

# 1 History of Facilities Management

## 1.1 Origins of facilities management

The origins of FM (facilities management, or facilities manager) can be traced to an era of scientific management and the subsequent explosion in office administration in the mid-1900s. The main catalyst in the 1960s towards FM was the introduction of computers in the workplace. The energy crisis in the 1970s brought home the importance of cost-in-use and the need to better manage costs associated with premises that support the organisation's business. As the pace of change is speeding up and as new technologies are being adopted, FM continues to develop and expand to meet the demands of clients, occupants and customers using a variety of built environments for diverse purposes.

## 1.2 A brief history of FM

FM owes its origin to the growth of office administration – bringing together large groups of people into buildings – required to manage increasingly complex work. The introduction of computers into the workplace was a major catalyst for change in its design and management.

### **1960s era**

The 1960s was the first period in the history of FM. This was when the term 'facilities management' was first coined, by Ross Perot of EDS (Electronic Data Systems) in the USA. At that time, it was associated with the trends affecting the management of IT systems and networks. However, quite soon, the scope of FM had expanded to include system/modular furniture and office design.

### **1970s era**

The energy crisis of the 1970s forced organisations to critically analyse their true cost base. During the 1970s, office furniture manufacturers, such as Herman Miller and Steelcase, were developing ever more sophisticated furniture systems. The problem was that the new office furniture was ahead of office design. It was certainly ahead of the thinking of the average office manager, who was typically responsible for procuring new 'desks and chairs', rather than 'systems furniture'.

Herman Miller, realising that the market was being supply led, concluded that it needed to interact with knowledgeable clients – clients who understood the importance of space planning and value of space, and who could consequently understand the relevance of the permutations which could be contrived from the new furniture systems.

Herman Miller brought together a group of would-be knowledgeable property users and various property advisers in 1979. It was only at this point that the importance of FM in the process of strategic organisational planning was recognised, and discussed openly at senior management level. Very quickly this group established itself as the Facility Management Institute (FMI), and it is the FMI that is generally credited with coining the term 'facilities management'. One member, Dave Armstrong, a leading proponent of the FMI, is recognised by many as the unofficial 'father' of FM.

The FMI was founded in Ann Arbor, Michigan, in 1979 as an offshoot of parent company Herman Miller Inc. The aim was to establish and advance FM as a new management science and professional activity. The FMI laid the groundwork for organisational recognition of the importance of facilities in corporate strategic planning (although there was much emphasis on utilisation of space).

### **1980s era**

In 1980, the US National Facility Management Association (NFMA) came into existence, born of the need to create independence from a furniture/space-planning commercial parent in order to allow FM full potential to develop. The NFMA very quickly evolved into the International Facility Management Association (IFMA). The year 1980 was therefore a key date in the development of FM generally.

### **1990s era**

This era was a period of great change, with more organisations outsourcing to specialist providers. Many new laws were introduced in the UK, affecting employees, working practices and contracts. Large-scale infrastructure projects linked with the operational services in 'private finance initiative' (PFI) schemes raised the awareness of FM across a wider population of users and customers.

### **2000s era**

In this era, the FM profession raised its profile in many organisations. Issues such as business continuity, security threats, risk management, corporate social responsibility and financial instability put increasing pressure on FMs to deliver efficiencies in the workplace. Pan-European and global FM contracts became a reality, supported by an increasing use of technologies in all facets of FM.

### **2010s era**

As the FM profession reached a more mature status, career pathways and qualifications for practitioners in the profession developed. FM contractors grew larger, mostly through acquisition of smaller FM providers, and were able to offer more services to their clients. The debate on the benefits of outsourcing continued, as did the drive for more accurate performance metrics and evidence of the impact of FM on productivity from client organisations. Integration of FM with property (real estate), technology, HR and other support service departments was still

an aspiration for many. Some FM providers extended their range of services into scientific support in both the healthcare and the pharmaceutical sectors, showing that the potential of FM is limitless. Another example of the broadening of FM was the expansion of FM service providers into the care home sector.

