



Workplace Trends in the 21st Century

Managing workplaces for Global organisations

Think Global – Act Local!

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Winning

Passion

Collaboration

Enjoyment

Honesty

- **The desire to go global**
 - Provider
 - Customers
- **The push for Global presence**
 - Property
 - Customer
 - Standards and consistency
- **Macro and Micro issues**
 - Customers
 - Providers
- **Summary**



The desire to go Global

Why is working for Global organisations attractive and what do customers and suppliers want?

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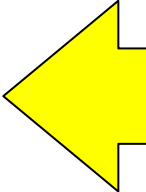
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The Global Market



- Global FM and Real Estate spend is significant for many major UK or US headquartered customers
- Developed countries were major overseas investors in the 90's and now have substantial interests outside the "home" country
- The world is shrinking as markets converge and companies consolidate.
- Foreign Direct Investment in the UK in particular has seen substantial and continues to grow



We can sell what we do anywhere in the world to customers who want our service



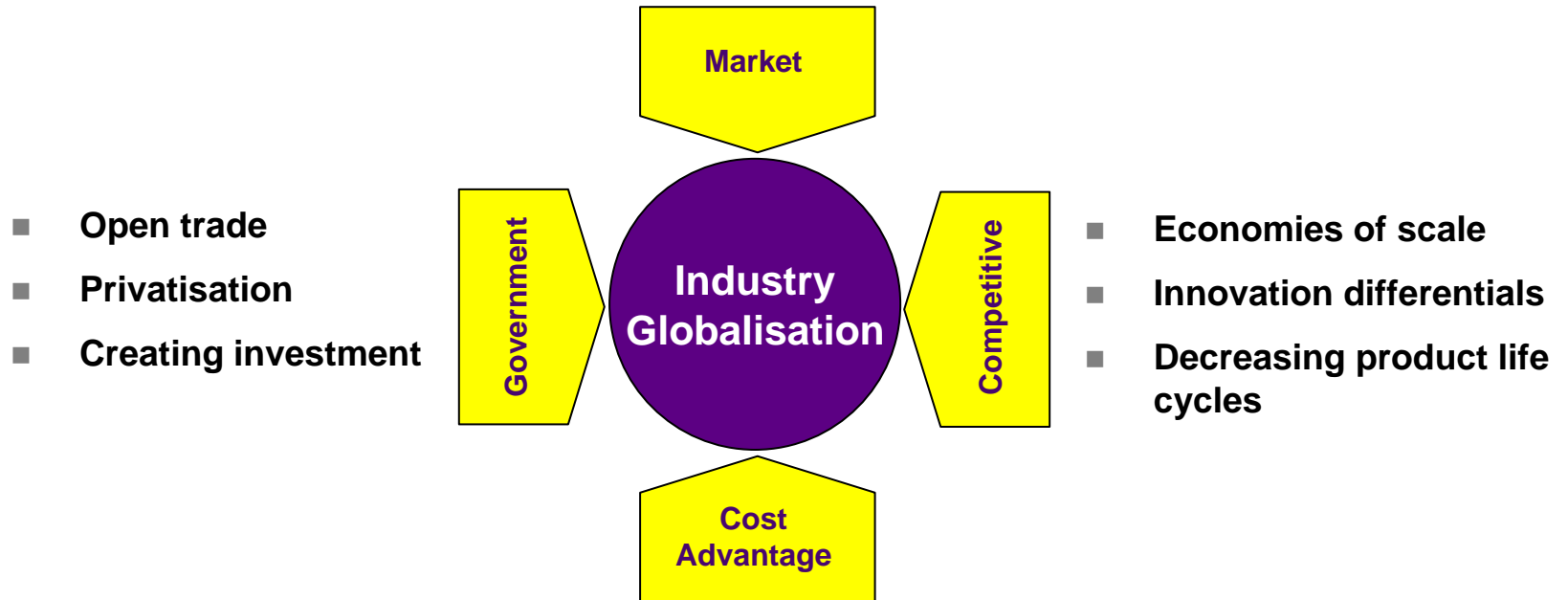
We can sell what we do anywhere in the world to new Investors in our country.

