



Canon

CANON BUSINESS PROCESS SERVICES

FACILITIES MANAGEMENT CHALLENGES AND OPPORTUNITIES:

The Road Ahead

Canon Business Process Services partnered with Facility Executive to survey the trends and challenges facing facility executives. The agile workplace and the need to provide employees with a high level of services presents a demanding and complex road ahead. Learn what it will take to navigate.

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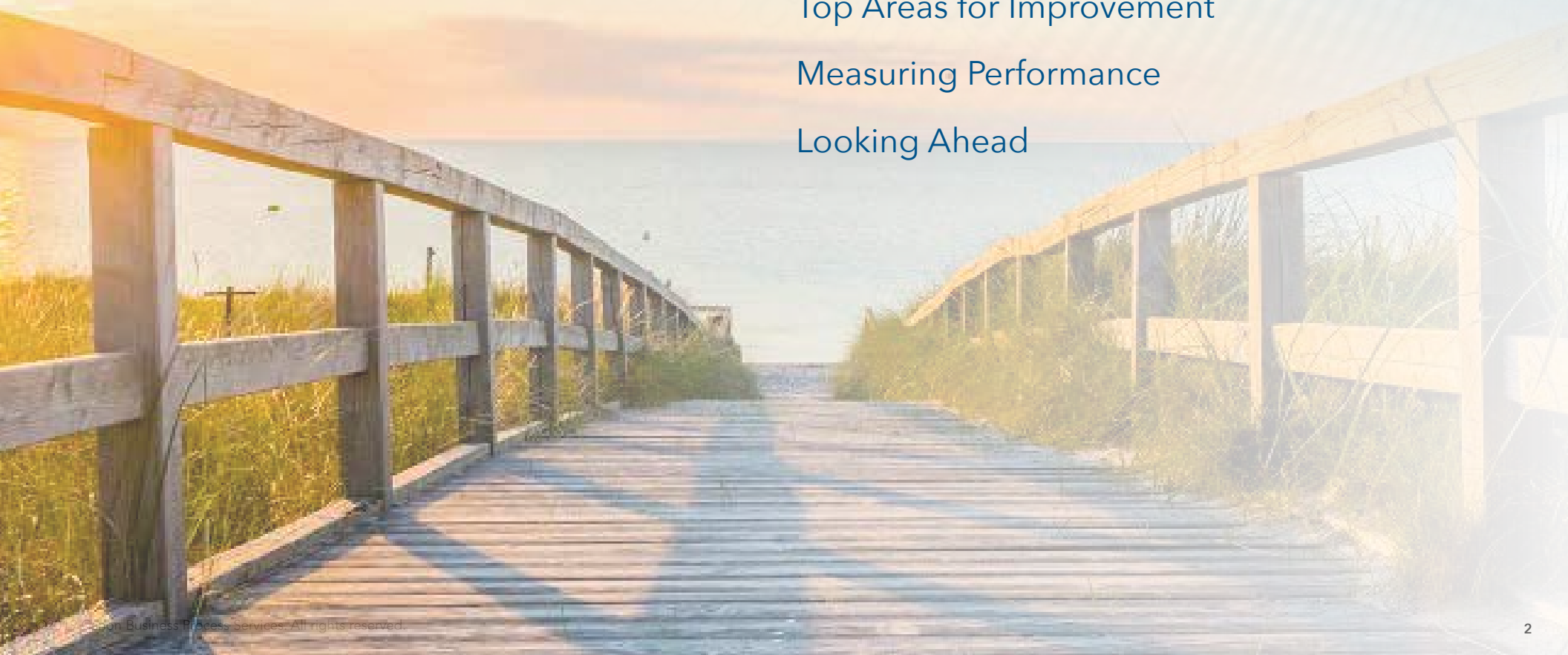
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EXECUTIVE SUMMARY AND KEY FINDINGS

The workplace is changing in unprecedented ways. It's not unreasonable to speculate that, in the near future, a much smaller number of people will travel to a location every day and work in an assigned office or cubicle.

Additionally, as the nature of business teams becomes more intricate, companies are seeking to become more agile and cooperative. More people are working remotely and at different times of the day. As a result, coworkers are having fewer personal interactions and communicating increasingly through platforms like email and conference calls.

In our experience, companies are migrating to more agile workplaces in order to:

- recruit a new generation of talent
- retain existing talent
- create a more collaborative workplace
- reduce square footage and contain real estate costs

Achieving these results requires companies to provide their employees with a high level of service. This is more challenging in an agile workplace than a traditional business environ-

ment. How do you deliver regular and accountable mail to employees who are in a different place each day and/or might not be in the office at all? How do you make people who may only come to the office two days a week comfortable? How do you schedule and effectively utilize shared conference space? Where and how do you store personal and work-related items?

These and other challenges add up to complex problems for facilities management (FM) executives and their teams. In order to navigate the road ahead, they are expected to find solutions, adapt to the changing workplace and deliver superior logistics and other vital services that support the company's employees and site operations. But that's not all. FM professionals also are increasingly being asked to accomplish these goals with the same—or fewer—resources and a smaller budget.