### **2020s era**

The next decade will see real impact from automation, robotics and artificial intelligence. It is expected that FMs and their clients will respond to the global climate crisis with a real shift in attitudes to sustainability from aspirational to obligatory. There will be more complexity and more globalisation as the societal value of FM gains recognition. There will be a greater need for higher standards of ethics, credible and qualified FM professionals, and adoption of international FM standards. The focus on well-being, prudent use of natural resources, minimisation of carbon emissions and enabling workplace productivity will continue. Clients will also continue to review their FM operations, changing the model of delivery to suit their unique financial and market conditions.

## **1.3 Growth of the FM profession**

### ***International Facility Management Association (IFMA)***

Formed in 1980, the IFMA's mission is 'to advance the professional discipline of facility management worldwide'. With 23,000 members in more than 100 countries, the organisation continues to grow. In 2018 and 2019, new chapters were opened in Barbados, China, Croatia, France, India and the UK. IFMA's World Workplace conferences are held each year in China, Europe, India, the Middle East and the USA. As of June 2018, 12,796 FM professionals held IFMA credentials: Certified Facility Manager (CFM), Facility Management Professional (FMP) and Sustainability Facility Professional (SFP). These credentials are awarded to members who have been tested in their knowledge of FM across 11 competences.

### ***FM in the UK***

In the UK, FM developed in the early 1990s. Initially there were two organisations competing for members and status in the FM market, resulting in many people waiting until the organisations merged before they joined. The original organisations were the Association of Facilities Managers (AFM) and the Institute of Facilities Management (IFM).

#### **Association of Facilities Managers (AFM)**

The AFM was registered in 1985 and launched in 1986 by a group of 10 FMs. It was the first such body in the UK, formed to support the professional practising FM.

#### **Institute of Facilities Management (IFM)**

The IFM was launched in June 1990. It grew out of the Facilities Management Group and Office Design Group (ODG) (of the Institute of Administrative Management, or IAM). The ODG had been active within the IAM for 25 years. This Institute also owned and ran the Office of the Year Awards, the precursor to the former British Institute of Facilities Management (BIFM) Awards for Excellence. The IFM developed qualification examina-

tions with the IAM's support, and these were later revamped for the BIFM Part 1 and Part 2 examinations.

### **British Institute of Facilities Management (BIFM)**

The merger of the AFM and the IFM was formalised on 1 September 1993, and in January 1994 this new organisation became the British Institute of Facilities Management. The BIFM developed its own suite of qualifications, from level 2 to level 7, accredited by its Awarding Body in accordance with the regulations laid down by the UK government education watchdog, Ofqual.

### **IFMA UK**

The UK chapter of the IFMA was certified in 2000 to represent IFMA members from the UK. The driving factor at that time was to represent IFMA members in the UK, many of whom worked for overseas businesses or were employed in international roles. In 2004 the IFMA signed a Partners in Excellence collaboration agreement with the BIFM. In 2005 the UK chapter became the BIFM International Special Interest Group, which was open to members of both organisations. The Partners in Excellence agreement was renewed in 2008 for a 5-year period (although the UK chapter had been disbanded in 2006) and expired in 2013.

By 2018 the IFMA had more than 500 members in the UK with no local chapter to represent them. A new UK chapter was certified in April 2018. The chapter's mission is to enhance, evolve and expand the knowledge of what it calls 'facility managers' with a specific focus on IFMA members in the UK, while also providing pathways to career success for professionals within the industry. In addition to providing localised support and activities for its members, the chapter aims to maximise the benefits of collaboration between the IFMA and the Royal Institution of Chartered Surveyors (RICS), providing access to the global resources, standards, networks and credentials of the two organisations.

### ***RICS FM Group***

In 2016, the IFMA and RICS announced a global collaboration agreement to further develop and professionalise the field of facility management. The scope of the collaboration covers FM education, research, conferences and events. RICS professionals who have qualified in FM automatically receive IFMA member benefits. In turn, IFMA members and credential holders are able to attain RICS professional qualifications and benefit from RICS's international standards and global professional network. This creates a single FM career pathway from new entrant to chartered status and fellowship.

