

RICS guidance notes

This is a guidance note. Where recommendations are made for specific professional tasks, these are intended to represent 'best practice'; that is, recommendations which in the opinion of RICS meet a high standard of professional competence.

Although members are not required to follow the recommendations contained in the note, they should take into account the following points.

When an allegation of professional negligence is made against a surveyor, a court or tribunal may take account of the contents of any relevant guidance notes published by RICS in deciding whether or not the member had acted with reasonable competence.

In the opinion of RICS, a member conforming to the practices recommended in this note should have at least a partial defence to an allegation of negligence if they have followed those practices. However, members have the responsibility of deciding when it is inappropriate to follow the guidance.

It is for each member to decide on the appropriate procedure to follow in any professional task. However, where members do not comply with the practice

recommended in this note, they should do so only for a good reason. In the event of a legal dispute, a court or tribunal may require them to explain why they decided not to adopt the recommended practice. Also, if members have not followed this guidance, and their actions are questioned in an RICS disciplinary case, they will be asked to explain the actions they did take and this may be taken into account by the examining Panel.

In addition, guidance notes are relevant to professional competence in that each member should be up to date and should have knowledge of guidance notes within a reasonable time of their coming into effect.

This guidance note is believed to reflect case law and legislation applicable at its date of publication. It is the member's responsibility to establish if any changes in case law or legislation after the publication date have an impact on the guidance or information in this document.

Document status defined

RICS produces a range of professional guidance products. These have been defined in the table below. This document is a guidance note.

Type of document	Definition	Status
Standard		
<i>International Standard</i>	An international high level principle based standard developed in collaboration with other relevant bodies	Mandatory.
Practice Statement		
<i>RICS practice statement</i>	Document that provides members with mandatory requirements under Rule 4 of the Rules of Conduct for members	Mandatory.
Guidance		
<i>RICS Code of Practice</i>	Document approved by RICS, and endorsed by another professional body/ stakeholder that provides users with recommendations for accepted good practice as followed by conscientious practitioners	Mandatory or recommended good practice (will be confirmed in the document itself)
<i>RICS Guidance Note (GN)</i>	Document that provides users with recommendations for accepted good practice as followed by competent and conscientious practitioners	Recommended good practice
<i>RICS Information Paper (IP)</i>	Practice based information that provides users with the latest information and/or research	Information and/or explanatory commentary

The arrangement of this publication

This publication is arranged in three parts:

Part 1 – Guidance note: focuses at high level on the strategy, planning, delivery and review of facilities management and support services to organisations. This is not a detailed step by step exposition – it is a route-map to the processes required to best support an organisation and enhance overall business performance.

Part 2 – Managing facilities: looks in some detail at the provision of facilities management functions and reviews some of the principal tasks of the facilities manager in the delivery of services to organisations.

Part 3 – Appendices: provides reference material, including a brief history of the facilities management discipline, with an exposé of abbreviations and key terms used in the FM sector as well as a further reading schedule about facilities management and related subjects, including real estate management.

While Part 1 constitutes the guidance note, practitioners should take note of the operational elements of the facilities management function described in Parts 2 and 3 of this publication, which provide important strategic and operational information on the delivery of supportive facilities services. In particular, the requirement for compliance with legislation and regulation in the conduct of service delivery is an essential requirement for all involved in facilities service delivery.

Part 1. RICS Guidance Note

1 Introduction

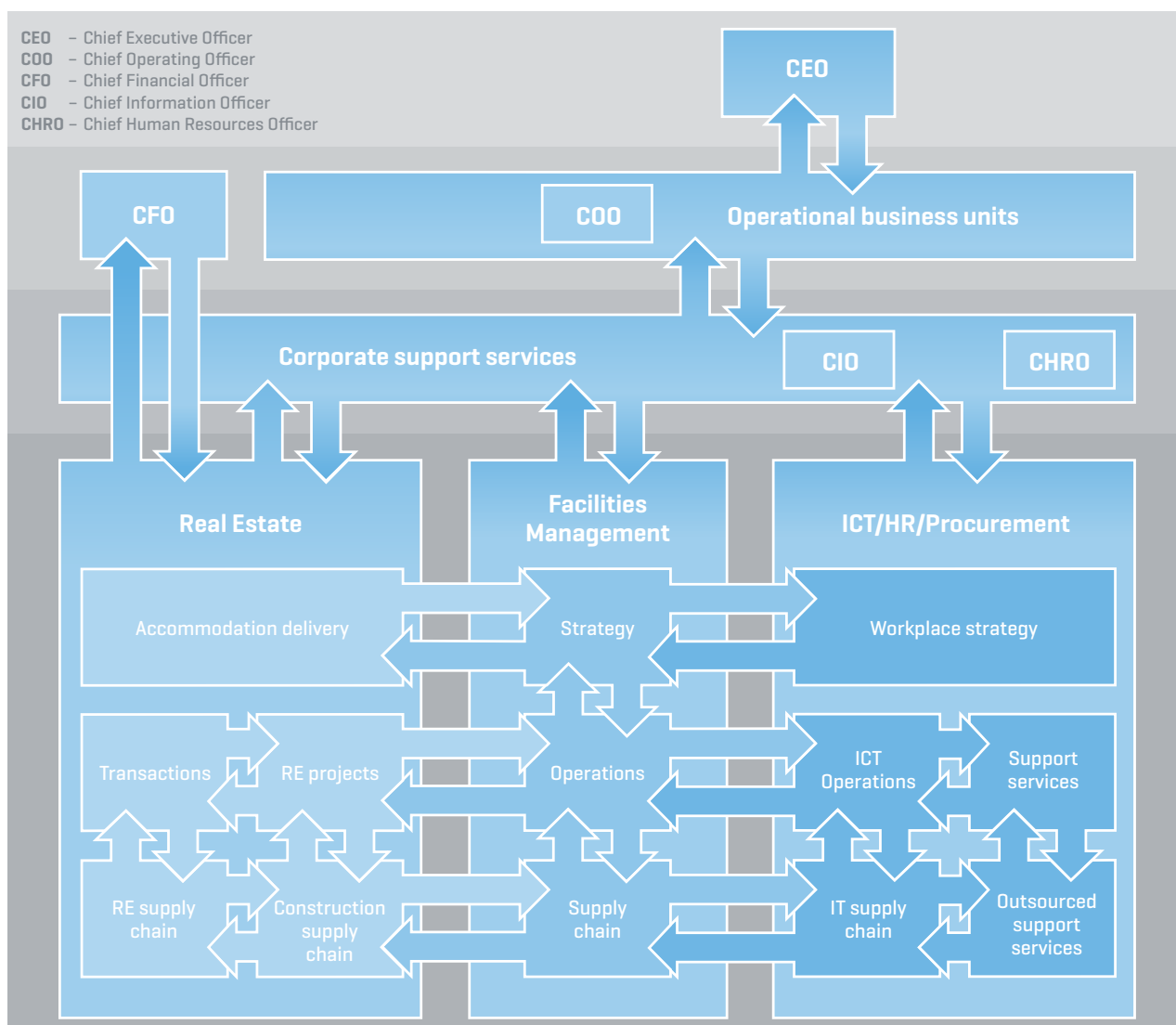
Overview

This guidance provides a practitioner’s route-map of the processes which should be followed in aligning business and facilities strategies and plans, together with managing service delivery and performance.

There are many definitions of the term ‘facilities management’ and they are discussed in Part 3, Appendix 1. Organisations vary about what is involved in the facilities role; some include real estate asset management oversight and others minor or, sometimes major projects, in addition to the traditional core service delivery responsibilities. The definition used in this guidance is:

The effective management of place and space, integrating an organisation’s support infrastructure to deliver services to staff and customers at best value whilst enhancing organisational performance.

Figure 1: An example of the complex relationships of facilities managers in larger organisations



This guidance is designed to appeal to all those involved with the management of facilities and the provision of support services, whether via in-house teams or through specialist 'supply side' organisations.

1.1 The 'client side' facilities manager

The client side or in-house facilities manager is a key member of the central business support management team with an internal network of contacts throughout the organisation. A generic example of the inter-relationship of the facilities, real estate, ICT, HR and procurement teams, as well as the important links to the operational business units and the chief operating officer (corporate support service group COO) is shown in Figure 1. The imperative of a support service team effort is seen particularly in the supply and management of the workplace, including support for flexible working strategies. The real estate team in this example has a direct line to the chief finance officer (CFO), highlighting the importance of the high asset value buildings portfolio, but ideally the real estate and facilities team should have a common reporting line to ensure good strategic alignment between the two groups. In this example, which might relate to a retail business, the facilities team report through to the COO. Their primary aim here should be to support the retail delivery strategy, providing an appropriate environment for customers and staff alike. Of great importance is the correct placement of the facilities team in the corporate structure, enabling the establishment and maintenance of communication links to all parts of the business. This ensures that the team is directly aware of the business strategies being followed and the FM services required by each part of the organisation.