The rationale for considering

- **Providers** see the opportunity to leverage existing customer relationships
- Providers can only meet **customers' needs** efficiently by serving them globally
- The opportunities for growth are significant and **a single Global / EMEA model is deliverable**
- Property users day to day requirements are the **same across the globe**
- Property and FM are **key differentiators** for customers who operate globally
- Customers **need** a common Property and FM delivery solution

Industry drivers for globalisation

- Convergence of lifestyles/tastes
- Global consumers exist
- World brands are emerging



- Increased cross border M&A
- Global networks - Resilience
- Resource competition

■ Risk spread

- Production capacity
- Raw materials

■ Exploit developing markets

- Purchase of technology
- Access to management
- R&D capacity

■ Reduced costs

- International differences in factor prices
- Productivity differences
- Low cost access to local markets
- Spreading overheads

■ Government support

- Lower taxes
- Subsidies
- Provision of infrastructure

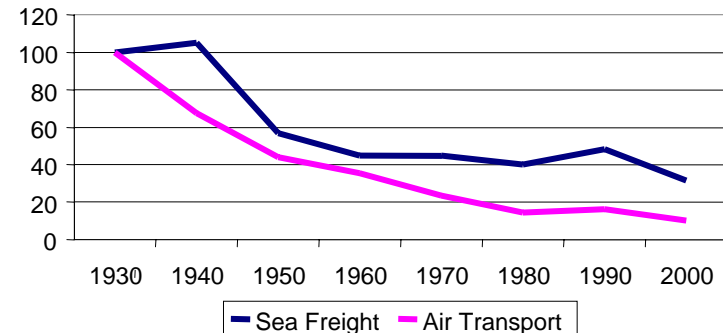
■ Transport costs

- 1930 = 100 : 2000 = ~30
- Cost of transport no longer a key factor in competitiveness
- People can move easily

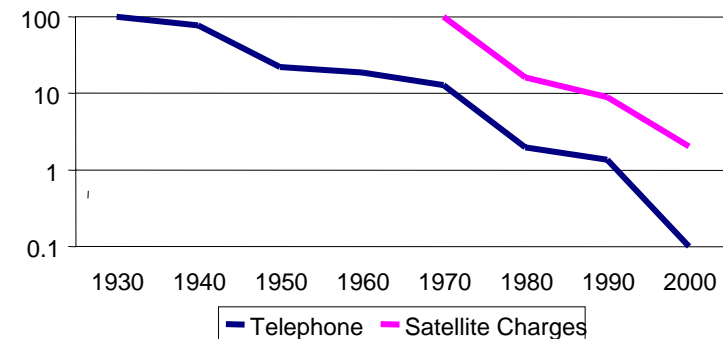
■ Communication

- 1930 = 100 : 2000 = 0.1
- Free flow of data and information
- People no longer tied to source of data

Source: IMF
TRENDS IN TRANSPORT COSTS
(1990 US dollars)



Source: IMF
COMMUNICATION COSTS
(1990 US dollars)



■ Government freedom

- Controls were removed
- Open trading encouraged
- Cost of transactions reduced

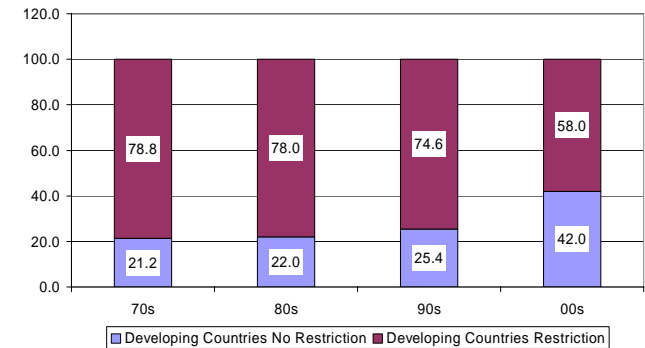
■ Financial liquidity

- Open banking systems
- Consolidation

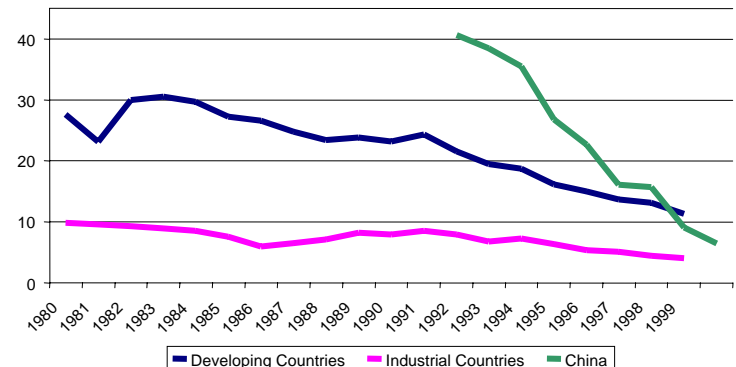
■ Free-flow of commodity items

■ Access to resource

Source: IMF
THE DECLINE OF EXCHANGE CONTROLS
 (share of countries with restrictions, per cent)