### **Institute of Workplace and Facilities Management (IWFM)**

In July 2018, the BIFM members supported a rebranding of the 25-year-old organisation, and so the Institute of Workplace and Facilities Management (IWFM) was created in November 2018. There are approximately 15,000 members, distributed via regional and special interest groups. A refresh of the professional standards created new competences embracing a focus on workplace issues (see Chapter 40).

### **Facilities Management Association (FMA)**

Prior to 2014, the Facilities Management Association (FMA) was the UK's leading representative trade body for employers engaged in delivering non-core services in the FM sector. The FMA merged with Asset Skills to become the Building Futures Group in 2014. There is no longer a trade body for the FM industry in the UK.

### **Asset Skills**

Asset Skills was one of many Sector Skills Development Agencies appointed by the UK government. Asset Skills represented the housing, cleaning, property and FM sectors. The aim was to improve productivity, efficiency and effectiveness. Its key purpose was to work with employers to ensure their staff and potential staff had the skills they needed to do their work well. There were three core activities – qualifications, employer engagement and labour market information.

Asset Skills developed the UK national occupational standards for FM. It also worked with industry market leaders, professional bodies and educational establishments to develop apprenticeships in FM. This group merged with the FMA to become the Building Futures Group, which ceased operations in 2016.

### **EuroFM**

EuroFM is a network of organisations based in 30 European countries and representing professional (national) associations, education and research institutes, and corporate organisations. The network of professionals, academics and researchers generates a rich mix of activity, supporting the three pillars of EuroFM – practice, education and research. The EuroFM members are involved in open exchange of information and experience through meetings, seminars and workshops; through collaboration in research projects, sometimes funded by the EU; and through the development of joint educational programmes. Proceedings of these activities are disseminated through the network via the EuroFM website, an annual conference, and newsletters, research papers and publications.

### **Global FM**

Global FM is a worldwide federation of member-centred organisations committed to providing leadership in the FM profession. Global FM is a formal alliance of FM-related associations, an international association of associations. The founding members were the BIFM, the Facility Management Association of Australia and the IFMA. Global FM promotes collaboration in the interests of its nine members and the extension of such benefits to the wider FM community around the world.

As a single, united entity promoting FM, Global FM is a conduit for furthering the knowledge and understanding of FM and sharing best practices. The vision of Global FM is to lead the global transformation of FM to create a better world.

## **1.4 Defining FM**

Historically it was difficult to establish a standard definition due to lack of commonality between organisations teaching FM, practising FM and representing FM. As a result, there were as many definitions as there are different types of organisation in industry. This confirms the very dynamic nature of FM and its rapid development as a profession.

Many definitions are very general, while others are very specific. This restricts their use and gives rise to a limited view of the FM industry and profession. The most widely accepted definitions of FM are as follows.

## **Definitions of FM**

### **International Facility Management Association (IFMA)**

'Facility management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology.'

### **Association of Facilities Managers (AFM)**

'[FM is] the management of premises and buildings together with the facilities, services and people contained therein; this has implications in respect of initial design, maintenance, the day-to-day administration and control of manpower, energy and related resources.'

### **Strathclyde Centre for Facilities Management (CFM)**

'Facilities Management is a process by which an organisation delivers and sustains agreed support levels within a quality environment to provide full values in use to meet strategic objectives.'

### **Royal Institution of Chartered Surveyors (RICS)**

'Facilities Management (FM) involves the total management of all services that support the core business of an organisation. It deals with those areas that the managers of the organisation consider to support their fundamental activities. FM focuses on the interaction between the core business, the support functions, and the facilities throughout all sections of industry, commerce, and services.'

### **British Institute of Facilities Management (BIFM)**

The former definition used by the BIFM, which represented the FM profession in the UK for 25 years, was:

'Facilities Management is the integration of multi-disciplinary activities within the built environment and the management of their impact upon people and the workplace.'