It is sometimes difficult to 'educate' operational managers about the value of strategically aligned facilities services in enhancing business performance. This is a time-consuming task, greatly assisted by the correct positioning of the facilities team within the organisational structure. These issues have been investigated and are reported in detail in the RICS research publication *Raising the Bar, Enhancing the Strategic Role of Facilities Management*².

1.2 The 'supply side' facilities manager

The supply side facilities manager has a dual role of delivering designated services to the client while also managing the service company's 'bottom line' to best corporate advantage. Markedly different skills are required for each role. The involvement with the client is dependent upon the level of services which the client organisation is buying and the degree of external management desired.

Whatever the extent of the contract or service, a co-operative approach between respective facilities managers (client and supplier) will deliver the greatest advantage to both parties. Such an approach recognises the business interests of client and supplier and aligns strategies and delivery plans for mutual benefit.

In whichever of these roles the facilities manager is operating, skill in negotiation and in contract and change management will be required to ensure reliable and quality services are delivered at a competitive cost.

1.3 Strategic business focus

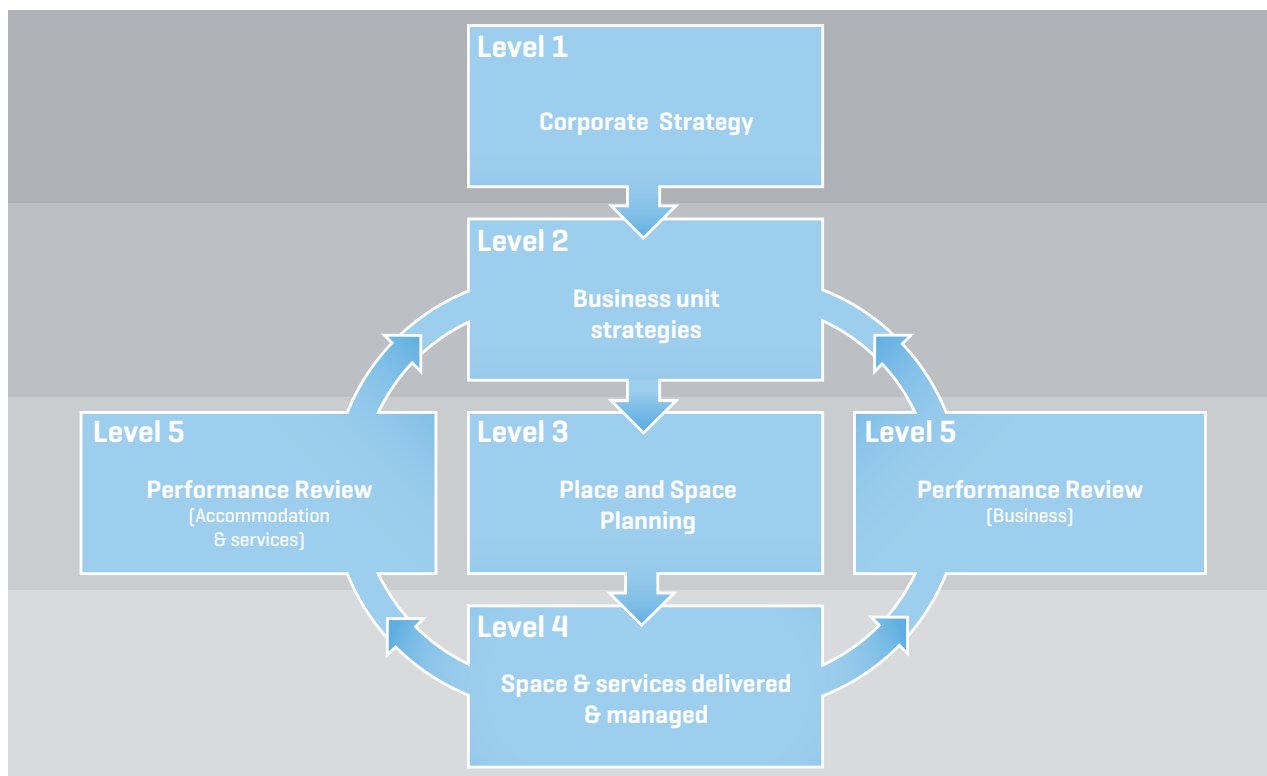
The success of the facilities management operation depends on the delivery teams, both as client and supplier, understanding the strategic focus of the organisation and, in larger businesses, the varying strategies of each business unit. The networking of the in-house team through the organisation, capturing the 'over the horizon' vision of operational managers will assist in producing an aligned and supportive operational strategy by the facilities group. In these circumstances, it may be that the facilities manager is the conduit who relays the operational strategies to the real estate, ICT, HR and other corporate service support groups. It is also imperative that the client-side facilities manager passes on the strategic and delivery information to the supply-side manager so that there is a commonality of understanding about the direction of the business and support levels required to achieve business-wide objectives.

The communication networks should be used to gather operational and strategic information to inform the on-going accommodation and facilities management strategies but also to 'sell' the facilities service as a key constituent of the corporate support group.

1.4 The strategy, plan, delivery and review sequence

The method of delivering facilities services should be decided by an analysis of the business case and the capabilities of the team, remembering that the skills needed for managing outsourced services will be different from those required to deliver in-house services. Whichever delivery route is chosen, the service performance should be measured and the metrics shared with the occupiers and the management team. The continual review of operational strategy, service suitability, the delivery process and performance measures, will bring the overall supply of facilities services nearer to optimum performance, enhancing the value to the overall business organisation. This sequence is illustrated in Figure 2.

Figure 2: The process for the supply of accommodation and services



Here the process of corporate strategy formulation is shown at Level 1, cascading down to business unit strategies at Level 2, where the real estate and facilities teams begin the process of matching space and service requirements to operational needs. This results in detailed space and service planning at Level 3 and the delivery and management of the ‘right space’ and services at Level 4. The review process which follows (Level 5) is an integral step in refining the overall space and services provision and improving its effectiveness and efficiency.

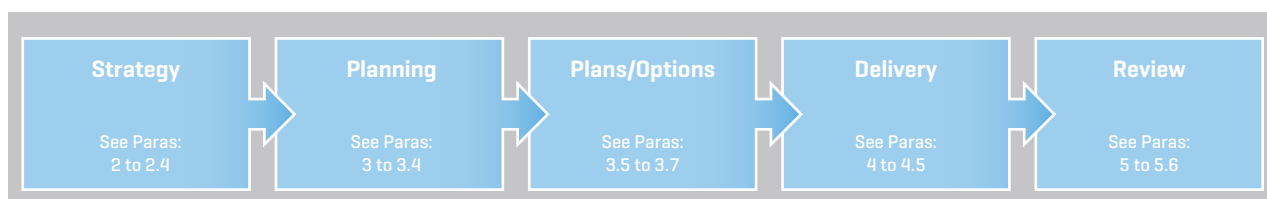
The review sequence is a two stage process which should involve the business operations managers and accommodation teams separately, and then co-operatively, analysing how the space and services are working from a business perspective and as necessary, proposing and implementing changes. Building this circularity of the review process into the operational and accommodation sequence will result in the provision of services that will steadily enhance organisational performance.

1.5 The route-map

To maximise corporate value from the process, the role of the facilities manager should involve the planning and management of services and accommodation to provide an optimum serviced environment for those who own, lease, occupy, or visit the facility. Corporate space may range from office, to retail, to hospital, educational or manufacture, but whatever its use, the space needs to be maintained and managed so that it remains operationally effective, safe, and contributes to the organisation’s well-being and brand image. The organisation’s service teams, or their contractors, provide this support in whole or in part, ideally overseen by an in-house facilities manager or a manager acting as the informed client.

This route-map shows the sequence from strategy formation to review and involves a number of important stages, represented in Figure 3. References give the paragraph numbers of the various stages of the process.

Figure 3: The route-map



2 Strategy

The start point for the development of a facilities strategy is an understanding of the business strategies flowing from the organisation's vision and mission statements. These will translate to business unit operational strategies in which buildings will be just one of the many corporate resources needed to deliver products and services to customers. The operational strategies will include statements about the overall approach to providing buildings and services, making it clear, in general terms, the type and quality of space and servicing required to meet corporate and operational objectives.

The resulting space and services strategy will be a statement of the purpose and performance levels expected from the portfolio. It will set out the type, location, cost, value and quality of the buildings portfolio and the 'brand image' this will promote in support of the corporate vision and mission. It will 'set the standard' for the quality of facilities services which the business expects and will enable the facilities team to assess the resources, structure and budget which the supply of these services will require.

