CORPORATE REAL ESTATE AT THE CROSSROADS

The role of intelligence and cooperation in the future of the Corporate Real Estate Client
Corporate Real Estate at The Crossroads
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Corporate Real Estate Client

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Please Note...
This document is a synthesis of the contributions of the participants of the CRE&FM Futures Forum. It should not be considered to necessarily reflect Zurich Insurance Group Ltd’s opinions or views.
CONTENTS

Acknowledgements 2
Overview 4

The Perfect Storm 7
A New Approach: Intelligence 12
A New Way of Working: Cooperation 16

The Role for the Corporate Client in the Intelligent Cooperative 21
Securing the Future: Intelligence plus Cooperation 24
Closing Comments 25
In September 2012, Zurich Insurance Group invited as many people as we could reach across the global Corporate Real Estate and Facilities Management (CRE&FM) community to participate in a second Futures Forum – a week-long online crowdsourcing event where people debated the future of the corporate real estate Client.

The opening question was “exactly what ‘Intelligence’ is required by the CRE&FM Client function now that outsourcing has become so sophisticated?” Our provocation being that, as intelligence becomes ever more imperative for today’s CRE&FM environment, does this pose fundamental questions about the architectural, operational and value models of the industry and the process of managing CRE&FM?

Our purpose was to use the power of crowdsourcing to catalyse a debate about the future of CRE – an issue which we believe is approaching a tipping point, but that the industry does not appear to be responding to as a whole.

The Forum was open for discussion between 10th and 14th September 2012 and provided a neutral and open venue for industry representatives from around the world to debate and share their ideas on the future of CRE&FM, anonymously if they wished. Participation was open to anyone who was interested, the uptake was impressive, and the participants generated extended debates over 50 distinct themes.

Broadly, the report reflects that the CRE&FM Client is facing a range of disruptive challenges which have also affected the wider industry in several ways. Overall, the picture emerging from the debate was that the CRE&FM Client faces an innovate-or-die moment, that service providers are also affected but have responded
more constructively, but that the prospects for the wider industry depend on a coordinated change in mindset, value model, and behaviours.

Tomorrow’s value-add for the CRE&FM Client lies in the more intelligent integration of these services (and teams) to deliver synergy. That’s a value-add for the service providers too, but achieving this will require collaboration between service providers and Clients, and co-opetition between service providers too – both rarely seen since outsourcing transformed the dynamic of the CRE&FM industry. This situation is a textbook example of the Prisoners’ Dilemma, and as students of this will know cooperation always wins out over zero-sum in the medium to long term.

The ‘perfect storm’ faced by the CRE&FM Client today was initiated by technological innovations that propelled a change in attitudes towards, and indeed the overall role of, the workspace. Thereafter these factors worked in concert to further change technology, change uses and views on workspace, progressively leveraging a change in how businesses view the role of workspace and business support services in their operating models. The forces of globalisation followed suddenly by recession and then a re-centring of businesses around recovering markets created the flux needed to drive home the business value of agile and flexible working. With this the business value of real estate and the role of the services associated with it changed for many businesses, especially those which are competing on the basis of pace and an efficiency of combining dissipated talent and knowledge-based operations and applying these flexibly. In these circumstances what works wins, and unpalatable as it may be to CRE&FM, when you ask people what helps them work more effectively, they more often than not refer you to a technological workaround that releases them from office-based working. The message appears to be that if the CRE&FM industry simply continues to react by making sustaining adaptations to our existing approach these will become evermore marginal in their value to our role. However, the discussions revealed that there is plenty of scope for innovation in CRE&FM by embracing the technology with a changed mindset rather than resisting it. Many of these issues are, in effect, pre-competition and could be better tackled together and for the mutual good. To do this we would need to apply some foresight and imagination as an industry.

Subsequent discussions on what to do about this were encouragingly rich and imaginative. The views were wide-ranging, of course, but collectively they generated a broad model for a new approach to CRE&FM, founded on addressing the need for a new mindset together with a new depth of collaboration and cooperation. As the debate developed this prospect it became clear that a new model would be needed. The approach to developing it would have to be inclusive and explicitly seek out the benefits for Service Providers, CRE&FM Clients, and businesses from acting together as partners in innovation. There clearly was thought to be enough potential (and pressure of disruptive change) to make this worth looking at. With very few exceptions (actually, 2 postings only) this formed the basis for a very constructive and consensual discussion there onwards. This is highly encouraging for the prospects for the industry as a whole, but note the caveat from some, that the CRE&FM Client has the furthest to move.

The scale of mindshift and behavioural transformation that these discussions imply is needed presents a tall order for the industry. All the key technologies are in place and all key stakeholders are aware that the industry faces disruptive challenges, so this can also be interpreted as a clear opportunity to innovate. Indeed, CRE&FM has complained for a long time that it warrants a more strategic role in the business. Depending on your point of view, circumstances are now forcing that opportunity on us… or calling our hand.
So, we are clearly standing at the crossroads. We are at the moment when a new sophistication in services could be leveraged by imaginative integration and collaborative innovation of the CRE&FM role as a whole. We are also perhaps at that point of no return when today’s zero-sum thinking can continue to lead the Client role down the road to irrelevance and the service provider industry further into the cul-de-sac of service commoditisation with no coming back. This is because all parties are basing their current model on an (obviously) increasingly-outdated concept of the business value and purpose of CRE&FM managing down a cost rather than investing in an asset. Ultimately this will disbenefit business competitiveness and industry growth in the longer term too, and there is evidence coming to light that proactive businesses are circumventing their in house CRE&FM teams to find better solutions to innovating their working cultures. The message is clear, but perhaps it takes a Forum to bring the views together – for the CRE&FM Client it looks like innovate or die.

The report brings together some great ideas for how the Client, the service provider, and the business could evolve their approach. Achieving the really big ideas all depend on the entire industry working more collaboratively and more intelligently to create a much more integrated service and the platform for tomorrow’s role. Synergy – a value more than the sum of the parts – is the answer to transforming the CRE&FM model. As these ideas and requirements emerged from the discussions, they prompted a tipping point as it became clear through the debate that the original concept for the debate of an intelligent or unintelligent Client is simply too separatist a perspective sustained by an obsolete, zero-sum mentality. More intelligent inputs would help, but an Intelligent Cooperative is what is really needed to create the environment where an intelligent outcome can be achieved; where service providers and Clients can work together to combine their different skills to maximise their collective capability, and where a new quality of outcome can be imagined and delivered – with architecture, value model and outcome all attuned to the needs of tomorrow’s businesses. Even in planning to achieve this, we would see the back of today’s silo solutions and zero-sum thinking.

