People vs. Economics – What is the right balance? At the top of the BT Tower

On Wednesday 6th May our CoreNet Strategic FM stream held an event to tackle some of the key challenges that occupiers face.

We explored whether FM can have a positive effect on the ability to motivate employees and generate increased productivity in the workforce. We also examined whether a company is able to generate increased revenues through increased employee satisfaction, retention and productivity, or whether it is only able to leverage facilities management as an exercise to cut its cost base.

Our panel of three guest speakers from leading organisations – Liz Nottingham, of Starcom Media Invest Group, Adam Hoy of Unilever and Neil Edmond of BT – provided participants with an insight in to their experiences, covering three key questions on economics, people and facilities management. Here's what they said:

1. What would it take to convince financial directors' to increase the costs of facilities management services and how can you demonstrate a return on investment? Adam Hoy, Global Workplace Innovation & Operations Director, of Unilever recommended we identify sites where there's been a prolonged under-investment in services and equipment and present a strong and considered case for consideration. We must remember that success is often down to the case facilities managers build, demonstrating how it can affect long term operating costs, then proving it in practice. From a HR perspective, the value of investment in upgrading facilities to help with recruitment and retention needs to be asserted. By showing a direct tie between better FM services and improved recruitment figures you can often encourage further investment.

2. How do we correlate the financial value of increased productivity of employees with investment in facilities management services? Investment in FM from the leadership of a business can impact employee productivity as well a business' reputation. Liz Nottingham, Regional HR Director for Western Europe, said sad, tired buildings can encourage poor behaviour and have an impact on a company's reputation – particularly those in the FTSE100 when clients have a certain expectation about the building in which you operate. Reports also show that poor facilities encourage unhappiness and stagnation reducing employee productivity.

   The buildings we work in play a key role in staff retention and attraction levels, and how well they work impacts productivity. Recent figures show that if they don't work, the true cost of staff turnover is high with replacement costs of;

   - 50% of the annual salary for an entry level employee
   - 150 % of the annual salary for a mid-level employee
   - 400% of the annual salary of a senior level employee

Liz finished with a quote from Richard Branson, "Train people so they can leave, treat them well so they won't want to."

3. If you could identify three innovations or innovative technologies that will drive efficiency within FM and the workplace over the next three years, what would they be?

   Case Study: BT, new ways of working
   Effective communication between a company and its employees improves not just employee satisfaction levels but also importantly customer service. BT Facilities Services has invested in a solution to drive efficiency in FM by gaining business intelligence and using it to improve communication and deliverability to clients.
   1. Mobility – BT has invested in a device that allows the entire business to engage easily across the workforce, irrespective of where they are and who they are in the organisation, enabling effective communication.
   2. Mobile apps – BT has introduced an app to measure how its teams are working and push information out to its employee. It enables the FM team to learn what staff and BT's customers know about the workplace and therefore understand what's affecting the business and how the FM team can help support day-to-day tasks better. The app also helps BT ensure it knows where its people are, which means it can communicate more effectively and consistently with them and explain why BT is working the way it is to support its customers.

Following the panel discussion, participants split into teams to explore some of the key factors they believe will have an impact on the industry, including:

- Arguments and evidence required to support increased FM budgets
- Ideal tools to increase employee productivity
- How to demonstrate the value of FM

Below are the results of their discussions and some tips for our members.

The business case argument

What are the arguments and evidence required to support an increase in FM budget to drive employee efficiency?

The consensus at the event was that we need to present two types of evidence; hard and soft. Hard measurements provide information on where FM can give time back to employees or measures the additional time they are spending on FM, adding a cost and value to it. Soft measures link in to the business and look at what FM services will provide for employees and what they will get out of it personally. Here we need to look at the business drivers, what's important to employees and link it back to what the FM team can provide.

What's required is a model similar to Maslow's Hierarchy of Needs, where at the lower end of the scale FM looks at what's absolutely necessary from the service perspective to get the minimum operation running at the lowest cost, and then moving towards the top of the scale where services are added – the cost of FM increases but so does efficiency as employees self-actualise.

"The million dollar innovation"

If you, as a facilities manager, had €1M to spend on any innovation to increase employee productivity and satisfaction, what would it be and why?

