible and building resilience to meet the mission of the organisation
- > **People** - developing and retaining workers and looking at ways to build the workforce of the future through leveraging data and technology
- > **Engagement** - working more closely with internal staff, customers, and suppliers to engage, co-create and co-produce services and programmes
- > **Digital** - optimising new technology and infrastructure models focussing on the user experience and incentivising innovators to modernise how the government does business
- > **Insight** - using data, evidence, and analytics to create insight that influences decision making, actions and results
- > **Agility** - this might involve adopting new ways for government to operate, using agile principles, and putting user experience and programme results at the forefront.

These are all very generic and some will apply more than others to our individual organisations, but many will have an impact on our FM strategy and we need to take these into account when developing or reviewing the strategy as a whole.

Let's look at some examples.

Facilities Management is there to support the core business, enabling it, through the provision of services, to focus on healthcare, education or manufacturing, as examples. So, what services might be provided by the FM department? In 2011, a Canadian FM, Michel

Therriault, proposed the FM Pie which identified the scope and responsibilities of the Facilities Manager. Look at the sub-divisions on the wheel. Are you surprised by the range of services that come under the remit of Facilities Management department?



When looking at these, we do need to be aware that the services we provide within the FM department will be determined by the overall business strategy and its key drivers and so we must take these into account.

If the key driver of a business is to make a profit, for example, how can the FM department affect this? FM is usually seen as a cost centre, i.e. it does not bring money into the business, it spends it! But, if we spend that money wisely, looking at how we can operate more efficiently and effectively, we can effectively 'bring in' as much profit as the sales team by reducing operating costs.

Let's take a very simplified example to highlight the importance of the FM team in helping the business make a profit.

A salesperson sells a product which cost £90 to manufacture for £100. A £10 profit has been achieved and the MD is delighted.

The FM reduces £100 of expenditure by working more efficiently to £90. Each have essentially made the company £10 profit - leaving aside VAT and so on.

There is also a trend for Facilities Management, even as a support service, to 'sell' services outside the business where relevant and possible. We will look at this in more detail in the second part of this workbook but a quick example might be:

You have purchased a drone to inspect your buildings, the business case for which centred on improving safety as maintenance engineers would not have to work at heights and in dangerous areas. The drone is only used once a month and so you could hire the drone and its pilot out to nearby businesses bringing money into the business. More examples later!

Both these examples are focussed on the business driver of making profit but let's look at other business drivers which may be more applicable to the public and not-for-profit sectors as well.

Risk Management is a key driver for many organisations. Remember business risk applies to far more than just Health and Safety risk; so, if we take an example of financial risk; to manage risk we need to consider the likelihood of the risk occurring and the consequences if that risk does occur. So, we might need to think about reducing office space to reduce the financial risk, as an example, and changing our Property strategy.

If CSR and sustainability was a key driver for the business, we might need to look at our overall CSR strategy in terms of how we deal with waste or where we procure our energy requirements from. Both the services we provide and the overall FM strategy can be impacted by the key drivers. We can undertake a SWOT analysis to see where our strengths and weaknesses lie in supporting the key drivers and where there may be opportunities or threats to FM services as a result of the key business drivers.

Let's undertake a SWOT analysis for a hypothetical business with a key driver to improve the carbon footprint of the buildings and see how it may affect our FM strategy.

Strengths	Weaknesses
<ul style="list-style-type: none"> > Have changed all lighting in building A to energy efficient bulbs allowing a move to a CB Maintenance strategy > GPS installed across the fleet which allows the collection of data that enables us to analyse the fleet usage and make it more efficient. > Have a robust Reduce-Reuse-Recycle policy in place > All newly appointed contractors must have a robust CSR policy 	<ul style="list-style-type: none"> > As a result of COVID-19 a large percentage of staff are now working from home so have empty office space > Locally controlled thermostats mean that staff are able to manually adjust office temperature > High quantities of food waste in the staff restaurant
Opportunities	Threats
<ul style="list-style-type: none"> > Could look at sub-letting spare office space > Potential Lease break in 2 years with negotiation on Building A > Look to move to electric vehicles across the fleet where possible > Install centrally controlled thermostats > Change offering in restaurant to reduce food waste – fewer choices > Increase vegan and vegetarian options which have a lower carbon footprint 	<ul style="list-style-type: none"> > There is a plethora of office space available in the local area so may be difficult to sub-let > Still have 5 years to run on the current lease on Building B > Staff may object to a change in offering within the restaurant and go elsewhere for meals

OK, so we have some ideas here across several services where services, and potentially the FM strategy, may need to be adapted to help the business meet its key driver relating to the carbon footprint. The opportunities, and to a certain extent the weaknesses, will determine how the services may be affected.

Decisions, Decisions

So, changing the services we offer might be one decision that we make with regard to the services that we offer, but whatever that decision it will be influenced by the overall business strategy and it is this that we must bear in mind when considering what services we can or cannot offer.