Innovate or die. Really? Well, read the report and make your own mind up – because the industry has to choose to innovate of its own free will, and that starts or stops with individuals. Meanwhile, our interpretation of the Forum is that the old model of CRE&FM, already sustained for a long time by a stream of internally-serving efficiency and effectiveness improvements, is now patently in need of a step-change, a disruptive innovation to meet the disruptive challenges it now clearly faces.

Whether you agree or not, we are confident that you will find this report interesting thanks to all the participants in our Forum. Our hope is that you will also find it stimulating, and that this will help provoke you and others to join a broader debate focused on action to reinvent CRE&FM while there is still time and opportunity.

However you personally interpret our findings, do please help us distribute it as widely as possible by passing a copy on to your colleagues.
The maturation of new business communication tools and technologies, which catalysed the growth in use of ‘third spaces’ for business and thence a change in attitudes of workers and eventually enterprises, have combined to reach a critical mass in terms of their impact on the operating models of knowledge-based businesses.

As evidenced by high-profile winners (online and virtual businesses with a minimalist approach to fixed real estate) and losers (high street laggards), business scalability and agility, attractiveness to employees, and the breaking of corporate real estate as a fixed cost has disrupted an inertial industry model and mindset. Globalisation, and subsequently recession, have consolidated this by favouring the early adopters. The net effect is that business sector after business sector is waking up to a new way of working which frees them from their historic ties to real estate. A long time coming, this has now raced to a critical mass for many in a matter of a decade or so as adoption has become widespread and the value self-evidencing (as tends to happen with paradigm shifts).

Our premise in setting up the Forum was that these dynamics have gone beyond challenging the value model for CRE&FM; they have already disrupted it. The emergence and rapid maturation of the co-working industry, the growth in the scale, sophistication and pervasiveness of outsourcing, and the diminution of the corporate CRE&FM role are all symptoms of the same thing – the industry and its business model are in flux.

The CRE&FM Client has already given most ground and stands to lose more unless a change in mindset creates new opportunities. The winners in particular have been the service provider sector, which has grown through market expansion and aggregation rather than by the evolution of their business and operating model. The growth prospects look like following the ‘big six’ model for auto production and accountancy unless they can innovate their business model and value stream. The point is this; outsourcing has transferred a large share of the role away from the corporate Client (and the default looks likely to continue in this way) but the role overall remains essentially the same – a reactive, cost-based paradigm still largely unappreciated by enterprise leadership, strategists or business schools. In other words the dynamics in the sector remain a zero sum. The pie has not changed, it’s just been cut into different portion sizes and is now getting cold!
Indeed, when you step back it is clear that the story of change in the CRE&FM sector turns out to be one of tactical incremental improvements to operations, to delivery models, to internal business models and finances. Whilst these adaptations have extended the existing model, they also mask a lack of fundamental change in the overall propositions and paradigm of CRE&FM – that businesses need buildings and people need to come to buildings to work. Businesses and workers are now calling time on this. This is what emerged from the Forum discussions.

A No-Win Zero Sum Game...

As an industry, CRE&FM needs to find new answers to what are probably old questions. In general, the ‘Client-side’ of the profession has done a marvelous job supporting and inspiring the enterprise’s continual cost reduction drives, whilst doing very little as a professional body (including whatever was needed to convincingly remind the enterprise that their businesses will not grow through cost reduction). In essence, CRE&FM have commoditised themselves, aided by a procurement approach based on a reductionist agenda plus an insistence on common denominators (which also preclude valuing innovation or innovativeness). The Service Providers eagerly joined the ‘cost reduction’ bandwagon, and prospered by devising better tools and means to achieve it, thereby gaining ground in the race to the bottom. The results can hardly be unexpected… business sees CRE&FM overall as a cost when it really could be a value-driving asset.

In the end, if we – as a profession – continue on this path and don’t do something dramatically different (which by necessity will have to be painful and revolutionary) there will be no ‘winners’ in this zero-sum game… and we will have no one but ourselves to blame.

Continuing to provide for ‘business as usual’ is risky, because business has changed.

Here emerged the first division of views.

On the one hand, some members of the Forum argued that real estate is still where most people go to meet, discuss ideas, innovate and to get their work done. Notwithstanding that technology is reducing business reliance on physical work environments, they argued that real estate looks likely to continue to play a major role in businesses that continue to trade through their spaces. (This was also the argument for banks and high street retail a few years ago of course.) But in such circumstances, the role of the CRE&FM function will continue to be to provide the best environment in which the business can function, at a reasonable cost. In other words a continuation of the demand profile upon which the industry was built, albeit at a smaller and possibly shrinking scale. The implicit argument here was that further sustaining improvements were all that was needed. Indeed it was suggested that this was the default trajectory, wherein the CRE&FM industry will mature along the same lines other support service functions have. Accounting, payroll administration and data center management for example have all migrated toward a greater reliance upon outside vendors (what was not noted explicitly was that none of these functions have innovated their role in doing either).

Countering this was the argument that existing business models will increasingly be disrupted by newcomers who find ways to exploit the new disruptive technologies and reduce the business dependency on fixed workspace. Moreover, the premise underpinning this argument was that rather than the new technologies themselves being the direct differentiator, it will be the way companies can use them. Which also means that the battle ground is actually within these businesses, indeed within the locus of influence of their CRE&FM functions.
Indeed, when you step back it is clear that the story of change in the CRE&FM sector turns out to be one of tactical incremental improvements to operations, to delivery models, to internal business models and finances.

And, what will be the impact on lease renewal strategy, sales of owned assets and the consolidation of retained assets?

Much of this change in the real estate environment will be disruptive for business and the adjustments will be, initially, costly. Whilst much of the change is probably inevitable, it will tend to be sustained at least for a period of time even for businesses that do not use the opportunity to fundamentally recast their operating model. This is largely because the forces that are driving it (like cost efficiency, mobility, cultural shifts in workplace preferences, reduced carbon footprints) are in themselves sustaining (rather than disruptive). What was clear however, was that businesses which took a superficial approach to these sustaining innovations would fail to gain a step change and were hence merely delaying their obsolescence.

It was noted that much the same can be argued for the behaviour of the CRE&FM sector itself. Whilst CRE&FM is uniquely positioned to take on these changes as an opportunity, and to lead and demonstrate real value, many CRE&FM organizations will probably squander this opportunity by simply ‘muddling through’ defending the current way they work rather than adapting what they offer. It was pointed out that another way of looking at this is to distinguish between the ‘Unintelligent Client’ who exists to make sure that nothing negative happens (the fabled ‘silent service’ – which contributors noted was a good way to safely manage into irrelevance) compared with the Intelligent Client who positively tries to add value and advance innovative propositions to their business.