The key point raised was that any solution should be informed by the specific needs of the business and its team. Utilisation tools exist but we need to use them in a better way to understand where employees are in the building and adjust operations to provide better support. FM services should go back to basics to provide a sense of community, using the hotel model as a good example; providing fresh fruit and concierge services which can make employees feel happy and welcome in their workplace. Once satisfaction levels rise, a business can introduce measure such as happy/sad buttons, commonly used at airports to understand how satisfied people feel in their space.

One group at the event proposed to use their €1M to introduce a hologram service to help support the FM team working across multiple buildings where they may not have a strong presence. Food for thought.

Meeting with the Finance Director – "how low can you go?"

You have a meeting with the FD who wants to know how much you can save on FM expenses over the next five years following a previously aggressive cost savings exercise. What would be your pitch?

The FM should set out a list of priorities to increase the FD's and other stakeholders' awareness of what each task actually costs but also to give them the opportunity to interact with you and input on what can be done differently. Always remember to highlight the associated risk as well as value in all activity and understand the meaning of the data presented plus the implications in terms of associated costs.

Meeting with the HR Director – "is it worth making people happier?"

You are pulled into the Annual Employee Satisfaction review by the HR Director who wants to know whether the business should consider investing more in FM to increase employee satisfaction scores; What would be your pitch?

Based on the turnover figures and loss to a business when people leave it's obvious that it's very important to keep your employees happy. However, do you need to spend more on already satisfied employees or disengaged employees? What we need to address are the things that employees are sensitive to and those they're less inclined to care about, and then focus on what makes a difference to their productivity. So, to conclude, yes you do need to focus on employee engagement but be selective about what's prioritised.

Demonstrating FM value in driving employee engagement and productivity

How does great FM drive employee engagement and productivity. How can we demonstrate our value?

The problem here is that satisfaction needs balancing alongside productivity and engagement and focussing overly on one area may not actually help. For example, you can have productive employees that aren't satisfied and engaged employees that aren't productive. At a basic level though, what we need to do is drive out hindrances to the business so we can focus on the higher value activity. Going back to Maslow's Hierarchy of Needs, we first address the basics and get them right, which then enables us to focus on the areas where there's value to be added through FM, albeit less tangibly, such as reinforcing the culture of the firm and ultimately getting people to believe they're part of something through the premises that they work in.

The key to success is getting the right people in the top FM positions, the people that can communicate with the C-Suite, ignore the cost issues and really focus on what is important to the business.

Conclusion

The event explored many areas but here's a summary of our key findings:

1. Hard evidence and measurement is essential when putting a business case together for an increase in FM budget. Minimal levels of service need to have been achieved and the cost increases need to be about adding more value in terms of getting more efficiency from employees.

2. The technology to help FM increase productivity and engagement is out there, we just need to make more of it. Let's go back to basics, take a look at the hotel service model and realise that small things can make a big difference, for example; fruit, hand cream, concierge. Let's use technology to help us deliver a better service, for example, satisfaction buttons in meeting rooms to measure employee and visitor experience. And let's not forget to use the data we gather otherwise it's useless.

3. Balancing satisfaction and engagement needs to be looked at holistically. Let's go back to basics and drive out operational hindrances. Facilities management teams should go unnoticed, because ultimately we should be silent operators making sure everything runs smoothly from the air conditioning to the toilets. If we can do this, we're doing our job properly, and can then focus on activities that add more value.

4. Productivity is an area that needs to be understood better – we need to ask the question what really motivates people? If we understand this it could lead to higher retention rates and reduced staff replacement costs. It's really important for us as FMs to learn what makes our employees tick so we can support the business better.

5. Let's focus on getting the right people into facilities management so they can communicate with the C-Suite and encourage the team to look at things from different perspectives. The culture and values also need to be ingrained in the C-Suite so they reflect on to employees and create trust.

6. We spend a lot of time measuring and gathering data, let's get better at rolling it out and interpreting what it actually means so we can use it to our benefit.

The event was followed by reception drinks overlooking London from the top of the BT Tower

Special Thanks to BT FS for hosting the event for the CoreNet Members