A business wanting to cut overheads, for example, as part of its overall strategy, may want to reduce the amount of space it has but it still needs the same number of staff so the FM department may need to look at ways in which flexible working could be introduced. Similarly, diversification may require the addition of new property into the portfolio or a re-location both of which will have an effect on the FM strategy, and in particular, the Property strategy. Thought may also need to be given as to whether those services are best delivered in-house or outsourced.

Whatever decision is taken it must be guided by the business strategy, support the overall goal of the business and be a cost-effective option which provides the services required, when they are required.

The second area we should consider relates to 'Market Pressures'. Market Pressures can be defined as:

Constraints placed on trade by the level of demand in the market

https://www.lexico.com/definition/market_pressures
accessed 20 Mar 2022 @ 17.30

Clearly market pressures on the business as a whole will have an effect on the FM department and the FM strategy.

One area that is seen as crucial for many organisations when marketing their products and thereby causing market pressure is CSR. Let's look at CSR in more detail.

Corporate Social Responsibility and Sustainability

Corporate Social Responsibility (CSR) has been defined by the European Union as:

"... the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large..."

http://europa.eu.int/comm/employment_social/socdial/csr/greenpaper_en.pdf

In 1987 the World Commission on Environment and Development (Brundtland Commission) published its report into Sustainable Development and provided a definition which is now widely used within the industry. The Brundtland Commission definition is:

"... development which meets the needs of current generations without compromising the ability of future generations to meet their own needs..."

www.uncece.org

CSR and sustainability are becoming more and more important within the business environment. Success, or lack of, is measured no longer by the 'bottom line', the net earnings of a business, but by the 'triple bottom line' often referred to as the '3Ps' which takes into account not only profit but also people and the planet. Contracts are more frequently being awarded not on the basis of price but on the robust CSR policies of suppliers.

So, what impact might CSR and sustainability have on the overall FM strategy? Clearly, the organisation must consider the quality of life of the workforce and this will affect the FM services on offer. Flexible working including home working and hot desking, for example, will enable a change of focus for the Property strategy enabling possible reduction in floor space or sub-letting of floor space to provide income.

Conversely, an organisation may be looking to expand its property portfolio. Location and design can have a significant impact on the local community along with the sustainability implications of the construction itself. A good example of the impact of CSR and sustainability on the FM and Property strategy is the building of the Great Western Hospital in Swindon by Carillion under a PFI contract.

Building this hospital enabled Carillion to assess how adopting a sustainable approach to the design, construction, maintenance and life time management of the new hospital could result in bottom line profits. This was alongside other benefits such as energy saving, improved site safety, reduced impact on the natural environment, a green transport plan, and an excellent human environment for patients, staff and visitors.

One of the main issues, however, with CSR and sustainability within FM is the cost paradox. Most Facilities Managers are aware that CSR and sustainability are inherently linked to the economic sustainability of their facilities.

However, whilst most Facilities managers believe environmental projects will drive cost savings, a survey conducted by the International Facilities Management Association (IFMA) showed that 73% of the participants questioned cited "financial challenges" as a key obstruction to launching sustainability initiatives.

One of the main reasons given within the report for this apparent contradiction centred on the frame of reference that facilities managers use to view investments: long-term vs. short-term. Projects that require a large, upfront investment frequently offer a large return on that investment, albeit long-term. While many companies don't want to make that initial capital outlay, others realize the long-term benefits of doing so.

This paradox was eminently demonstrated by the eventual collapse of Carillion. They were unable to continue long enough to reap the rewards of the massive up-front investment and the company failed in January 2018 with £7 billion in debts.

The key to ensuring that CSR and sustainability forms part of the overall FM strategy is to set clear and tangible objectives. For example, in the case of energy utilization, a strategic approach would be setting specific, measurable goals for energy reduction and then proactively building a list of projects to achieve those goals.

It is clear that CSR and sustainability will have a major impact on the FM strategy – the key is to ensure that by careful planning and objective setting the benefits are incorporated into the triple bottom line.



Consider how FM strategy and the direction of FM, as the target of various marketing and promotion campaigns, are impacted by marketing pressures. In particular:

- > What pressures does marketing place on FM strategy (bearing in mind that, to improve market share, the marketing may create unrealistic expectations on price, quality and innovation)?
- > What impact does the marketing have on the FM as a property professional (e.g., are FMs expected to be jacks-of-all -trades and masters-of-none with wide-ranging responsibilities, many of which are very specialised)?
- > Bearing in mind the strategic nature of future developments, what impact might future marketing campaigns have on FM development?

So, when planning the FM strategy and the services within that strategy, we need to be aware of the overall business strategy and the key business drivers. Our prime objective is to support the core business and so we must be aware of where the business is heading, what its key objectives are and the main marketing pressures which affect the overall business strategy if we are to ensure we meet our objectives.

CHAPTER 4

Reacting to changing business drivers

Let's have a look at business drivers in a little more detail.

A business driver is a resource, process or condition that is vital for the continued success and growth of a business. A company must identify its business drivers and attempt to maximize any that are under their control. There will always be outside business drivers that a company cannot influence, such as the economic conditions or trade relations with other nations.