The discussion developed here to distinguish one-off innovation and innovation as a way of operating – in other words the learning or innovative organisation. Proponents of the ‘innovate or die’ approach argued that it will never be a matter of one change and then done. Rather, the Client should look to how IT and HR are changing to understand how to produce a holistic intelligent response. From this point emerged the first phase of a protracted discussion about the definition, nature and role of an ‘Intelligent Client’, a conversation that would progress through to the relevance of intelligence across the whole collaboration between Client and service provider, and then develop yet further into a debate about the scope for an intelligent cooperative (the contrast of this from the zero sum attitude of today’s industry should not be underestimated). It then concluded by broadening its focus from aspects of approach and structure to also think about outcome, and thus debate a future that is based around achieving integrational capability. But first, let’s review the Intelligent/ Unintelligent Client discussion…

The Intelligent/Unintelligent Client

The discussion opened with an exploration of the context and meaning of ‘intelligence’ for CRE&FM. It was observed that complexity is one of the main drivers of the need for better intelligence – the more complex the requirement to be delivered, the more ‘intelligent’ the Client has to be in order to keep up with the scope of works and the evolving dynamics. Furthermore that change also drives a need for clarity, introspection and interaction. Indeed, looking from Private Finance Initiatives to Total Facilities Management the common learning was that to have any hope of success the Client has to operate in a very intelligent manner. It was then a short step to argue that since a form of intelligence ‘within’ the organization will always be required to stimulate, excite and arouse interest, the Intelligent Client will naturally be ‘epicentral’ to the future direction of outsourcing methods and contract management of non-core services. Proponents of this view suggested further that the intelligence required in today’s organisation involves understanding the conditions that will enable the creation of shared value (more on this later). However, currently these skills are poorly understood and rarely developed within CRE&FM, by CRE&FM for/with the business, or by CRE for/with the Service Providers.
It was suggested that as the flexibility of where people actually do their work evolves, so the focus of the Intelligent Client will become more and more people-centered rather than building-centered. Logically this would mean that the Intelligent Client of the future will be a Client who understands work not just workplace a Client who provides services that confer agility, mobility, effectiveness of the worker and the business alike rather than a mere purveyor of space. Thus, as changes in how and where people choose to work increasingly requires businesses to design work experiences that encourage productivity and effectiveness (there is a talent war dimension here too), this will mean the Intelligent Client will need to understand IT services, HR practices and business processes as well as business strategies (note how this puts the CRE&FM Client at the heart of evolutions in IT, HR, and business).

In order to support this, the contributors observed that a different model will be needed compared with today’s business and workplace thinking. One of the challenges here is that Service Providers already appear to have more operational ‘workplace intelligence’ than the internal CRE&FM departments. Hence the Client needs to develop a new intelligence to make the most of this as an opportunity, lest it become a greater threat. This theme was probably the kernel of the intelligent cooperative discussion that emerged later, as it became recognised across the Forum that applying new thinking by the Client in ways which leveraged the relative strengths of the Service Providers offered a potential win-win. Thus, once it was observed that much of the visible and tactical innovation/continuous improvement in the world of CRE&FM has come from Service Providers, the classic solution to the prisoners’ dilemma emerged, where any initial zero-sum mentality gives way to the mutual benefits of a cooperative mindset. As one contributor put it – if a Client is intelligent enough to stay the course and to successfully outsource their operations to a Service Provider partner who is better able to run them plus take on smart and strategic work, shouldn’t such a Client reaffirm and apply their intelligence further by moving-on completely from the legacy function? Furthermore, wouldn’t any remaining involvement by the Intelligent Client actually risk getting in the way of the overall success of the cooperation? In other words the really Intelligent Client is self aware of their own limitations enough to withdraw from the main theatre of activity!

Here the discussion broadened dramatically as it was firstly agreed that the Intelligent Client of the future is clearly going to be a very different role to that experienced currently, and then someone asked the provocative question about whether this new intelligent role needed to be an internal role? This was a really valuable moment in the debate.

But first, let us return briefly to how, when challenged, the Forum epitomised the Unintelligent Client, as this offers a particularly interesting juxtaposition for the next stage of the debate to come. The Forum argued that the Unintelligent Client was recognizable by their actions, for example:

- **Metrics:** Focusing on the wrong metrics in the Client: Service Provider relationship will continue to be a problem. The industry will continue to default back to the measures and ‘metrics’ it knows and understands best. In fact, it will remain so ‘focused’ on gathering and using such familiar ‘metrics’ that it will largely fail to ponder on what is missing.

- **The whole is less than the sum of the parts:** Where the Unintelligent Client cannot extract synergy from integrated functions or between services and business needs, so the lowest common denominator will tend to prevail. This will impoverish the overall value of the service, and may render some aspects of it negative.

- **Providing the wrong service model:** A CRE&FM model based on square metres/feet managed and deals done rather than helping the business downsize or resize or grow. Paradigm/cultural problems may prevent improvement too, especially in companies that fail to understand the critical value and demands of this internal role. One contributor argued that procurement came to mind in this context. Indeed, it was noted that there is some interesting academic research showing how in time of recession, procurement and decision making people try to go back to first principles and avoid models perceived as complex or based on trust.
Nobody wants to risk being the one who advised the implementation of an unproven solution even if it makes sense in theory. On the contrary, many would revert to procuring individual services which you can break down in to single elements forming the building blocks of a satisfyingly solid defensive wall. The problem with this is that you lose agility (let alone synergies) and this makes service stream owners only accountable for their own area (which will likely be tactical) rather than the overall combined outcome (which would more likely be strategic). The contributor who posted this went on to observe that, unfortunately, a number of businesses who are currently successful have adopted the cynical view to become tactical and tend to play lip service to the Intelligent Client’s business outcomes. Indeed, once the core business adopts the thousand yard stare doesn’t intelligence by the CRE&FM Client just get in the way?

**Control:** The Unintelligent Client will control the Service Provider where as the Intelligent Client will empower and enable them.

**Capping Performance:** Every Service Provider will only be able to be as good as its Client wishes or imagines (or is smart enough to enable). Service Providers who are more comfortable with a traditional ‘command chain’ will not be able to successfully transcend the all too typical ‘master-slave’ relationships (where one ‘manages’ and ‘directs’ and the other ‘responds’ and ‘delivers’). Where the Service Provider has a level of ‘intelligence’ or capability maturity over and above that of the Client, the situation will become difficult for both. Perhaps there is a need for Unintelligent Service Providers to peacefully align with Unintelligent Clients.

**Reactivity:** Just handling breakdowns, annoyances or complaints means reacting in order to remove the symptom. A responsible and long-sighted approach to management which prevents annoyances or breakdowns before they can happen will not be a characteristic of the Unintelligent Client.