### **EuroFM**

In 2006, all European countries agreed to use the European Committee for Standardization's definition, which was part of the BS EN 15221 standard (see Chapter 37):

'Facilities management is the integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities.'

This was adopted by many organisations, including the BIFM. However, as there was no specific reference to workplace or people, the BIFM provided supplementary explanations

**Box 1.1 Extract from the former BIFM website**

FM encompasses multi-disciplinary activities within the built environment and the management of their impact upon people and the workplace. Effective FM, combining resources and activities, is vital to the success of any organisation. At a corporate level, it contributes to the delivery of strategic and operational objectives. On a day-to-day level, effective FM provides a safe and efficient working environment, which is essential to the performance of any business – whatever its size and scope.

Within this fast-growing professional discipline, FMs have extensive responsibilities for providing, maintaining and developing myriad services. These range from property strategy, space management and communications infrastructure to building maintenance, administration and contract management.

to help members understand the new European definition of FM. Critically, it referred to a safe and efficient working environment, and gave some examples of likely services provided to support a business (see Box 1.1).

**International Organization for Standardization (ISO)**

In April 2017, ISO 41011 was approved and launched, giving a new global definition of FM. This has now been adopted by many associations and organisations, including the IWFM. It states that FM is an:

‘organizational function which integrates people, place and process within the built environment with the purpose of improving the quality of life of people and the productivity of the core business.’

**Institute of Workplace and Facilities Management (IWFM)**

In addition to adopting the ISO definition, the IWFM explains that:

‘Workplace and facilities professionals are responsible for services that enable and support business performance.’

It characterises FM as a role that covers:

‘management of a wide range of areas including health and safety, risk, business continuity, procurement, sustainability, space planning, energy, property and asset management. [FMs] typically oversee activities like catering, cleaning, building maintenance, environmental services, security and reception.’

The justification of the new focus of the Institute was explained as outlined in Box 1.2.

**Box 1.2 Extract from the IWFM website**

Beyond the built environment, workplace recognises the joint responsibility of facilities management, IT and human resources to achieve optimal performance between people, technology and work space, anywhere that work happens, including hospitals, hotels, tourist attractions and many other types of facilities.

Workplaces represent a large proportion of any operation's costs, so when organisations bring people together in them there must be a value to doing that. There is, and it comes about through making connections and engendering joint purpose and direction. Workplace professionals interconnect between specialisms to optimise business performance; they empower work wherever it takes place and to make workplaces productive. (‘What is workplace and facilities management?’ IWFM, 2020)

### ***Broad scope of FM***

FM is about taking control, adding value, supporting the business, and ensuring that the space and working environment enhance (not impede) the productivity of the core activity and the staff. Each of the many definitions of FM can be applied in any organisation. An organisation may wish to develop its own definition to ensure that it fully scopes the mission and vision of FM that supports that particular business client.

### ***Professional management***

FM is the professional management of the built environment. FM is the champion of the occupant or end-user, who requires the services and facilities to get their work done. FM is also about getting the maximum efficiency and effectiveness of the space, or working environment, that an organisation owns or leases.

### ***A supporting role***

Every organisation relies on a mix of functions and services to provide the support essential to its core business operations. Ensuring that this support is available in the right form, at the right quality and for the right cost is the task of FM. A proactive approach is required, ensuring that the most appropriate support is provided. FM is the process by which an organisation delivers and sustains agreed levels of support services in a quality environment at appropriate cost to meet the business need.

### ***Control of non-core activities***

FM frees organisations to do what they do best while FMs take care of the rest. Defining the core and non-core activities in some organisations can be difficult. In many cases the productivity of staff and the satisfaction of customers will depend on critical FM services, such as reception or catering.

### ***A business enabler***

FM is a business enabler, and it bridges the gap between the physical environment of the workplace and the occupants. FMs work with suppliers, customers, neighbours, contractors and community members to ensure that the workplace is safe, secure and fit for its purpose.

## **1.5 Development of FM**

Essentially there are four types of organisation offering FM services. These groups are based on the original business of the organisation:

- (i) Construction.
- (ii) Property development.
- (iii) Technical and engineering specialists.
- (iv) Service providers.