This was demonstrated clearly with the onset of the Covid-19 crisis in 2020 followed by the Russian invasion of Ukraine in 2022. The resultant lockdowns in 2020 and 2021 hit the British and global economy hard with GDP declining by 9.7% in 2020, the steepest drop since consistent records began in 1948 and equal to the decline in 1921 on unofficial estimates. During the first lockdown, UK GDP was 25% lower in April 2020 than it was only two months earlier in February.

Identifying and monitoring the key drivers of a business is critical to boosting profitability. A key business driver is something that has a major impact on the performance of the specific business. A whole range of internal and external factors affects the performance of any business. The secret is to focus on a handful of key drivers that:

- > Reflect the performance and progress of the business.
- > Are measurable.
- > Can be compared to a standard, such as a budget or last year's figures, or an industry average.
- > Can be acted upon.

The range of business drivers varies enormously from business to business. For example:

- > Sales leads in a capital goods or service business.
- > Sales per square metre in a retail business.
- > Machine downtime in a factory.
- > 'First time fix' in a maintenance business.

The drivers will vary depending in which sector you work in. Profit is usually a key driver within the private sector whereas the focus within the public sector might be towards driving cost effectiveness and operational efficiency.

A classic example might be to consider key business drivers within IT in both the private and the public sectors. Within the private sector the key business drivers for IT are all about sustaining and developing the profitability of the venture – so everything is geared towards balancing costs with benefits.

Generally speaking, therefore, new technology investment in the commercial world depends on the existence of a viable business case. Delivering the anticipated benefits is how we measure our success.

Conversely, in the public sector situation, we find that the key drivers for IT are all about

enabling policy initiatives – and, more often than not, “the policy initiatives” are subject to arbitrary change, or cancellation. As Ministers change, so, often, do their policies and these changes will have a concomitant effect on the business drivers.

Change is not unique to the public sector, however. It is also common for business drivers in the private sector to change depending on factors such as the economic climate, the political agenda and so on. Again, a PESTLE analysis is useful to identify factors which may result in changes to the business drivers.

Whatever the drivers, it is important that the Facilities Management strategy is able to be modified when necessary to enable the business to change.

Examples of where the Facilities Management strategy may need to be modified to meet changing business drivers include, but are not limited to, the following:

Potential Outsourcing – an organisation that has traditionally provided all its support services in-house may need to consider the possibility of outsourcing some or all of the services to enable business drivers to be realised. Using one of the examples above, if the downtime of machinery in a factory is to be reduced to increase productivity it may be beneficial to outsource the maintenance contract and set Key Performance Indicators that have penalties attached, for example, should machinery be out of service for longer than a specified amount of time. These penalties act as incentives for contractors and ensure that the downtime is limited to the minimum.

Another reason for changing the FM strategy to one that outsources its support services is to reduce the risk which could be another business driver. Outsourcing risk can be key in allowing an organisation to focus on its core service and increase profitability.

Improving customer engagement is a business driver which is becoming more and more important across all sectors. Every organisation’s reputation is built on a raft of individual transactions with its customers – be those businesses or consumers buying products, or citizens accessing government services. Delivering a consistent and positive customer experience has become increasingly essential – as well as hard to achieve.

Customers can be internal or external and the decision to outsource or keep services in house may have a direct effect on the customer experience.

Energy Management – as we have already discussed CSR and sustainability, which will include effective energy management can affect the Triple Bottom Line increasing (or decreasing) profitability, a key business driver in the private sector. Improving CSR and sustainability can be a business driver itself.

To enable the organisation to improve its CSR and sustainability figures it may be necessary for the Facilities Management department to change, or at least modify, its FM strategy.

A truly sustainable office environment focuses not just on a building’s fabric and systems, but increasingly on the accommodation needs of its occupiers and the evolving requirements of their roles.

A report by IBM in 2009 suggested that Facilities Managers need to understand the impact of these changes, working more closely with their colleagues across the business to play their part in supporting these new styles of working. To do so they need to collate, contextualize and exploit data on the built environment and the activities taking place

within it. Managed properly, such “sustainability intelligence” forms the basis for reduced costs and carbon emissions while providing a productive working environment. (http://www.ibm.com/ibm/files/A276547C41208O73/uk_en_buildings_Office_of_the_future.pdf)

Procurement – clearly, any Procurement strategy will be directly linked to the business drivers be they increased profitability, sustainability or increased customer focus. The FM strategy in relation to procurement may have to change to enable sustainable procurement to take place.

Organisations need to focus on best value and the FM strategy should be focused towards this. However, it is important to remember that the long-term benefits of sustainable procurement and the intangible benefits of the effects on the Triple Bottom line may far outweigh the issues surrounding initial higher costs.

Again, a **PESTLE** analysis can identify those issues which may require a modification of the FM strategy to meet the business drivers.

End of Sample Workbook

For more information about our IWFM Qualifications, you can call us on [0330 912 5400](tel:0330 912 5400) or
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