A couple of deeper caveats emerged. First, given sufficient urgency or angst within the core business, those with power may bypass the CRE&FM Client function and contract directly with Service or Space Providers – there are examples of this happening already in the co-working context where the business has taken the view that their in house CRE&FM function is not intelligent enough to support their needs.

Second, it was also noted that an Unintelligent Business would struggle to make use of an Intelligent Client function, which was illustrated thus. The pace of change in the economy and society is such that we are experiencing failures of many of the conventional commercial models and organisational structures. It is difficult in these circumstances for CRE&FM professionals to provide intelligence when the business itself is in ‘uncharted waters’ and surrounded by a complexity of changing consumer requirements, new regulatory regimes and short time horizons. In this scenario simplicity is all important – what does the organisation need and what is the best way of providing it. In such circumstances providing a basic service is not necessarily a sign of an Unintelligent Client.

... the Intelligent Client of the future will be a Client who understands work not just workplace; a Client who provides services that confer agility, mobility, effectiveness of the worker and the business alike rather than a mere purveyor of space.
So how did the Forum imagine an Intelligent Client brief?

**Overarching Characteristics**

- **Holism**: The Intelligent Client will be able to stand back and take a holistic view of the changing nature of work. The Intelligent Client will keep evolving its ‘intelligence’ to meld a response that reflects the various business, market and building dynamics and offers a ‘portfolio wide’ perspective that can help guide actions.

- **Challenging**: The Intelligent Client will attract and retain the new skills demanded by a new order. Hence the Intelligent Client will be passionate about change, removing obstacles, collaborating, (internally and externally), communicating/sharing without ambiguity, competing, innovating, and using these to make a positive difference. Also, the Intelligent Client will be a challenger – never accepting that the world stays still.

- **Tolerance of Failure**: Bearing in mind that in a blue sky world it is as important to support constructive failure and success alike otherwise fear will negate imagination, an Intelligent Client will enable a culture that can handle both. Indeed, it was argued that the difficulty is creating an environment where intelligence is an acceptable behaviour.

- **Broad Mindset**: The Intelligent Client will have the skillset and mindset to act proportionately and to provide a flexible service for-all-seasons. To do this, the
Intelligent Client will need an adaptive, reflective and learning mindset, perspectives that are probably most valuable when they are also reflected in the customer organization and the Service Providers, too. It was observed that all of these dimensions of intelligence hinge upon people to people skills, furthermore that this probably extends to emotional intelligence.

- **Handling Complexity:** The role of the Intelligent Client is not just to manage a set of Key Performance Indicator’s against a Service Level Agreement but to act as a catalyst for innovation. The Intelligent Client plays a critical role in today’s ever increasing and complex solutions. There has to be a balance between leading and directing and allowing the Service Provider to develop truly innovative solutions. Hence the Intelligent Client will inspire designers, suppliers and consultants to give of their best.

- **Attitude:** The Intelligent Client doesn’t sit in judgement but seeks diversity of view, complimentary ideas, and generally tries to create a can-do spirit. This approach might be described as a partnership (it was noted that the alternative looks like the vendor/Client relationship of old – opinionated, contractual, abusive of Client privilege with a tendency to wear down talented people).

- **Coherent and Consistent Behaviour:** The Intelligent Client will operate in an internally coherent manner (strategic through to operational), which will also mean cooperating intelligently with the externals and the business units, and will learn to trust and respect both as well (who will therefore bring their best to the table).

- **Simultaneously Inward and Outward Looking:** The intelligence part must represent both an intelligence in understanding the organisational need for CRE&FM service provision and also an intelligence of what service provision is available. In this way the role of the Intelligent Client is both inward looking and outward looking. Accordingly, an Intelligent Client truly believes that ‘the buck’ starts and stops with them.

- **Leadership:** All the things that make a good leader will be represented in the Intelligent Client – including the ability to make balanced decisions and the ‘power’ to see them enforced. An Intelligent Client is one who sincerely sees their leadership role as one of enabling their partners to succeed and focuses on connected the dots within their own organisation, removing obstacles in the way of execution towards operational excellence.

- **Ability to Defer to Experts:** The Intelligent Client knows when they don’t know best, and when therefore they must defer to those that do.

The Intelligent Client must know when to give direction to others, and when to be guided by them.

- **Evolving:** The Intelligent Client will be driven to continually learn, to stay close enough to customers to understand and respond to their changing needs, also to be bold enough to reinvent and evolve their purpose and organisational self. Intelligence will mean that the Client has figured out how to enable the provision of risk-mitigated adaptive business as usual processes (not a small task in and of itself), and will then be moving on to become a true strategic business partner in a broader sense of the term.

- **Outcomes:** The result will be ongoing new levels of a) earned trust by business units b) deep knowledge of business c) technical/commercial understanding of the supplier industry d) the earned authority to exercise contract compliance on behalf of the business without conflict of interest.

- **Adaptive:** Customer requirements (and expectations) will change over time and most notably with business/market circumstances, hence the Intelligent Client (and Service Provider) responses need to be correspondingly adaptive. Attaining the role of the Intelligent Client of the future will be more about a way of travelling than an end destination.
Strategic Dimensions

- **Intermediation**: The focus of the Intelligent Client needs to be strategic while overseeing the partner Service Provider organisations that deliver and execute on the strategy. The Intelligent Client will be able to make this move from the operational to the strategic by fully understanding the business and by being able to interpret how their stakeholder business requirements translate into CRE&FM requirements.

- **Constant (re) Alignment**: It was argued that maintaining the alignment between ‘business needs’ and ‘service provision’ requires intelligence, since this is always changing. As part of this, the Intelligent Client will be able to interpret data quickly and make informed decisions.

- **Advancing the Business**: The Intelligent Client will understand how they can be business performance enhancers rather than simply asset managers. Therefore they will be able to work with their Service Providers in focusing on the customer experience. Thus the Intelligent Client will nudge the business towards better opportunities – for example, gaining support at the top for a workplace change (by having them go through it themselves), such that they in turn become enthusiastic converts and then endorse it plus add their authority to then push it further through the organization. This is a good approach for stimulating culture change and lowering some of the internal hurdles.

Operational Dimensions

- **Optimiser**: An Intelligent Client knowing their own core business, and possessing strategic knowledge, will be able to optimise this resource as an input for managing contracts. For example, the way the Intelligent Client outsources will reflect global differences, hence taking care to protect local cultural issues including how to agree and maintain relationships: trust and a handshake in one culture might sometimes be worth more than a detailed contract of 1000 pages transferred from another culture.