TRENDS IN AVERAGE TARIFF RATES
 (per cent, unweighted - weighted for China)





The Global push for customers...

Is it driven by Property and FM?

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Types of MNC organisation

| Type of company | Structure | Processes | Staff | Products & Services | Activity Location | Culture |
|-----------------------|-----------------------------|---------------------------------------|-----------------------------------|-------------------------------|--|----------------------------------|
| EXPORT BASED | Separate international unit | Domestic dominant | Mostly expatriates | Local products | Most activities at home | Domestic dominant |
| MULTI-LOCAL | Weak centre | Common process with adaptation | Mix of expatriates and locals | Local products | Most activities dispersed | Domestic or multinational |
| PURE GLOBAL | H.Q. centre | Globally uniform processes | Expatriates and globalized locals | Global products | Activities concentrated in few locations | Domestic or global |
| NETWORK GLOBAL | Network structure | Global process with variations | Nationality does not matter | Mix of global/ local products | Activities in concentrated networks | Global identity |

■ Four types of MNC

- EXPORT BASED
- MULTI-LOCAL
- PURE GLOBAL
- NETWORK GLOBAL

■ Issues

- No one model is predominant
- Differences in regional needs are considerable
- Models will flex

■ But each:

- Requires operational delivery “on the ground”
- Has staff operating in a distinct region who have their own views of “good service”
- Must meet shareholders requirements and governance needs

■ And...

- Property has to be easy for them to work **with** ...

■ **Converging stakeholder requirements**

- Compliance, Governance and audit
- Operational safety and resilience

■ **A shrinking world**

- Staff (recruit & retain) who are core to the organisation
- Attempt to leverage scale and systems

■ **Standards generally**

- Operating principles and standards
- Home and Host country specific

■ **Financial**

- Product performance and returns
- Core operating costs

FM – A common delivery model?

- In the UK we work to different standards and contract types
- German thinking on FM is fairly advanced although often focuses on single services
 - There are 360 regulations, standards and guidelines related to FM
- In Italy FM is defined by standard Uni 11136 – “agreement based on results by which a client entrusts a series of activities related to a building”
- In the Baltics FM is defined by standard EVS 807:2001.
- In the Netherlands FM is covered by the standard NEN 2748
- FM is absent in the political agenda in Spain and is widely unknown by most public institutions.
- In Hungary FM has been developed through demand - as large manufacturers moved to the country to utilise cheaper processes
- In Hong Kong standards are often referenced to UK or US standards

- In Germany there is a trend towards a concentration on core business and the outsourcing of secondary services. There is a hesitation to bundle services and instead to re-tender short-term single services often to drive down price.
- In Spain the market is driven by large construction companies who have subsidiaries or use single service providers. Again, price driven purchasing predominates.
- In Austria and France FM is seen by many as responsibility for the building and technical systems within it - as well as cleaning and security.
- In the Baltic region FM covers property management, asset management and maintenance, housing management and real estate management. Higher level of integration to strategic decision making.

Source IFMA

■ Property has not been the driver

- It is required from a wider business strategy
 - *Companies have not gone Global because of cheaper Property/FM*
 - *Though it has been a key part of the overall business case*
- It is a “substantive” cost overall
- As any “cost” it will be reviewed

■ Consider the cycles

- Emerging
- Developing
- Maturing
- Dying

■ Each will demand a different approach

- Investment through to Cost management and Divestment
- Different requirements prevail at each
- How to leverage benefit



Macro and Micro issues

Are we trying to square the circle or what do customers really want?