More recently, consortium and management consultants have entered the FM market.

## **Market size**

The FM market ranges in size depending on what is measured by whom. It is a large and increasingly important industry. FM is the second-highest cost for any organisation and can make a considerable contribution to the bottom line on an ongoing basis, clearly demonstrating the importance of managing the operation and maintenance costs of built environments. In the UK, FM accounts for 8% of the UK economy or GDP, with over 3.4 million people employed in FM roles. It is second only to the financial services sector. According to MTW Research, the UK FM market was broadly valued at £100 billion in 2016 and was predicted to increase by 2.8% in 2017. The market research company Frost & Sullivan predicts that by 2025 the global FM market of outsourced services will be worth \$1 trillion. Outsourced FM is increasingly used to deliver complex services.

Only 60% of FM functions are outsourced in the UK, with just 8% of this as the total integrated FM model. There are over 1,300 FM companies in the UK, with most being small organisations. Just 5% have a turnover greater than £5 million. The UK continues to be recognised as the leading FM marketplace, followed closely by the USA, Europe, Australia and Japan. Other areas where FM is fast emerging include Brazil, Russia, India, China and South Africa (known as the BRICS market), the Middle East, South Africa and Eastern Europe. Many of the top global FM companies operate from Europe.

The problem with identifying the size of the market is determining which services and functions to include in any assessment, and indeed in identifying the FM function within different organisations. According to research by Barbour Index in 2000, fewer than 4 in 10 managers fulfilling FM responsibilities actually held the FM job title, with more than 40 different titles being recorded. Research by Asset Skills revealed in excess of 2,000 job titles held by employees carrying out FM roles.

## **Measurement of the FM market**

The Standard Industrial Classification of Economic Activities (SIC) code for FM, 81.10, was introduced in January 2008 (see Box 1.3). This enables better measurement of the FM market.

## **Market growth**

While the various functions of FM have always existed within an organisation, prior to the 1980s they were not commonly brought together under one manager, but rather managed separately. There are a range of factors contributing to the growth of FM, including:

- ❑ Global competition forcing companies to retrench to core business areas and seek cost-driven competitiveness.
- ❑ High cost of space and premises focuses attention on the cost of occupying, servicing and maintaining space. Premises costs are second only to the payroll on many balance sheets.

### **Box 1.3 SIC code 81.10: combined facilities support activities**

This class of activities includes the provision of a combination of support services within a client's facilities. These services include general interior cleaning, maintenance, trash disposal, guard and security, mail routing, reception, laundry and related services to support operations within facilities. These support activities are performed by operations staff who are not involved with or responsible for the core business or activities of the client.

- ❑ Employees' rising expectations of work and their local working environments.
- ❑ Cost of mistakes – particularly in areas of health, safety and environment.
- ❑ IT and the growth of technologies used in the operation of buildings. Technologies are always changing the way we work and how we can control working environments.
- ❑ Public sector policy – competitive tendering, best value, private finance initiatives and European procurement regulations.
- ❑ The investment focus of the property market, with little concern for the needs of tenant occupants.
- ❑ Sustainability and the increasing focus on corporate responsibility and the health and wellness of the occupants and users of workspaces.

## 1.6 Trends

With countries and companies experiencing low and slow growth, there is pressure on FMs and FM companies to show greater value – to do more for less. As FM strategies move from a single contract to bundles to total FM contracts, the marketplace is showing signs of polarisation – lots of smaller niche FM providers with a few large FM organisations. It is hard to grow a business organically, so there is plenty of merger and acquisition activity in the FM market. The need for specialist service providers and innovative solutions will continue to drive the FM marketplace to improve working environments for client organisations.

At the same time, there is also a refocus on cost-effective operations, so some larger organisations have brought their FM department back in house and self-perform both management and operational FM tasks, saving huge amounts due to the high margins and overheads of the larger FM contractors. However, for every client organisation that decides one particular FM model is the best for them, another will do the opposite.