- **Translator**: The truly Intelligent Client will be translating the Service Provider contribution to the ‘core business’ while ‘protecting’ the core business interest. Hence the Intelligent Client must be able to translate what the supply chain delivers whilst at the same time effectively translating business needs back to the Service Provider. The Intelligent Client will therefore put the right Service Provider in place and then get out of their way – which will release resources and focus for a more creative remit. Associated with this will be the ability to deal with local issues. The global footprint also poses challenges for rolling out globalised CRE&FM models, especially the issues over global/local balance and accurately reflecting the preferences of all cultures.

- **Understand the Business Dynamic**: The Intelligent Client will understand deeply which organisational changes within the company drive the need to alter the course and will pro-actively manage the outsourcing processes/existing relationships accordingly giving them the best possible shot at achieving their objectives.

- **Proportionality and Timing**: The role of the Intelligent Client will be driven by the nature of the portfolio that is the subject of outsourcing. Intellectually they will understand where a Service Provider could take on a greater role in areas of strategy and portfolio planning, but will also recognize where the context, granularity, depth and sensitivity of core business issues may preclude this, at least initially. As the pace increases, the Intelligent Client will interact with their vendors/suppliers at the right time, with the right people and with the right information.

**What will it look like to business?**

- **Compatible Mindsets**: The business will recognize that the Intelligent Client is thinking in the same terminology (note that this is deeper than simply talking the same language) – cost will not necessarily be the top issue. It was suggested that issues such as reducing distraction, increasing productivity, enabling rapid re-organisation and enabling improved cross functional relationships may dominate and the Intelligent Client will be able to manage their function and Service Provider relationships to support this. In addition at times the Intelligent Client, through developing foresight, will be one step ahead, anticipating business needs before their realisation of their existence.

- **Value Model**: The Intelligent Client will evidence its value to business competitiveness not simply on cost, but also on a wider basket of criteria and measures that are a recognised proxy for productivity (or productivity directly).

- **Functional Value**: A business-centric focus will put the overall cost of doing business front and centre. That means that staff costs will be the major driver (particularly in service businesses) and productivity the reward for success. The Intelligent Client role will be to keep the people and the buildings in balance. As part of this the Intelligent Client will articulate how real estate enables the core business and its impact on revenue/cost today, and into the future.
• **Strategic Value:** The Intelligent Client will become strategic as evidenced by their knowledge of the business and ability to manage outside resources to suit its needs in a way that provides flexibility and matches the speed of real estate to the speed of the business.

• **Internal Consultant:** The Intelligent Client will work with the business as an internal consultant in terms of optimising the workplace for business effectiveness and productivity, also helping as a change agent/critical friend.

• **Interpretation into the Service Model:** The Intelligent Client will articulate how the CRE&FM team can align with the business to interpret the business strategic and tactical demands. As part of this the Intelligent Client/CRE&FM team must be aligned and work together with product leaders, IT, HR and Finance. Plus the Intelligent Client will be able to integrate and achieve synergy from the Service Providers. This will be the result of a different management model which inspires a change in response from the Service Providers too.

• **True Proactivity:** Intelligence will better allow CRE&FM to play a proactive role in the change management of the entire business, say for business regeneration, or where the reconfiguring of the size and global business footprint is being used to enhance agility/competitiveness/survival.

• **Connector Role:** The Intelligent Client will credibly connect the Strategic Business Units and the Supplier Industry. Accordingly, the Intelligent Client will articulate how they will work with the Service Provider to manage cost and add value (which is the stretch). In this way, the Intelligent Client will extract every measure of value from service providers – which will also mean that the truly Intelligent Client will be ready to accept and use the greater expertise of the provider. A contributor proposed the analogy of the largest Japanese automotive assemblers such as Toyota and Nissan who work closely with their suppliers (in contrast to their western competitors who traditionally relied upon relationships that were predominantly adversarial). The Japanese used their superior relationships as a central pillar of their competitive strength. The value of the difference is now obvious, and epitomises the value of the difference of the Intelligent Client and the Unintelligent Client.

• **Bottom Line:** An Intelligent Client should still be able to build a great facility and then manage it over its lifespan.

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**What will it look like to the Service Provider?**

• **Russian Dolls:** Being an Intelligent Client for suppliers also means being an intelligent supplier for the customer.

• **Connector:** The Intelligent Client will credibly connect the supplier industry and the Strategic Business Units; Hence future changes will not come as a shock for either of the parties. The Intelligent Client will enable the Service Provider where the Unintelligent Client will control them.

• **Understanding:** The Intelligent Client will understand how to effectively manage suppliers to deliver both expected and unexpected (but positive!) outcomes. (This was explained by a contributor as follows – the Intelligent Client doesn’t need to know how to make a great soup, but they do need to understand what a great soup tastes and looks like!)

• **Collaboration:** The interrelationship and dynamics between the Intelligent Client, the value-creating Service Providers, the empowered delivery staff and the users of the service will be seen as critical and explicit to the way services are designed and managed. The desire of the Client to collaborate will be clear, and correspondingly will be visible between the suppliers (in effect, giving every staff member involved a platform for innovation).
A major turning point occurred in the debate when contributors started exploring how to achieve rather than seeking to just identify the outcomes and characteristics of the Intelligent Client.

The catalyst for this change was probably the observation from one of the contributors that the focus on intelligence as a future state both dammed all legacy CRE&FM and reflected a lack of self-confidence in CRE&FM. Noting this, the contributor observed that IT professionals, for instance, do not talk in the terms CRE&FM does of requiring an ‘Intelligent Client’. They just get on with the outsourcing relationship to the correct degree of penetration to meet their needs and complete the value chain with internal resource accordingly. The implication being that if you have to worry about making intelligence explicit then maybe you aren’t up to the job (or will appear that way).

This comment quickly cascaded into a constructive discussion on the nature of intelligence across the service provision (that is, irrespective of the format of the inhouse/outsource contractual model). It was argued, for example, that in order to allow a potential cooperative to form and operate across the service team (that is, Client and Service Providers), the Client needs to release some aspects of their current role, especially those which deny the Service Provider latitude to perform to their full capacity.

The reposte to this was that the Client really needs to look both ways and pay both an intermediary and interpretational role, intelligently. For instance, to gain intelligence of what business customers (and also staff consumers) need to enable them to function at their optimum business efficiency and effectiveness, the CRE&FM service team require ‘face time’ with them (in whatever form this may take, and with whomsoever is the appropriate representative). In some contexts the Service Provider will understand the touch point and will be the better placed to act as interpreter. Alternatively the Client may be better placed to engage with long term strategic scenario planning discussions. Even this may change with long term partnerships. It is also interesting to observe how this opened the conversation up to consider the Intelligent Service Provider as well as the Intelligent Client, and thus to approach the idea of a collective intelligence (perhaps with a value more than the sum of the parts).