The 'cascade' from high level, business focused strategy to accommodation and services strategy should be embedded in the business and financial planning processes of the organisation. The overarching policies and strategies will be reviewed, along with the accommodation strategy, each year (or more often as required) and adjusted as part of the regular business and financial planning cycle.

2.1 Preparatory action – the existing portfolio

Accurate data is the key to effective decision-making. Facilities managers must have a full understanding of the state of the present portfolio of real estate assets, the suitability for purpose, tenure, condition, cost of restoration to full repair, operating costs, market value, flexibility of use, utilisation levels, environmental performance, user and customer satisfaction, and remaining life. A factual view of the accommodation stock is needed, with an assessment of the expected contribution to service delivery and an estimate of the efficiency and effectiveness of each facility. This exercise should take into account both the real estate and facilities perspective so that a cost in use, asset value and business 'value' matrix can be produced for each location.

The importance of data accuracy cannot be over-emphasised – good corporate decision-making is reliant on quality data. However, the increasing volume and detail of information captured by organisations and the rise of multimedia and social media is fuelling exponential growth in available data and creating 'data overload' issues for many businesses. The 'Big Data' problem and its management is beyond the scope of this guidance but it emphasises the need to concentrate resources on collecting the key property/facilities data required to create a viable space and services plan for the business.

2.2 Corporate vision, mission and business plans

The real estate and facilities services strategy is a business planning and communication document providing operational, financial and quality 'readings' for the organisation. It is developed from the key strands of corporate policy and objectives which 'cascade' from the corporate vision (see Figure 4) and the mission statement providing detail about the purpose and aims of the organisation. With the latter in mind, corporate frameworks and policies are developed setting out the context within which the organisation is to operate, defining the scope, direction and the way it will allocate resources to achieve its stated objectives.

It is at this level where the outline of the space and services strategies will be set down so that delivery strategies can be supported by and matched to practical resourcing, whether this relates to real estate, to financial, IT or to people resources. To be optimally effective, real estate and facilities managers should be involved in this decision-making matrix to advise firstly on the appropriate space to 'fit' delivery requirements and, secondly about the 'match' of the present portfolio of space to the business aspirations. The objective should be to provide the right facility in the right location at the right cost and of the right quality.

2.3 Space and services policies and plans

The space strategy is a high level statement of the overall approach to providing accommodation to meet the organisation's needs. As the business plans become more granular, the space and facilities policies will be developed and designed to ensure that similar standards are reflected across the organisation. The policies should set down the 'rules of behaviour' for the organisation as far as real estate and services decision-making are concerned.

Figure 5 shows a representation of the process from the formation of the business stream strategies (Level 1) through the discussion of place and space strategies (Level 2) when the detailed input of real estate and facilities managers will be considered, based on their knowledge of the existing portfolio of space, its value and operating costs, and the market for new accommodation if demanded by the business strategies. The process will produce an optimum allocation of space for the business (Level 2) and in due course, the delivery and management of the space (Level 3) with a performance review sequence (Level 4) after operational experience. The real estate, services and operational plans will be reviewed regularly over time as the 1 – 4 sequence is regularly revisited.

Figure 4: The corporate strategy cascade

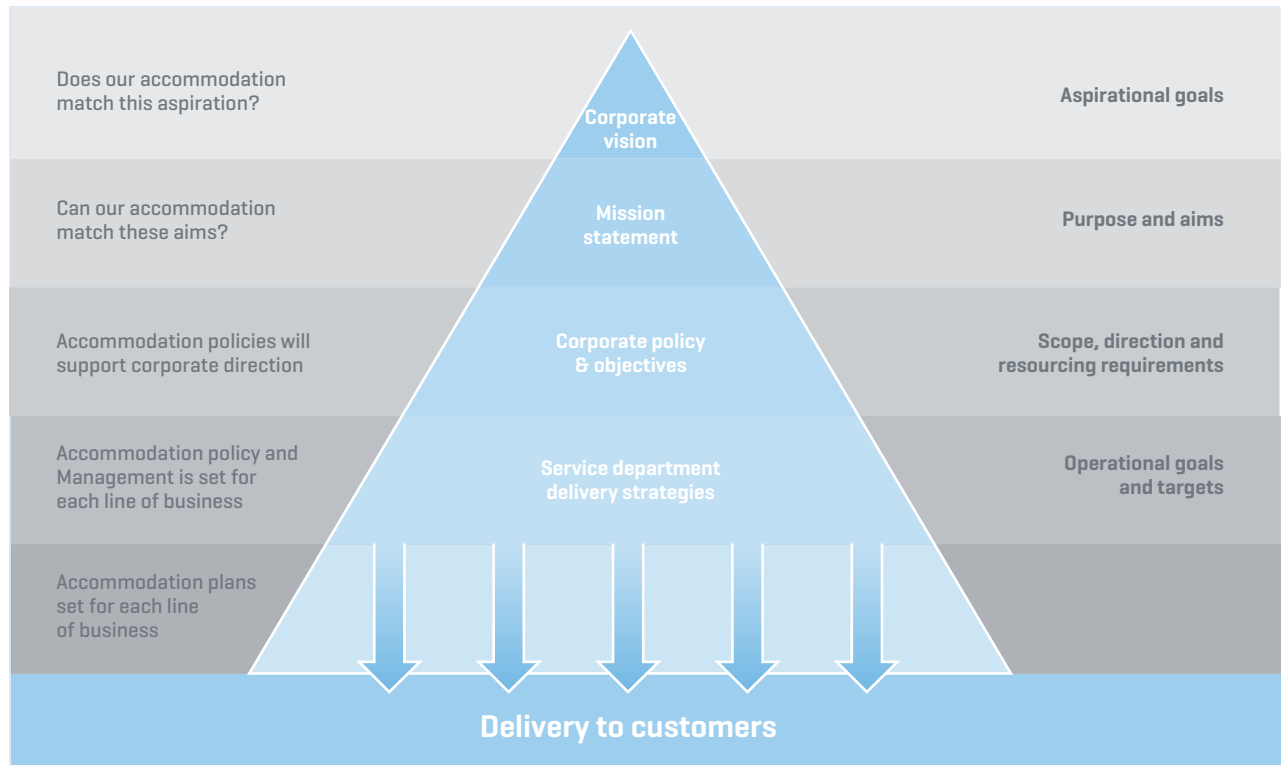
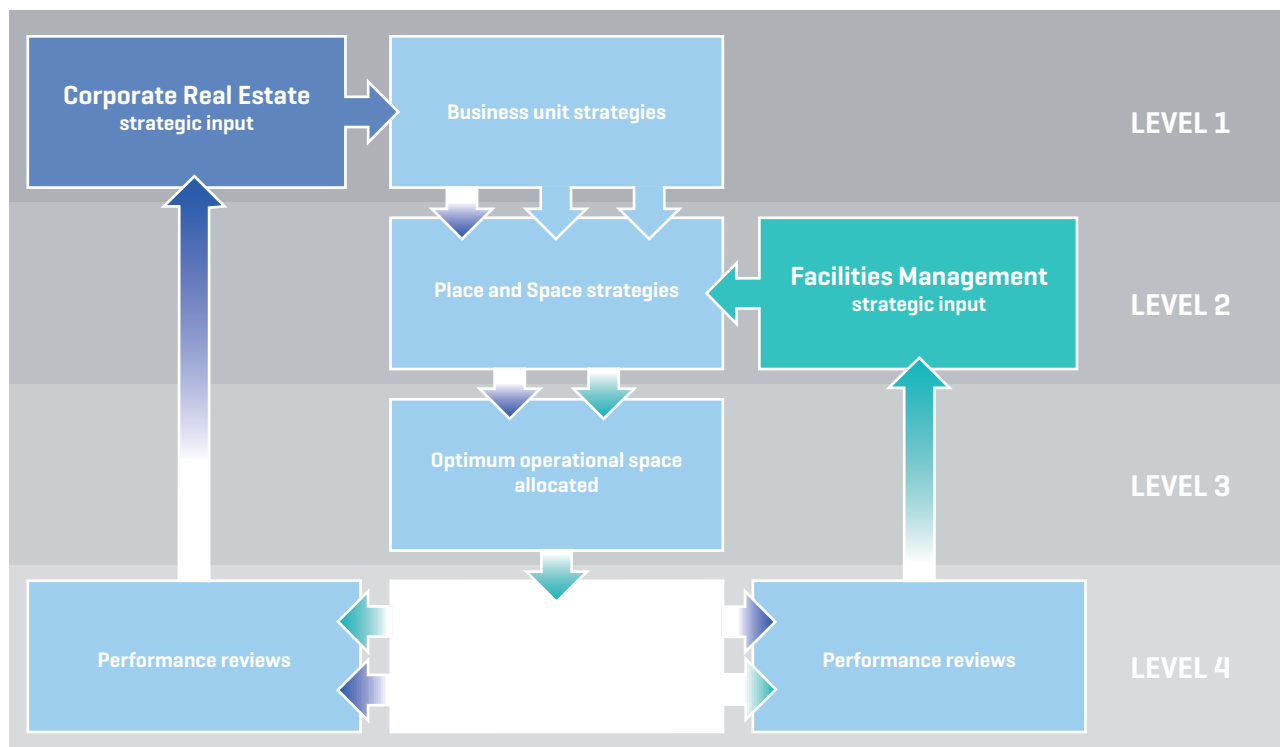


Figure 5: The strategic and operational linkage and performance review process



The benefits of establishing a space and facilities services policy include:

- the efficient allocation and management of space across the organisation
- optimum locations for service delivery
- increasingly sustainable delivery strategies; and
- the lowering of operating costs and efficient use of capital

With the benefit of this ‘overarching’ policy developed in conjunction with operational managers and a full understanding of the latter’s delivery strategies, work to develop the organisation’s space and facilities services plan will proceed.