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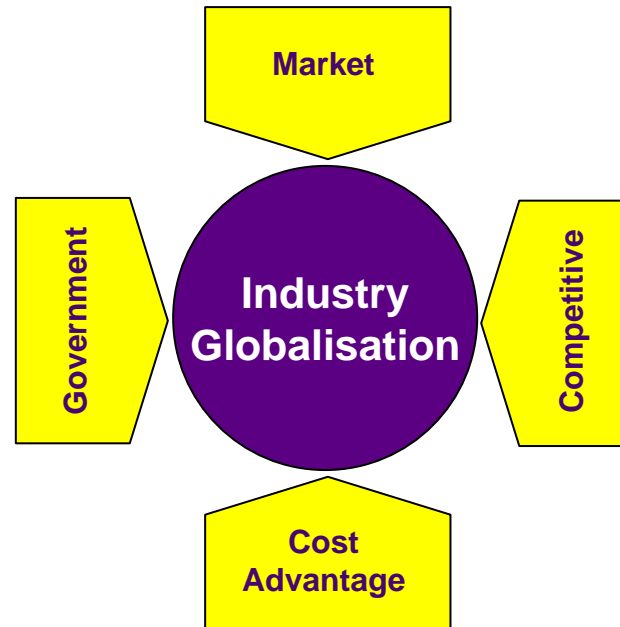
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Macro influences the service market...

1. Global operators are seeking consistent delivery
2. Companies need to focus on core business issues



1. Need for a common approach
2. Providers have tended to lead at an individual company level

1. Providers have emerged, but not at a pan Global level
2. Customer purchasing needs differ
3. Partners or Competitors

1. Labour laws are a major influencer at the delivery level
2. Adapting best practice has been haphazard

- **Regional variations in local procedures and operation**
 - Establishing an entity
 - Trading risk with little in-country knowledge
- **FM productivity is on the whole delivered by people**
 - Typical costs Labour >75%
 - Staff skills, attitude and perspective are a key factor
 - Labour rules and agreements
- **Knowledge and access to skilled managers**
- **Wide buying approach by customers**
 - What are the tangible benefits that can be delivered?
 - The costs of entry have been prohibitive

■ Providers


- Strong regional providers exist in single services
- Few, if any exist who delivers a fully integrated service across the globe with their own staff
- Partnerships are forming to meet demand

■ Customers

- Be clear on what is core to you and what **common** standards you need to drive across the organisation and
- Identify the best practice that is right and gain departments buy-in
- Define what is core business and requirements for non-core services
- Drive the change from the most senior level in the organisation

Change is the only certainty

- The pace of change has increased and will continue
- World events impact us each and every day
- We work longer hours and spend more time in the office
- Buildings are being used more intensely
- Reliance on safe stable delivery is paramount
- Organisations require a flexible adaptive service model

- 
- A large, black, curly bracket on the right side of the slide, grouping the two columns of bullet points.
- The nature of business has shifted
 - Workplace requirements have changed
 - Global customers exist
 - A cost alone will not drive business value

- Workplace disruption
 - **Pre disruption**
 - **Disruption**
 - **Post disruption**
- Change is inevitable
- The challenge for organisations today is to reduce the risk of change
 - **Systems & processes**
 - **Governance**
 - **People**

■ Systems & processes

- What is core to business
- What links exist to other systems

■ Governance

- How will you be exposed
- What contingencies exist
- Control procedures

■ People

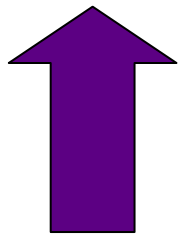
- How are your staff motivated
- What issues impact them

■ Key risks

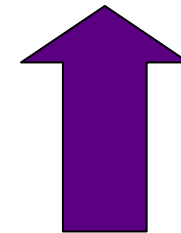
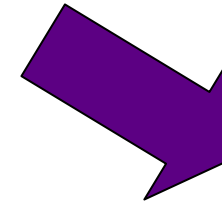
- IT failure
- Loss of production
- Failure to control
- Increased absenteeism
- Reductions in productivity
- Low morale and a poor attitude
- Increase in work errors
- Loss of experienced people
- Sabotage

Are these staff risks controllable?

What I do to deliver
an output that
is important to you



The attachment or
experience
occupiers obtain



How the workplace
influences the user



Summary..