Accordingly, from here onwards readers should try to interpret references to ‘intelligence’ in the broader sense of the entire service team as well as the Intelligent Client (or indeed the Intelligent Service Provider).
Some general principles applicable to the entire service team started to emerge. For instance, a definition of intelligence applied to the CRE&FM function (thereby not limiting it to the Corporate Client or the Service Provider particularly) was suggested as follows: that success necessitates patiently applying vision to master challenges; by necessity grasping and integrating along the way; stimulating the symbiotic relationship between many relatively simple disciplines and functions that impact people, whilst translating them into directions, objectives and results that are meaningful to other (sometimes the same) people a.k.a. internal/external stakeholders. Clearly this can be read from the perspective of the Service Provider to the Client, or directly to the business customer or consumer, or correspondingly from the perspective of the Client to the Service Provider(s) and/or the business customer and consumers. When imagined in a broad context suddenly the intelligence of the Corporate Client or the Service Provider are each subservient to the potential of their collective intelligence, and the zero-sum legacy thinking that continues to dog the industry’s potential to innovate collectively drops away. Of course, between the idea and the action lies the void. And how we bridge it, now we have it in sight, is key. This is what the Forum now started to turn its attention to.

The conversation at this stage opened with two key observations. First, that a genuinely intelligent role is only going to emerge from a different viewpoint – hence a paradigm shift is needed. It was noted that in addition to the obvious differences in starting viewpoint between the Corporate Client and the Service Provider, that CRE&FM professionals from both ‘camps’ also have different starting points. It was argued for instance, that CRE is building centric compared with FM which is already more business centric. (Extensive debate on this was not provoked lest it derail the emerging consensus on next steps for the industry as a whole, but it is a not insignificant issue and should not be overlooked.)

Second was an appeal to strive to simplify everything we believe to be important in order to be truly effective. In today’s complex world quite often intelligence is best seen in not complicating things unnecessarily, perhaps by putting trust rather than explicit control provisions in place. A follow-up comment noted that this could be applied quite generally, the Intelligent Cooperative (as people started to refer to it) having the confidence to delegate or discard what no longer serves the new role/relationship, in order to refocus on the more valuable.

So, what would the Intelligent Cooperative as it was now being referred to look and feel like?

Talking the Talk

- Building genuine trust between parties will be crucial, will take time and has to be emergent, it cannot be forced. It was argued that whilst any good executive will be looking to focus on ‘core’ competencies and let other professional experts take care of the rest, the onus remains on all the parties to continually demonstrate their thought leadership in their chosen field, to challenge, excite and educate their Clients/Service Providers (and surely the business too?).

A particular test of this would be to deliver sustainable relevant solutions which continue to meet the future needs of both the business and their staff throughout changing circumstances and economic climates. This means looking over the business horizon, and understanding what the implicit and explicit trade-offs or risk dimensions of the Business, Corporate Client and Service Provider decisions are and looking out for all concerned. This is not something CRE&FM is recognised for at the moment but is surely the sign of intelligence. This is a collective solution that cannot be achieved other than through cooperative thinking.

- The Intelligent Cooperative will need a suite of working principles, not least because the role will always be custom to the particular business context and strategic outlook. As the change from global expansion to recession illustrated dramatically for many businesses (and CRE&FM contexts), the context, horizon and strategic priorities for any given business can step-change at very short notice, so the intelligent approach is best articulated as a series of principles applied to the prevailing circumstances. This sort of thinking is also rare in CRE&FM, but imagine the business value of it properly applied! (It is also worth realising that the current generation of CRE&FM professionals have the recent experience of both contexts and that is something we should be mining and building upon now, collectively.)

- Because the remit is continually evolving and/or in flux, the onus is on the Intelligent Cooperative to continuously shape and adapt their role (and mandate). Therefore the road to intelligent solutions will be built on a suite of principles and methodologies, and not a prescriptive blueprint.

Building genuine trust between parties will be crucial, will take time and has to be emergent; it cannot be forced.
Walking the Walk

- The foundation of the Intelligent Cooperative needs to be based on a coherent and business-specific value model as a basis for decision-making. Hence a key issue is to understand the decision making logic of the business (and to check that their’s corresponds). Understanding the logic and the value models of the Service Providers is crucial too. They need not be identical, but they do need to be compatible. The concept of a decision making protocol becomes important in this context. It was argued that this sort of vision-driven approach was crucial because it moves work into a strategic role. This also represents a subtle but important step forward from the mantra of shared goals – Service Providers and Clients rarely have entirely shared goals, but if they have entirely compatible goals there is scope.

- Successfully fulfilling this decision-making protocol requires people who are armed with, and empowered to apply, the relevant knowledge. The Intelligent Cooperative will by definition be able to handle change, hence:
  
  - Scenarios and forecasting skills will in matter of a fact be a part of what can be named Intelligence. In particular, foresight will naturally advance both the Client and Service Providers (and potentially their business too) beyond simply reacting.

  - A decision support system (or more importantly a logic underlying it) will be designed to accommodate and handle change as a strategic and operational capability exercise. Moreover, this will be a differentiator – knowing what to do with the technology, the data and the strategic disclosures; a deeper dimension of intelligence, explicitly about being able to decide what to do next.

  - The appliance of logic to decision-making, knowledge management, and learning will allow professional judgement to provide the differentiating edge for the Intelligent Cooperative.

- In addition to all of the foresighting, decision making and strategic dimensions of the cooperative, the Forum never lost sight of the assumption that the service team delivers the basics – all that is required for the safety and wellbeing of the employees (which means more than a statutory provision). It can do this through a service that flexes according to the local needs and local industry and legal context. Hence the Intelligent Cooperative recognises that people, the business process and the workplace (including all the associated services) are components of a continually-evolving dynamic.

- These capabilities will quickly reveal a gamechanger gap compared with the Unintelligent Client discussed before, and slow movers or those without the intelligence ‘horsepower’ will struggle to make the leap.

Notice also the emphasis on the way of working, via cooperation, as opposed to the activities. This is a subtle but important paradigmatic step forward.

So how can we achieve this?
Characteristics of the Intelligent Cooperative

The ‘intelligence’ of the ‘Intelligent Client’ does not have anything to do with the degree to which they outsource services. Rather, it is better characterized by where they are on the spectrum of a ‘high-’ or ‘low-functioning’ organization. It was further argued that most of the ‘high-functioning’ Client CRE&FM organizations tend to have ten similar characteristics (several of which have been referred to earlier):

- **Clear Objectives:** A clarity about the objectives, plus an understanding as to how they directly align and impact the underlying value proposition of the business.