3 Planning

The planning process becomes more detailed as managers begin considering the suitability of existing accommodation and the changes that may be required to bring the portfolio up to the standard desired by the organisation. This is shown in Figure 6. In this example of a local council plan, only four potential outcomes are considered at Level 1 – in fact there may be many more or perhaps just one option, dependent on the size of the organisation and the existing status of the accommodation portfolio.

As a result of discussion about the operational, financial and physical aspects of the accommodation, an agreed

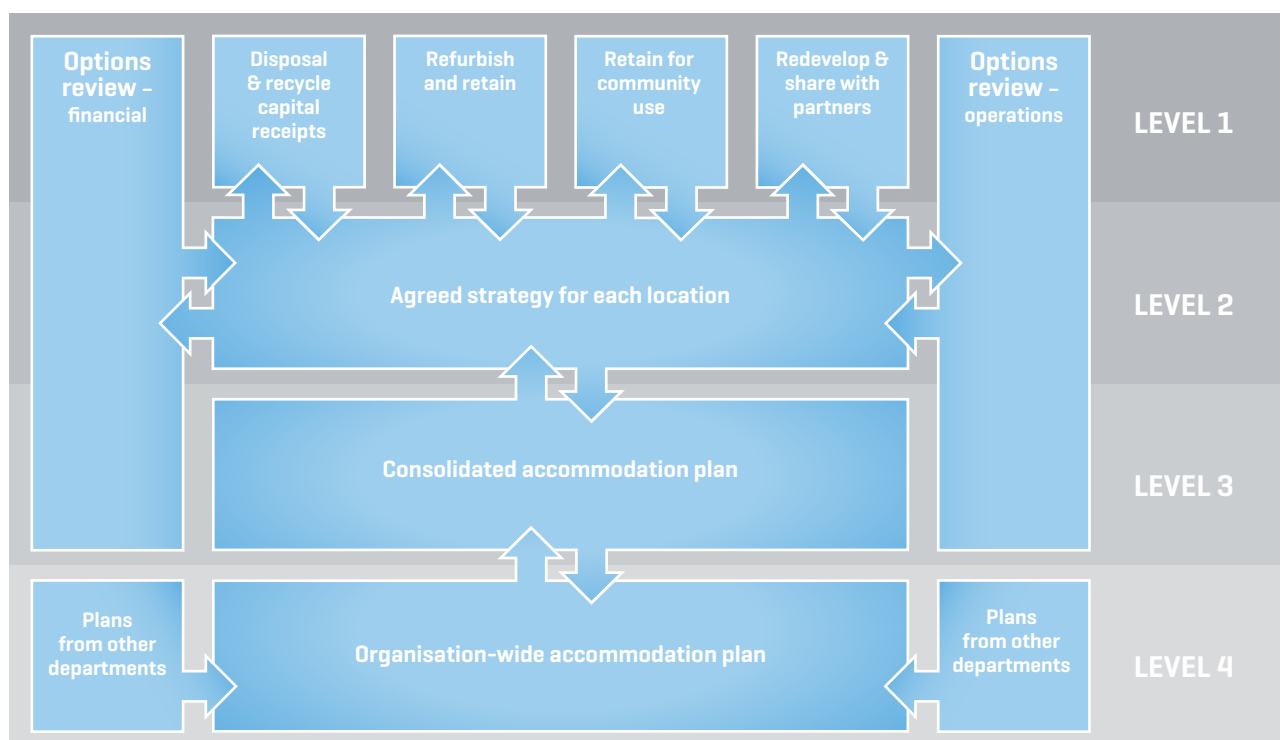
plan will be worked out at Level 2. This process should be carried out across the service/operational departments to provide a consolidated plan at Level 3 and across the organisation to produce the organisation-wide accommodation and services plan at Level 4. In larger organisations, these plans may need to be drawn up on a phased basis because they require a considerable amount of resource. For smaller organisations, there may only be a single plan although limited resources may delay completion. The facilities team should simultaneously consider the cost of servicing the space and the on-going maintenance and life cycle issues of fit-out and M&E plant.

3.1 User needs evaluation

It is important for the planning teams to understand how occupiers use accommodation and an assessment of user needs will be required, at least for the larger buildings in the portfolio.

‘Generic’ designs may meet some of the space planning, fit-out, furnishing and services requirements of a particular building user but the missed step in the process is often a more detailed user evaluation and a brief setting out of the exact needs of the occupier, both at corporate and at staff level. The absence of this evaluation may result in dissatisfied staff, perhaps less than optimum productivity, wasted resources and potential damage to the brand image of the business.

Figure 6: The formulation of accommodation plans



The discussion here relates to the planning and use of office buildings but the same principles apply to retail and industrial accommodation. Retailers plan store layouts to the last detail based upon complex shopper and marketing feedback on the design of their existing operating units. This is a very sophisticated planning process – getting a detail wrong might well have a significant effect on the bottom line financial performance of a store. Similarly, the planning of a manufacturing operation will require briefings from a wide variety of professionals and their involvement in the planning and placement of equipment throughout the building. In both cases, the facilities management team should be part of this planning process to ensure what is proposed can be maintained, serviced and cleaned in an efficient and effective manner and complies with health and safety and other relevant legislation.

3.2 Briefing for office accommodation³

The facilities team, or consultants reporting to them, should be the ‘mailbox’ for information from all parts of the occupying organisation about what is required from buildings. This will enable a prioritised and informed brief to be created to form a basis for decision-making about which buildings to acquire and which should be discarded. The facilities team should aim to produce considered feedback on the topics shown in Table 1, under such headings as Business, Building, Staff, Workplace, and Workstyle. In reality, much more information may be sought at this key stage.

This briefing information provides key input data to the design team to ensure, as far as possible from a physical and financial perspective, that user requirements are built into the final scheme. The facilities team should continue to be involved in the process as the scheme moves forward through development and/or fit-out, so that any essential changes which become necessary can be designed into the building.

This example is based on a new development but the same principles apply when an existing building is being assessed. The facilities manager should have the occupying organisation’s requirement schedule and oversight of the actual costs of running the building and should preferably be given access to the records of previous occupiers in relation to maintenance issues and costs, utility costs and service charges. The building will be rated from an energy efficiency perspective so that its compliance with the occupier’s sustainability policies can be assessed. This information matrix will provide an invaluable insight into how well the organisation will ‘fit’ into the building and the likely costs of occupation. It should also be possible to accurately assess the quality of the workplace environment and how efficiently the building’s infrastructure operates.

Table 1: Office accommodation briefing

Business
Corporate culture – image, operation, style, quality, sustainability. Will the design and use be a branding opportunity and if so what image is to be portrayed? The balance must be right – not too ostentatious, but not too ‘ordinary’. There is an opportunity to ‘score points’ on the competition through the office image and style.
Building
Quality and style, environmental standards, flexibility in use, condition and maintainability. How many people can be accommodated? What are the timescales and numbers of people in the business over the strategy period? How will the building be serviced, security maintained, and services provided, and are there design problems which need resolution? Are there security issues locally which affect design and access arrangements? Does the building comply with all present legislation? What is the BREEAM rating and what can be done [at what cost] to improve its ‘efficiency in use’.
Workspace
Numbers to be accommodated and type/quality/space/environmental requirements. Circulation space, furniture and equipment, IT services, space standards, flexibility of space and use, meeting room and quiet room space. Communal and networking spaces at group, departmental or corporate level. What work group adjacencies are required? Catering and welfare services – will child-care be required/provided?
Workstyle
Flexibility of work delivery, desk sharing/hot desking schemes, breakout space, video conferencing, ‘bring your own device’, paperless office, VOIP technologies, anytime, anyplace policies.
Staff
Do I want to work here – what is needed to get me to work here? Space, furniture, welfare facilities and standards, catering, location, parking, public transport, local shopping and other amenities. Is this location safe? Can I afford to work here – expense of travel, parking, shopping, etc.?