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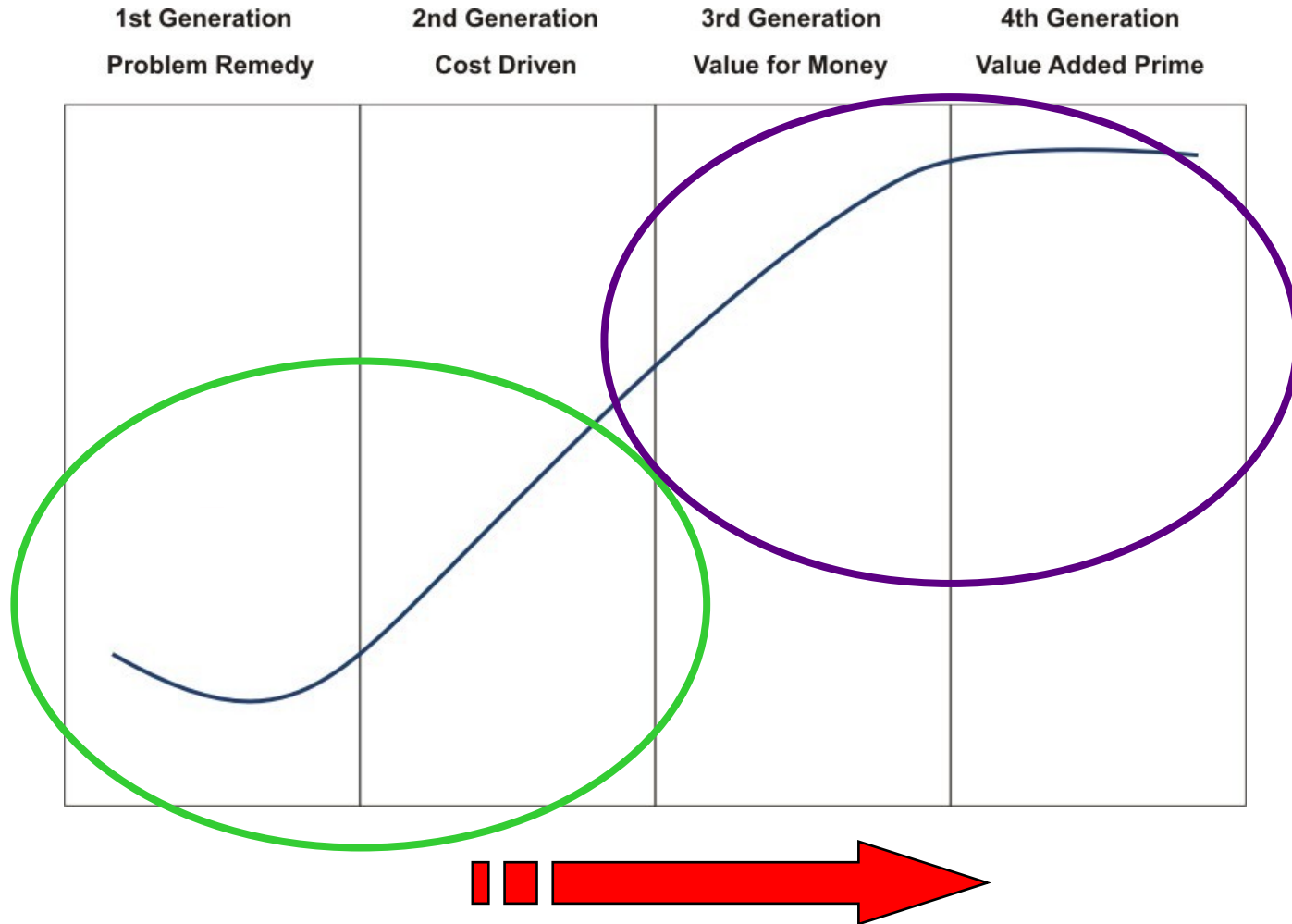
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We have come a long way...



At what stage is the region in which you are operating?

■ Different baton holders

- Customers
- Providers
- Organisations
 - *BIFM*
 - *IFMA*
 - *GlobalFM?*

■ Underlying change

- Standards are being set
- Providers have changed
- Free-flow of resources is underway

■ Our approach

- Continue to build on our strengths in the UK
- Deliver well in our home territory
- Support customers and partner in order to provide a solution:
 - *France*
 - *Pan-EU*
 - *Jamaica*
- Play to strengths, partner to provide cross-border benefits



Thank you.

Questions....

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