- **Path to Progress:** A clear understanding as to what needs to be achieved and how to get there. An important observation was made here about the distinction between Geoff Moore’s Core and Context activities. The Intelligent Cooperative needs a coherent model for what its Core purpose and value model is, yet the industry seems to have been focused (and built) upon context.

- **Work Well in an Ecosystem:** An ability to understand and thrive operating in the broader business ecosystem, which includes end user business units, the Corporate Client, and the Service Providers (which also means reasonable/healthy profits within the supply chain are acceptable!).

- **Work Well with People:** Delivering CRE&FM services well depends upon hiring, motivating, developing and retaining talent.

- **Remain Flexible and Innovative:** Tolerating ambiguity, adapting to change, building flexibility into programs/tools/processes, are increasingly important attributes of successful teams.

- **Deliver Real Value:** Tied to understanding the business’ broader objectives, the Intelligent Cooperative constantly focuses, adjusts, and communicates their real value proposition in this context. This will transcend from order taker to advisor to the front line business units and the senior management team in the business.

- **No Bias:** A key characteristic of the senior management in the Intelligent Cooperative will be that they are willing to utilize whatever delivery model provides the best value to their firm – self-performance or full BPO, or something in between.
  - Consistency to the delivery of service.
  - Proactive (as opposed to reactive) approach to service delivery.
  - Understands/appreciates/respects the business unit.
  - Provides Leadership to the business unit.
  - Is quick/nimble/creative.

- **Effective:** an Intelligent Cooperative orders the right things at the right time from the right people – the engagement is high, wide and deep across the entire Service Provider team. Evidence of ‘intelligence’ at work is when the perceived success of the entire ‘enterprise’ recognises the Service Providers as an integral part.

- **Closeness:** to the business pulse, and the scope to be involved in long term scenario and strategic business planning.

- **The Result:** lean processes, cost efficiency, and exceptional service.

With a couple of exceptions (see footnotes 2) the view of the Forum focused now on how an Intelligent Cooperative should operate, and what its terms of reference should be.

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2 The Service Providers could go it alone viewpoint: Where are we heading as an industry? As service providers become ever more sophisticated and reliable around delivering business as usual, and given that the enterprise has ‘bought’ what we have been selling for the last 25 years (that we are a cost to be reduced), we could be on a logical track to do away with the Intelligent Client role altogether. Surely all that is needed in the above scenario is contract management and governance, with maybe a bit of Client engagement on special occasions?

And the view that CRE&FM is not the natural incumbent internally: Why does the Intelligent Client need to be CRE&FM specialist(s)? Surely the Intelligent Client is really the provider of an operational infrastructure to ‘enable work’. It was further argued that such a decision would take real corporate courage to change the Client/service provider paradigm and enter into the future business world of collaboration and blurred organisational boundaries. However there is evidence of this already in the context of businesses directly contracting co-working solutions.
Facets of Intelligence

So what did all the discussion boil down to? Here is a summary based on the points made across the discussions, with some analysis:

- There were plenty of comments on what the facets of intelligence would look and feel like within the Intelligent Cooperative. Behaviours were identified as probably the key distinguishers here (especially those related to advancing the way of working of the business).

- The view on the kernel of an intelligent role appeared to be that of tailoring a service to individual business unit needs. Like our IT and HR colleagues, our value should be expressed in terms of enhancement of service at business unit level, enabling business performance. The Intelligent Cooperative should enable Service Providers to link with business units more effectively in order to truly align the service with business plans.

- The following specific facets were also suggested:
  - Ability to craft strategy with stakeholders and suppliers.
  - Change management.
  - Relationship management.
  - Performance management.
  - Motivator (goes with change management).
  - Influencer (goes with motivator).
  - Finance savvy.
  - Visionary (without which what would be the point?).
  - Courage (to stay the course...).
  - Honesty.
  - A willingness to experiment and innovate.
  - A willingness to forgive honest mistakes that are not hidden or lied about (as long as the reason for the mistake is not pure incompetence).
  - Intelligent people who are not so mandate-driven that they cannot see value in off-the-wall suggestions (how often do you see a process or culture that produces an unintelligent result from a lot of intelligent people?).
  - Trusted and trustworthy.
  - Knowledgeable about all aspects of the business, including the stuff that is beyond their immediate sphere and grade.
  - A culture that is receptive to people asking questions.
  - Foresighting: acting to prevent an issue impacting users before it is actually identified by the users.

- Internally, the Intelligent Cooperative will find ways around the ‘obstacles’ to achieve collaborative dialogue.

- The Intelligent Cooperative will prepare the wider business in readiness for the inevitable changing face of the services being provided (including their participation in this).

- It will see all parties working together to learn from feedback and become a learning cooperative, also to do R&D and to systematically experiment together to achieve better service.

- The Intelligent Cooperative will actively promote and reward ‘blue-sky’ thinking and experimentation, (hence involvement in ‘experimentation’ will become an active (vs. silent) part of objectives and performance reviews).

- It was also argued that big data offered the Intelligent Cooperative opportunities to (1) push the boundaries of intelligence and (2) refresh the articulation of their service value proposition.

The question arises though, as to whether the Corporate Client is moving towards an integrator/service assembler model? If so, will the tactical and strategic innovation, in terms of new, smarter and more efficient solutions, Continuous Improvement, and new combinations of technologies and service approaches really come from the Service Providers, leaving the retained Client to strategically integrate or align these within a new service paradigm? Is this close to where the industry is already or does it remain a long way off?

There were plenty of comments on what the facets of intelligence would look and feel like within the Intelligent Cooperative. Behaviours were identified as probably the key distinguishers here...
Within this model of a cooperative, are there any particular roles that only the retained Client could and should take on? Here a due diligence perspective applied to the sub-roles within a cooperative suggests some barriers to true integration (many of which were not explicitly discussed in the Forum).

**Protectorate**
A defence function to assure that the primacy of the business’ interests remain senior to all Service Providers priorities. This includes protecting the day-to-day functionality, quality and value of corporate real estate and business support services. There is also a longer-term function of optimising and protecting the business’ interests in terms of overall strategic investment in the estate, and the resilience of the business’ critical infrastructure. It is also important to remember that, ultimately, risk cannot be outsourced. Thus the ‘protectorate’ will seek to protect the business against (legal exposure for) negligence and other such risks.