3.3 Plan testing

Planning information and detailed user requirements should enable a draft plan to be prepared which will be appraised financially as it develops. This should be a broad and generic process which will also assess the effects on other corporate resources, principally staffing and technology. The plan's estimated investment needs will be checked in the context of the organisation's overall requirement for project capital.

Real estate and facilities managers are advised to 'challenge' operational colleagues about their need for accommodation, the type, quality and amount of space, as well as its location and cost. The procurement options for the plan will be developed and tested financially and with operational managers, to assess viability and affordability.

The testing of the effect on staffing levels and on systems is a vital step in developing the plan. HR and IT specialists are key players in the final delivery and performance of the space and servicing plan. With all resources and costs factored in, the whole plan can be 'tested' and adjustments made as required.

The planning process is an iterative one. Plan reappraisal is a process that organisations are recommended to go through periodically and the result will improve each time the process is run as better data is used and more operational experience is gained. The testing and subsequent iterations will require progressively more accurate and complete data, particularly to support investment/divestment actions on specific real estate assets.

3.4 Communication

While the planning work proceeds, communication links to the rest of the organisation should be maintained so that there is visibility of the process. This applies through all levels of the organisation although the messages will be of different detail at the various levels.

At senior management level, the process may well take on a facilitation role to ensure all are 'pointing in the same direction' and are fully supportive. The benefits of time spent here include ensuring that real estate and facilities management operations are established in the minds of managers and kept on the corporate agenda, clarifying business drivers and corporate policy and persuading the senior team to become facilitators in promoting the space and services plan throughout the organisation.

3.5 The accommodation and facilities services plan

What does the accommodation plan contain? This will vary widely and from business to business but there are a number of templates in use and a typical plan will include some or all of the topics outlined in Table 2.

Real estate and facilities managers should remember that while the detail of their plans will be of interest to operational managers, senior board members will have time to read only summary sections relating to such topics as meeting delivery objectives and targets, the financial implications and the efficiency and effectiveness of service delivery. The layout of the plan document should, therefore, be carefully planned, so that it is clear to the wide range of readers which parts are particularly relevant to them, including summaries, as necessary, to provide an 'easy read' for other sections.

3.6 Benefits of accommodation planning

The planning process should result in an alignment of accommodation to support the organisation-wide objectives set out in the corporate strategy. The key point is that the plan lays the foundation for efficient and effective use of resources and provides a platform for structured and rigorous forward thinking and decision-making about both operational, space and servicing strategies. It also allows the organisation to be ready for change, perhaps as a result of acquisition, a change in strategic direction or 'shocks' caused by a downturn in business or competitor activity.

The plan should enable management to be clear about the extent, value, condition and suitability of the accommodation across the organisation and understand the quality of services to be provided by the facilities team. This will form the basis for the accommodation development and management programme and a clear baseline for measuring delivery performance.

3.7 Real estate options

The design of workspace is a key consideration for occupying businesses but of equal importance is whether buildings are owned or leased. A detailed analysis of real estate options is beyond the scope of this guidance, but it is important for the facilities manager, with the real estate team if one exists, to balance the options of owning and the additional business planning perspectives which need to be considered if a leasehold route is followed.

The leasehold option brings a series of differing timescale cycles which must be considered at the outset. The cycle of the lease expiring in a certain number of years, along with the maintenance cycle of the building and the fit-out life cycle, all need to be considered as part of this option. It is also important to consider the less obvious costs of leasehold occupation over and above the actual rents payable. There will be service charges in a multi-occupied building – what opportunity is there to control the quality, quantity and costs of these services and is there a possibility of being 'hit' by a contribution to an expensive common part repair or replacement such as a new lift or roof? There will be dilapidations liabilities at lease end and potentially, restrictions on alterations.

Furthermore, business expansion or contraction might mean that the accommodation will, at some time in the future, no longer be suitable, with the consequential difficulty and expense of surplus space until the lease end, unless the lease can be ended through surrender to the landlord or the outgoings limited by subletting. Great care needs to be taken when operating break options if these exist in the lease.

The planning stage should also take account of the property market – is this a good time to buy or lease? It may be possible to buy or lease cheaply in a market downturn but paying premium prices in a buoyant market may be unavoidable. The exit route should be considered before the accommodation is acquired. Will this space be saleable if no longer required? The implication of accounting changes on the treatment of leases in corporate accounts also needs to be considered.

It is imperative that the organisation plans appropriately for the various accommodation and real estate related events along with the likely business requirements. A misalignment of real estate and business cycles may prove to be very expensive in the future.

A possible occupational solution is to utilise serviced office accommodation for short to medium term office space requirements. This ‘off the shelf’ solution gives ultimate flexibility of space and time, which is ideal for fast expanding businesses. It requires a minimal amount of set-up cost and can be organised within days.

Table 2: A generic plan for accommodation and services planning and delivery

Plan topics	What is included
Purpose and benefits of the accommodation and services strategy and plan	<ul style="list-style-type: none"> The purpose of the accommodation and services strategy and plan and the benefits to the organisation. How the strategy has been developed, the alignment with business strategies. The plan timescale. There may be more than one end date where a number of change programmes are running simultaneously.
The organisation’s corporate vision, mission and strategy	<ul style="list-style-type: none"> A statement of the organisation’s goals and objectives and the implication for accommodation.
The financial context	<ul style="list-style-type: none"> The overall corporate financial position. The financial outlook and the implications for accommodation and services decision-making. An estimate of the budget for accommodation change and ultimate operating and servicing costs.
Accommodation and services – A statement of goals and objectives	<ul style="list-style-type: none"> Setting out at corporate level the policy, goals and objectives that will improve delivery. The corporate approach to the use of accommodation and the quality of facilities services. The vision of what accommodation will ‘look like’ through the programme and at the end of the plan period. A statement of the quality of space and the standard of services to be expected. The sustainability elements of the plan and the changes made to increase the ‘sustainable focus’.
The accommodation and services plan for each business unit	<ul style="list-style-type: none"> A business unit analysis of the effect of the plan on the accommodation portfolio. The effect on key locations will be highlighted. This charts the change process to align with business requirements. In separate appendices, a location by location breakdown will show the detail of each asset and any proposed changes, as well as the type of services planned and the estimated capital and operating costs.
Asset upgrade analysis	<ul style="list-style-type: none"> At high level, the key changes required to deliver the plan and the facility service changes proposed. An estimate of the likely total costs of the plan’s proposed capital requirement.

Plan topics	What is included
Definition of service levels to be expected	<ul style="list-style-type: none"> The quality, capacity, reliability, services and responsiveness of the accommodation is confirmed and priced. This will be a balance between affordability, practicality and service quality; the level is defined and becomes the baseline for performance measurement. Operating models and resultant changes in inputs and outputs.
Critical success factors	<ul style="list-style-type: none"> Business based outcomes and timescales are noted. This will form the basis for performance management.
Resource implications of the plan	<ul style="list-style-type: none"> The effect on accommodation and services as well as finance, IT and HR will be noted and this provides further input to the capital and operating plans. Revenue budget implications will be outlined. The broad investment and divestment plan will be outlined and capital spend and returns will be estimated. The overall approach to sourcing, outsourcing and procurement will be set out as a strategy to be investigated.
Performance measurement	<ul style="list-style-type: none"> The agreed performance measures to be used relating to the critical success factors and those of all business units across the organisation. The performance measurement system. Current performance as a base measure and the anticipated performance review steps as the plan proceeds.
Organisational structure	<ul style="list-style-type: none"> The senior corporate manager responsible for space and services is identified along with the real estate and facilities structure, roles and responsibilities. Process for overall space and services structure reviews. Governance and decision taking. Data management. Resourcing allocations and capacity management.
Action milestones	<ul style="list-style-type: none"> Actions which will be taken over the next 12 months and a timetable agreed for organisational, accommodation and delivery service changes.
Review	<ul style="list-style-type: none"> The success of the accommodation and services plan is measured by the reaction of customers to service delivery and the effect on operating costs. Reviews against pre-agreed performance metrics will take place regularly and recommendations made about changes to enhance delivery to customers, as well as improvements in facilities services.
Risk	<ul style="list-style-type: none"> An assessment of the risks associated with the accommodation and services plan. A risk assessment of other resource inputs including financial/budgetary cutbacks and shortage of real estate and/or facilities management expertise, along with the management of all shortfalls. Business continuity plans.
Assumptions and provisos	<ul style="list-style-type: none"> The plan will state the base assumptions and any provisos about data integrity, cost estimates, demand forecasts, real estate and services lifespan, and other variables.