**Intermediary**
- Interpreting the business needs and their priorities (including how these change over time and/or differ across business units, geographies and with changing market and economic circumstances). This includes handling crucial but sensitive strategic issues which the business would not wish to disclose to Service Providers (who will often also be working for competitors).
- To act as the single point of contact between the business and its Service Providers.
- To provide the single version of the truth up to and down from the business.
- To act as the intermediary and expert between the business and its staff.
- To manage and broker both the business’s and Service Provider’s expectations.
- To oversee all collaborations and integrational links (internally within the business and sub-divisions, also between Service Providers).
Internal Expert and Agent

- Act as the horizon scanner and/or strategic sounding board for the business (even if this is not widely appreciated/taken up by the business).
- Ensure that a total cost, value and risk perspective is available to the business.
- Align services and Service Provider behaviours/processes with the business’s way of working.
- Ensure that service levels are to the required specification/legal requirements (which may vary globally).
- Determine the ongoing optimisation, revision and rebalancing of services, including response to crises.

Auditor and Arbitrator

- Ensure that value and quality are defined according to the business’ criteria.
- Audit services and arbitrate on the pertinence, acceptability of quality (including any under-performance) and overall value of services.
- Decide on budget/service line priorities and arbitrate on any tensions within integrated service provisions/revisions.
- Adapt, develop, unwind or repair problematic or collapsed partnerships, including early detection and response to emergent issues.
- Monitor and act on any potential or actual conflicts of interest such as arise between short, medium or long-term interests, operational and strategic options, cost vs. value trade-offs, efficiency savings vs. risk, Service Provider: Service Provider, Business conflicts of interest, or where the business’s needs/circumstances change.
- Quench any attempts at gaming service levels/performance or Service Provider: Service Provider relationships that could be to the detriment of the overall business’ interests.

Oversight (Business As Usual)

- Direct and project-manage the Service Provider partnership(s), including transition and transformation – in other words to bring structure and coherence to the overall network of Service Providers, the suite of services and the processes/systems. This also includes acting as a bridge between Service Providers of differing capability maturity and/or culture.
- Motivate Service Providers to make best efforts, to share knowledge, to act consistently, and to advance their capability.
- Motivate the pursuit of economy of scale and synergies from service aggregation.
- Police transparency by Service Providers so that risks cannot build up unseen.
- Oversee the balance between global contracts and local applications.
- Apply expertise to overseeing potential service changes.
- Ensure that a custom solution is maintained and that the service keeps pace with the desired position vis-à-vis advancing industry practice and standards.
- Redesign and oversee the overall service for competitive advantage and synergy.
- Enforce the psychology of an internal market beyond the commencement of partnering.
- Ensure that the metrics used for performance management are appropriate, and police performance so as to maintain authority to reward and penalise with justification (by extension, to help keep the business and the Service Providers from falling out/out of court).
- Define the performance thresholds and standards for Service Provider behaviour, thereby protecting against lowest common denominator pressures/dominant Service Providers.
- Early detection and response to the needs and problems of the Service Providers where these may affect the resilience or quality of the service.
- Handle differences in approach, IT and management systems and processes that would otherwise lead to a sub-optimal network and service.
- Ensure that once problems are identified, root cause solutions are pursued.
Oversight (Continuous Improvement and Innovation)

- Provide thought leadership and hence force the long term improvement and innovation in the service, especially to avoid the stagnation of the services, Service Provider capabilities, and the target operational model.

- Intermediate any co-innovation or service redesign to ensure 1) that the business’ agenda predominates, 2) to protect the business during innovation, and 3) to ensure that any Service Provider adjustments required to support deployments do take place.

- Arbitrate on deployment of continuous improvement (CI) and Innovation, also to act as the intermediary with the business for CI and Innovation, also customer service changes.

- Determine how services should be customised locally and to police the balance between global models and local standards/customisation.

Preserving the Business’ Capability

- Ensure that the business retains the know-how and awareness of its assets necessary to optimise the real estate investment and to provide a rolling ‘restore point’ if needed. This is allied to minimising the vulnerability of the business through dependency on Service Providers (their systems, their know-how or data), which is crucial where the progressive modification of services and delivery models could lead to drift or even be deliberately gamed by Service Providers (in order to make them difficult to substitute). Both aspects relate to protecting the business against entrapment or high switching costs/risks.

- Preserve the business’ management capability to be able to undertake high quality market tests, thereby protecting the business in the case of any need to contest or rescind any partnerships that turn sour, or in the case of a service provider collapse. This involves owning the Client’s performance data, determining the analytical criteria and approaches, and maintaining a definitive, rolling, as-built view of the service model; plus preserving the business’ internal mandate to do so. Accordingly, the retained Client’s skill set should be sufficient to design how to bring a service(s) in house should circumstances or the business’ policy change.

- Make and test short-term business continuity/contingency plans (and ensure that Service Providers engage in this too).

- Assure that the resilience of the overall CRE&FM platform is maintained, managed or restored in any event. To pick up the pieces when a Service Provider fails or collapses – that is, the retained Client is still where ‘the buck’ starts and stops.

Many of these sub-roles will have a reciprocal/symmetrical relevance to the Service Provider, and accommodating both aspects of these issues within the design and maintenance of the partnership will be vital to accommodating mutually compatible goals.
The CRE&FM Client faces a perfect storm of disruptive innovations, but on examination it becomes clear that the future prospects of the industry as a whole depends on whether a positive sum solution can be found. The alternative, the zero sum scenario, is ultimately not a good road for Client or Service Providers to (continue to) go own.

The message from the Forum is that the entire industry needs to re-interpret its business environment, in particular what constitutes value and how to transform the industry and its operating model to deliver this. Making this change is a people centric issue, not a building centric issue. The ‘elephant in the room’ that was politely ignored was whether the Corporate Client has the disposition and capability to make such a transition, and further to lead it since the scope to co-develop this with far sighted businesses suggests this as a natural starting point.

The drivers of change are already acting on the industry, CRE&FM, and business – and look to be relentless. So a sub-question arises. If the Corporate Client can’t or won’t catalyse the change, who else could? Service Providers (through a TFM model)? Another part of the business (CFO? CEO? HR? IT?). Perhaps all of the above depending on the business example. Meanwhile, the technology that first changed the relationships between businesses and people with buildings has now stimulated a change in how businesses operate. Skillsets and demographics are at a turning point. ‘Do nothing’ has prevailed for too long and is no longer an option. Perhaps the ultimate test of our collective and cooperative intelligence is whether we can (at last) innovate our way out of this situation…
This debate has brought us much closer towards agreeing the core content of a template for the ‘intelligence’ requirements of CRE&FM fit for the 21st Century business (both in terms of what the model looks like and how the delivery may be transformed). It appears that such a model will emphasise agile thinking, adaptability and reflexivity, and will represent in reaching this point an intelligent way of working. It is to be hoped that the intelligence displayed so far will continue to develop the thinking, practice and experience of this domain for the good of all in the future.