4 The delivery of services⁴

Having agreed the precise space and service level requirements, the organisation should consider whether the required facilities management services are likely to be most efficiently provided by in-house resources or through any 'mix' of in-house and out-of-house provision up to a total outsourcing solution.

An objective assessment of the capabilities of the in-house team should be carried out as well as a financial analysis of the direct and indirect costs of the various delivery options, so that a decision can be taken on the best value option for the organisation. Reviews of the chosen process for delivering services should be made at regular intervals by market testing.

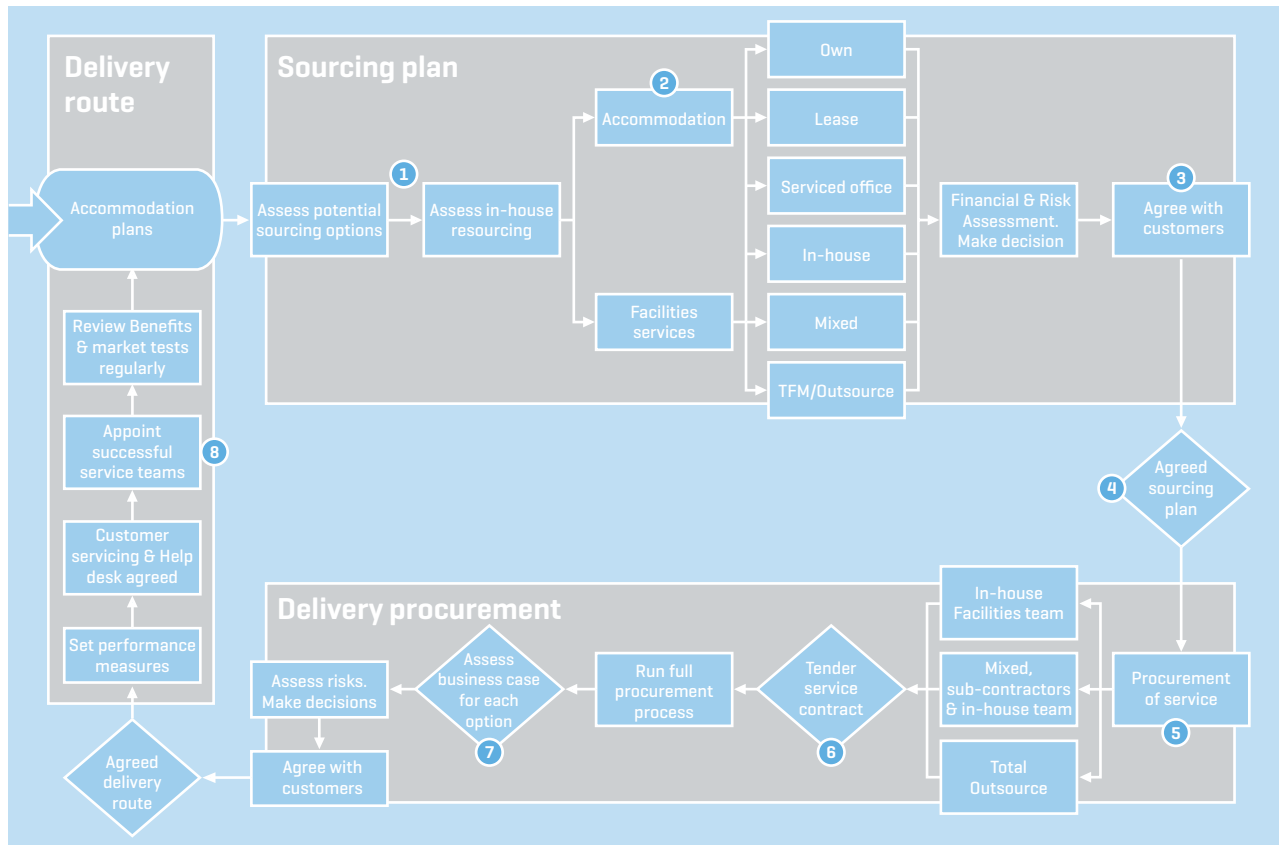
4.1 Outlining a plan for delivery

Figure 7 shows the essential three major steps from the accommodation and services plan through sourcing and procurement to delivery.

Sourcing options needs to be objectively considered, in particular, whether the in-house team could provide some or all of the services required by the business (point 1 on Figure 7). At point 2, consideration should be given both to the accommodation sourcing and how services could be provided. At point 3, following financial and risk assessments of the available options, a decision will be made which should be 'tested' with the in-house customers, resulting in an agreed sourcing plan, shown at point 4.

This plan should become the basis for the procurement sequence (point 5), with three or more sourcing options again being checked out, resulting in a tender for services being prepared at point 6. There may be alternative tender options if it is decided to market-test more than one option. The procurement process will result in tenders being received and these should be financially tested for commercial affordability and suitability to the business in terms of content, quality and risk. A decision will be made at point 7 and again customers should be consulted before the delivery route is finally agreed. Thereafter, the preferred supplier is appointed with an agreed start date for delivery. On-going regular performance reviews should take place as well as market testing, dependent upon the length of the delivery contract.

Figure 7: Accommodation and facilities services delivery process



4.2 Sourcing services⁵

The sourcing of facilities services delivery depends on a large number of circumstances. It may be based on the capabilities of the in-house team, uniqueness of the services required, a particular or unusual speed of response requirement, on the question of overall control or on the direct and indirect cost of service supply. A number of possible options are shown in Table 3.

The decision about which sourcing option is best for the organisation will be based on an objective assessment of service requirements, in-house expertise, specialist needs and cost. The decision should not be made on just one objective, for example, it is cheaper to outsource. This is a significant strategic decision for the organisation and it should be made only after careful consideration of all relevant criteria. Once made, the sourcing decision should stand for the contract period of say three or five years. It might be reviewed at these time intervals if the contract period is longer.

It is important that the delivery performance (as opposed to the sourcing decision) of the supplier providing the services is reviewed regularly, on a monthly, quarterly or yearly basis, dependent upon the ability to do so efficiently, and the performance should be benchmarked. All organisations will have a different view of their requirements so it is for each to determine what works best for their operations in terms of value and efficiency and this may take some practical 'experimentation' over a number of years. This is the advantage of an experienced in-house facilities manager who will be in a good position to advise on the most appropriate option without the need for potentially time-wasting and costly trials.

Table 3: Sourcing options

In-house	The present facilities team, possibly augmented if necessary by agency or full-time staff, run the delivery of accommodation and facilities services.
In-house with sub-contracting specialists	The in-house facilities team, with limited resources, will run some services but will contract with external service providers to cover any skill or resourcing gaps.
Establishing a business unit	The present facilities team are re-constituted as a separate, free standing services organisation, providing services to their organisation and with the objective of gaining contracts from other clients.
Managing agent	In the absence of a sufficiently experienced or qualified facilities team/manager, the appointment of a specialist FM professional to act as the facilities advisor and informed client. This specialist will appoint and manage external suppliers.
Contractor/ manager	The appointment of an organisation to manage all services providers. The appointee is paid a management fee. In some circumstances the appointee is responsible for managing the facilities budget and the payment of all subcontractors.
Total FM	Total facilities management contracts with a single supplier, taking responsibility to provide all required services.

4.3 Outsourcing procedures

It is important for business managers to understand that the timetable for outsourcing will be prolonged, particularly for a total FM outsource.

The process may be divided into three main parts:

1. Assessing the scope of the outsource – the numbers of properties (an accurate asset register is an absolute imperative), the services to be provided, the present delivery arrangements and, if relevant, their merging with the outsource vehicle; the arrangement for oversight by the internal contract manager and if staff are to be transferred, the TUPE⁶ (staff transfer) arrangements. Careful consideration should be given to who the ultimate customers are and who within the client business will be giving instructions. Care is recommended to ensure all relevant procurement legislation and regulations are being followed, for example, OJEC⁷.
2. The tender documents will detail the specification of services and the timetable and frequency of service, the quality of service expected, service levels, reporting and performance metrics, the handling of customers, the provision of a help desk and the contract conditions.
3. The tender process – the timetable, briefing, interim stages, assessment formulae and scoring; award of contract and mobilisation expectations.

These processes should be followed meticulously in order to ensure that required services are not missed and that the prospective suppliers of services are fully aware of what is expected of them and are capable of delivering to the required performance levels.

4.4 Managing in-house service provision

The decision to retain in-house facilities management services should firstly depend on the skill level and experience of the relevant teams and secondly, on an analysis of an objective business case for doing so. Again, it should be remembered that every organisation has a different view about how facilities services should be delivered and what services should be provided.

The procedure for establishing the in-house service provision should be no different to the outsource process in terms of setting the services to be provided, the timing, quality, performance measures and so on. The internal customers should expect to receive a service which compares with an external provider but should not receive additional or special treatment just because this is an in-house service. A price/cost for the services will be agreed and the in-house team will be expected to manage within that budget. However, this should be a budget established and set for a contract period, as would be the case with an external provider. The set-up should mirror the contract arrangement for an external provider so that performance can be monitored on a like-for-like basis.

The in-house team will be familiar with and understand the organisation's operational strategies and different business unit operating imperatives however an external supplier might bring innovation and efficiencies that are beyond the scope of the existing team. They will also be more familiar with procedures for help desk, customer relationship management and the handling of change requests.

In-house staff should be provided with a training budget to allow, for example, for training in account management, help desk and work-scheduling. As will be the case with an outsourced service, the in-house team will be subject to performance measurement and operational improvement targets.

The choice of in-house provision versus outsourcing depends, firstly, on the level of in-house expertise available, but secondly, on the existence of external service providers. In some countries there are no reliable specialist external service providers and organisations have no alternative to in-house provision. In such situations, it remains important to set the definitions of service, performance expectations and budgets so that the facilities team know what their operational targets are and the customer knows what to expect. Whatever the circumstances, in-house service provision will continue only if it achieves customer satisfaction and best business value to the organisation.

A recent i-FM survey⁸ provides some insight about services provision and reports a larger than expected proportion of respondents (26%) providing all FM services in-house. Just under a quarter (22%) were using individual external suppliers for each service, and 26% were using a bundled or integrated services approach, with two or more service lines delivered by a single supplier. Six per cent of respondents said they had a TFM solution in place, with 4% reporting a single solution for FM and property services.

4.5 Contract management

Irrespective of how the services are to be delivered, a process will be required to manage the service contract. This should be the responsibility of the in-house facilities manager, acting in the role of informed client, or, in the absence of a qualified professional, another manager will be required to fill the informed client function role. The latter may be the preferred option where services are supplied through an in-house team, in order to ensure objectivity.

It is good practice to establish a review board consisting of all corporate central services support managers, operational and services supply managers and internal customer and accommodation occupier representatives. All should be aware of the original objectives set when establishing the contract and the review board should objectively consider the performance measures on a regular basis, recommending changes as necessary from the client and supplier side.

In any event, the process of management will accord with the procedure laid down in the supply contract with the reviews, change control procedures, contract administration, cost and performance monitoring and payment, all as originally set down, or as the contract may have been varied subsequently by mutual agreement. Performance monitoring is a key feature, particularly where a performance related payment system is included in the contract. In this case, the pre-agreed KPIs will be monitored and any additional payments made to the supplier if performance targets are exceeded. However, due consideration should be given to any service failures, particularly where maintaining service continuity is a key contract condition and metric.

An overall concept review should be carried out occasionally to check that the original decision on facilities delivery is still valid and in line with the current accommodation and facilities strategy. Further reviews will look at actual costs compared to market, performance measures and possible changes to increase efficiencies in delivery and consequent alterations to service level agreements (SLAs).

Each contract for the supply of services is tailored to the client so no single approach to delivery, administration or review is possible. One principle is worthy of note, however, in relation to KPIs – only measure what is meaningful, useful and will add value to the business.

4.6 Legislative and regulatory framework

Facilities managers should be particularly aware of the legislation and regulatory regime which governs the operation of real estate and the employment of staff in each of their operational regions and remember that this will vary in every country. In particular, the health and safety of staff, visitors and customers is of paramount importance but awareness of and compliance with construction, employment, equality, waste disposal, anti-bribery and money laundering legislation and regulation are all essential.

5 Review

5.1 Measuring performance and review

The processes for the delivery of accommodation and services should be reviewed at regular intervals so that changes to improve efficiency and effectiveness can be introduced. Figure 2 (section 1.4) shows the performance reviews (at Level 5), which should take place to assess how well the business is being supported by the accommodation and services provided.

Business and facilities managers should discuss if the present portfolio of accommodation and services is adequate and what changes might be made to improve performance. These regular reviews will result in the refinement of the space and services delivery to better support occupiers and customers.

5.2 Commonly used performance measures

RICS research⁹ in 2012 looked into what measures organisations use to evaluate the performance of the facilities management team and also, what metrics teams use to track their own performance.

For office portfolios, the returns reveal that senior managers' attention is solely upon financial performance against budget, with little apparent attention being paid to the effect on the working environment, or on the efficiency or productivity of the workforce. So, the most common measure being used is the cost budget.

Other cost related metrics in common use are cost per sq.ft/metre of space, real estate cost and space occupied per employee, cost per workstation and a growing use of environment-related measures such as carbon tonne per employee. These measures generally concentrate on the cost/efficiency of the facilities rather than the effectiveness of the accommodation and services.

The second most popular performance measure looks at service levels achieved. This is a 'softer' measure which tracks response times, maintenance issues resolved, workplace environment and the like. Employee satisfaction is the third most popular; presumably sourced from occupying customers.

The research underlines the fact that facilities management continues to be regarded by too many managers as a cost centre and there is insufficient understanding of the effect on the overall business of relentlessly cutting FM budgets. While it is difficult to conclusively prove that the quality of facilities services affects occupier performance in the workplace, there is a growing body of research

evidence showing that poor lighting, poor cleaning, bad environmental conditions, poor heating, inefficient IT and poor quality furniture, particularly seating, has a negative effect on productivity.

It is interesting to compare this cost obsessive approach with the retail industry where in shopping centres and stores, large and small, customers and staff are 'treated' to a pleasantly maintained, well-lit, air-conditioned environment, conducive to browsing and buying and to providing a good service. Retailers are notoriously cost conscious but clearly understand the advantage of a facilities services spend which produces a customer friendly environment and is positively reflected in their trading performance.

5.3 Scorecard approach to performance measurement

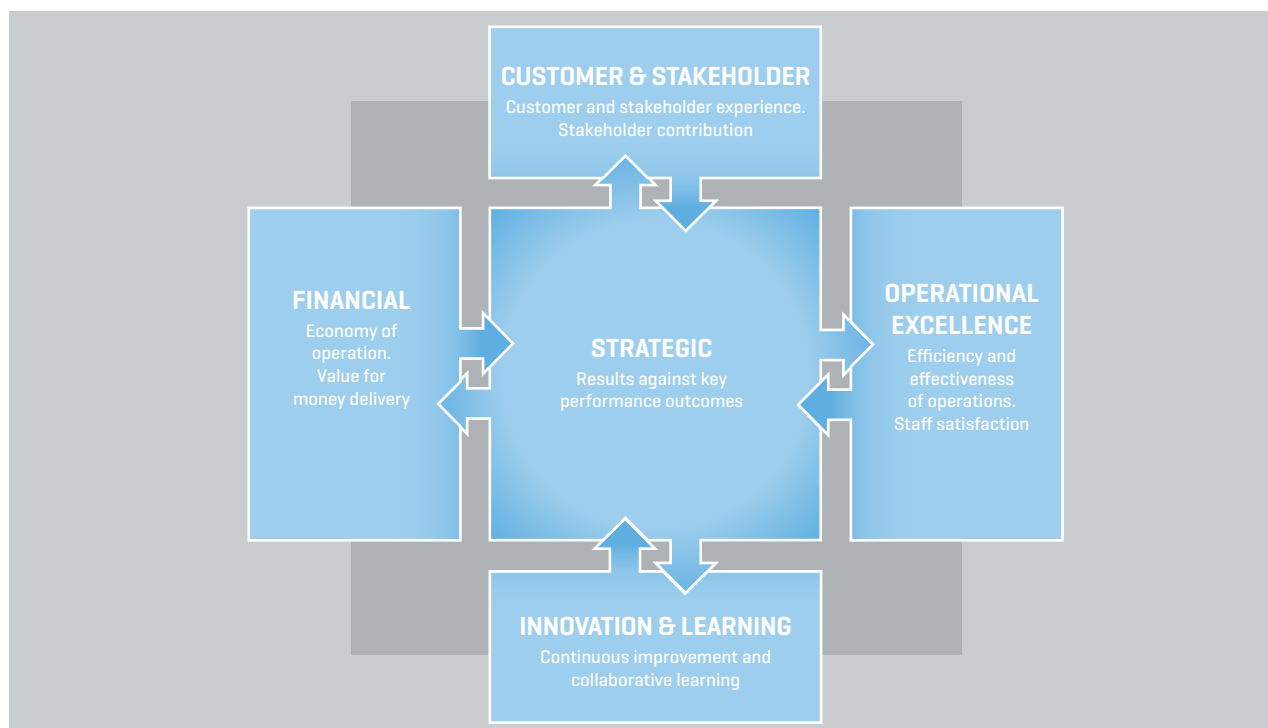
The performance reviews discussed concentrate on cost, space and utilisation metrics. However, the user satisfaction measures begin to 'stray' into the area of the effect which accommodation and services do have on organisational performance. Here a 'balanced scorecard' approach, as set out by Moulin in 2002, is helpful. In Figure 8, a form of scorecard structure is shown, which places performance under four broad headings against longer term strategic objectives at the centre.

The performance 'beacons' surrounding the strategic centre emphasise the mostly qualitative nature of the inputs and outputs, looking at measures such as customer experience, staff satisfaction, collaborative learning efficiency and effectiveness of operations.

A generic scorecard is developed from this outline structure and this is shown in Table 4. The measurement should follow the strategic objectives of the organisation and concentrate on a limited number of metrics which are identified as key drivers towards improved delivery to external customers. The influence of a quality accommodation portfolio and facilities management services on work delivery and service to external customers can be assessed through a well-constructed scorecard. The scorecard provides a methodology for looking at the inter-relation between space, servicing and staff performance, and different formats can be designed to monitor, for example, the reaction of staff to changes of process, workstyle or workplace technologies.

Having received the review results, facilities and operations managers should discuss what changes, if any, are required to space and services to develop improvements which will benefit all concerned.

Figure 8: The outline concept of a balanced scorecard



Source: Moullin 2002

Table 4: Generic scorecard

Objectives	Operational measurement areas for accommodation and services	Measurement methodology
Strategic		
Achieving/assisting in achieving the organisation's objectives	Improving quality of services and accommodation; increasing efficiency of space usage	Metrics associated with space efficiency and satisfaction with accommodation and services
Customer and Stakeholder		
Satisfied customers, staff and satisfied stakeholders	Talking to customers/staff at all levels about the accommodation and services 'experience'	Survey of customers; stakeholder surveys; stakeholder interviews
Operational Excellence		
Effective and efficient operations	Better space promotes improved 'quality of life' and increased productivity; flexible working; efficiency in space usage	Satisfaction with accommodation; location of building; space quality; servicing standards; occupational levels; availability of flexible working 'tools'
Financial		
Value for money; budget adherence	Financial metrics	Operating costs; capital budget
Innovation and Learning		
Best practice captured and new ideas continually trialed	Performance compared to other organisations; research about new ways of working/delivery of services	Benchmarking performance and learning groups; measurement of performance in research trials

5.4 Benchmarking

The results of the various reviews described will produce information which should be compared to past performance within the organisation and enable comparisons with similar operations elsewhere. This comparative benchmarking will give a valuable insight into performance trends and potentially a view of how operations might be re-engineered to further improve services.

Internal performance measurement gives a 'trend line of performance', hopefully improving over time. It will show where operational lapses in services have occurred and enable remedial action to be taken. External benchmarking offers the prospect of using the experiences of other organisations to leverage performance 'at home'. Again, this will highlight lapses of performance compared to other organisations but care is needed to ensure that the metrics being analysed are entirely comparable.

A limited number of benchmarking groups have been created over the years. The Investment Property Databank (IPD) oversees a number of schemes in both public and private sectors, in the UK and elsewhere, with equivalent data organisations also undertaking similar activities in Europe. There are further published metrics relating to total office occupancy and service charge costs in the UK, which provide useful information¹⁰.

The European Standards Facilities Management Committee published a standard in 2012, BS EN 15221-7: *Guidelines to Performance Benchmarking in Facilities Management*. This standard provides a framework applicable to the performance of benchmarking within a European-wide facilities management context.

For those taking part in benchmarking schemes, there are key essentials to bear in mind:

- mutual trust and honesty, openness and a complete willingness to share information
- fully agreed and clear operational rules from the outset, with an agreed operational programme; and
- agreement of key metrics and methodologies for collecting data and calculating performance.

The benefits of benchmarking schemes include the innovation which comes from organisations that may be trying out initiatives that have inter-organisation application, the attention which can be directed towards the big efficiency and effectiveness drivers and the focus on under-performing accommodation and service provision requiring particular management attention.

5.5 Workplace productivity

The focus of attention for the last 20 years has been on productivity. In the office, the performance of workspace was promoted in the early 1990s by emerging desktop computing and developing mobile computing and telephony technologies. This led to the notion that greater flexibility in work delivery and 'agile workplaces' would provide staff with an opportunity to balance work and lifestyle. In the telecommunications and computing sectors, new workstyle 'packages' were developed involving more flexible employment contracts and the allocation of equipment which would enable work from wherever a 'phone connection was available'. These agile working arrangements resulted in the development of desk sharing, hot desking and serviced office facilities.

Flexible working and changes in office design and convention have been enabled by further technological advances and wireless communication. But, unlike the manufacturing sector, where technological advance has increased productivity enormously, it is difficult to prove productivity improvement in the office environment. Employees say they greatly appreciate the increased workstyle flexibility but with continuing difficulty in measuring what this means for workplace productivity, some businesses are questioning the business advantages of such schemes.

There is such a complex interaction between jobs, workstyle, office design, technology availability and capability, personal outlook on work, organisational factors and culture that workplace productivity measures will always be subject to questioning. Despite this, facilities managers should have a clear focus and priority on looking for and developing innovative solutions that return operational efficiencies to organisations, whether this is through providing improved workplace facilities or using less workspace.

However, most thoughtful organisations and facilities managers take the view that a comfortable working environment, with technology which is understandable and works, workstations which can be pre-booked, and a selection of working places – social, quiet, confidential, video-conferencing – will provide staff with a productive environment. Add to this a quality building which is well serviced, maintained and with good facilities and the accommodation and facilities teams will almost certainly have produced an efficient and effective environment conducive to improved staff productivity.

5.6 Process review

The performance of the accommodation and the delivery of services should be reviewed continually and controlled changes made as the metrics dictate. The methodology of delivery and the effectiveness of contractors and/or in-house teams should be reviewed periodically in accordance with actual or assumed contractual periods. These reviews should be on an objective basis and be subject to stringent business case analysis so that there are visible business-led reasons for making any changes. Regular forum meetings should enable the FM team, suppliers and customers (occupiers) to decide if new outsourcing arrangements should be tested and/or whether the supply contracts should be re-tendered. In this way, the client will be assured that best value is being obtained and business value enhanced.

5.7 Conclusion

This guidance establishes a process and standard for planning and managing facilities to enhance efficiency and effectiveness. A strategically driven approach to facilities management will provide maximum corporate benefit, with outputs and returns measured on service quality and value for money rather than cost. In this way, the facilities operation will provide optimum support in achieving corporate objectives, eliminating risk and enhancing organisational performance.

Endnotes

- Note 1 www.i-fm.net A subscription web site for up-to-the-minute news and research on all facilities management related issues.
- Note 2 RICS Research paper: *Raising the Bar: enhancing the Strategic Role of Facilities Management*. A report for RICS by Occupiers' Journal Ltd, November 2012.
- Note 3 See BS8536. 2010. Facility management briefing code of practice.
- Note 4 See BS EN 15221-2. 2006. Guidance on how to prepare facilities management agreements.
- Note 5 See BS8572.2011. Guide to the procurement of facilities-related services.
- Note 6 TUPE: this is the colloquial abbreviation of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246), which is the United Kingdom's implementation of the European Union Business Transfers Directive. It is an important part of UK labour law, protecting employees whose business/employment is being transferred to another service provider through outsourcing or a business take-over.
- Note 7 OJEC: the abbreviation stands for the Official Journal of the European Community (OJEC is now recognised as OJEU – the Official Journal of the European Union). This is the publication in which all tenders from the public sector which are valued above a certain financial threshold, according to EU legislation, must be published. They appear in Schedule S of the Journal along with other EU Procurement Directives. The legislation covers public sector organisations including Local Authorities, NHS Trusts, MOD, Central Government Departments and Educational Establishments.
- Note 8 FM Market Survey 2012 data from i-fm website.
- Note 9 RICS research paper: *Raising the Bar – Enhancing the strategic role of facilities management*, 2012.
- Note 10 The UK Total Office Occupancy Costs 2012: https://www.realestate.bnpparibas.co.uk/upload/docs/application/pdf/2012-01/jan_2012_occupancy_costs_map.pdf
SCOR for Office 2012 and SCOR for Retail 2012; research into service charges for principal office buildings in the UK and through UK retail shopping centres: <http://www.property-solutions.co.uk/research-and-benchmarking/benchmarking/>