With this demanding scenario in mind, our goal for "The Road Ahead" is to help FM professionals:

- share what they consider to be their top priorities

- clarify tools and techniques that might provide an edge in achieving their goals
- identify facilities management activities that present the greatest challenge to success
- uncover possible hidden opportunities for driving continuous improvement in delivering exceptional support services

In our survey, FM executives provided their feedback on a number of topics related to these issues, including what they believe are their most important and challenging management responsibilities. Among other important data, "The Road Ahead" has yielded the following key findings:

- Compared with other tools, techniques or methods, facilities management applications offer the greatest impact on improving facilities support services.
- The management responsibility seen as most important is maintaining high customer satisfaction.
- Among jobs that are difficult to staff within facility support services, office

support positions are considered the most challenging.

- FM executives specified that maintaining staff levels is the most difficult activity to manage compared to other responsibilities.
- Top among support services that need improvement is data collection and reporting.

SURVEY PROFILE

The survey was created and implemented in conjunction with Facility Executive magazine.¹ A total of 109 online surveys were completed by executives responsible for FM. These include C-level officers as well as senior and middle management executives. Survey respondents have 500 employees or more who work at the sites for which they are responsible. The vast majority of executives surveyed (81%) describe their job as FM; other roles include real estate management, warehouse management and procurement.

IMPROVING FACILITIES SUPPORT

Please rank the following tools, techniques, or methods that you think make the greatest impact to improving facilities support services*



38%

Facilities management applications



33%

Tools to communicate, coordinate and schedule the daily orders for services and supplies



28%

Six Sigma quality improvement projects



27%

Warehouse management systems



25%

Tools for tracking the delivery of supplies or services

We asked our respondents to rank the tools, techniques or methods that have the greatest impact on improving facilities support services. The majority selected facilities management applications. One factor driving this finding might be that facility executives are embracing technology as never before. On the other end of the scale, we were surprised at the category that received the lowest ranking: tools for tracking the delivery of supplies or services. Why surprising? Because in our experience, when it comes to facilities support the most common complaint within organizations is that mail, packages and other items are either lost or not delivered in a timely fashion. For

this reason, clients often tap the expertise of service providers such as Canon to establish the systems, procedures and tracking tools to provide control and accountability for the delivery of assets such as overnight mail.

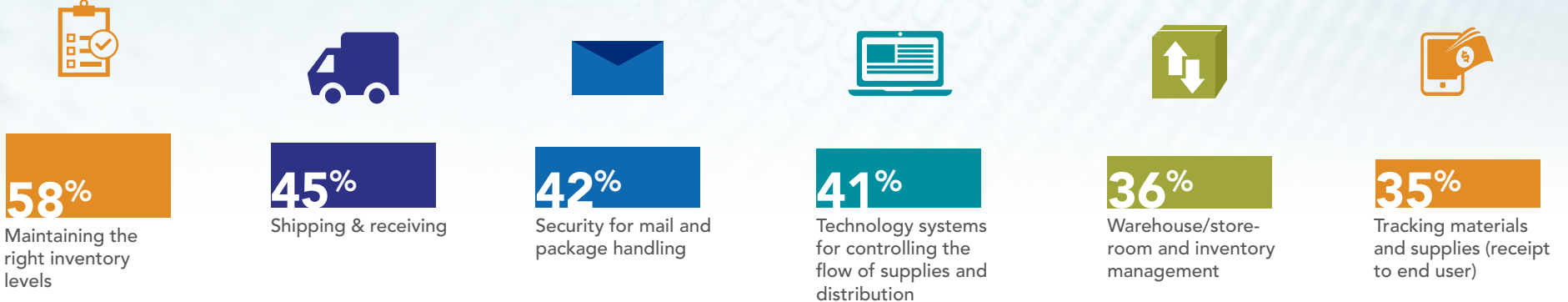
Many facilities managers are short on resources and struggle to implement best practices. Service providers with wide-ranging capabilities can be a trusted resource for identifying and implementing the facilities management applications, communication and tracking tools, Six Sigma projects and warehouse management systems that bring a facilities operation to the next level.

*The data represents respondents' ratings of 4 or 5 on a scale of 1 to 5 with 5 being the greatest and 1 being the least impact.

One factor driving this finding might be that facility executives are embracing technology as never before.

PROVIDING SUPERIOR SERVICES

Please rate the following on their level of importance to providing superior facilities support services:



There is a range of managerial responsibilities seen as important to providing superior facilities support services. The responsibility considered most important, according to survey respondents, is maintaining high customer satisfaction, closely followed by maintaining the right staffing levels. There is an important point to be made about the relationship between these two tasks. A company can have the right number of people; however, if those people are not properly qualified, trained and motivated, customer service can suffer. Conversely, maintaining the right people in the right job is a solid strategy for keeping customers happy. In another

finding that caught our eye, executives ranked reporting and analysis sixth out of the 13 managerial responsibilities listed. We have found that while many organizations consider reporting and analysis to be important, they are challenged to properly focus on it due to the sheer number of other functions they must oversee on a daily basis. This situation provides another rationale for engaging a managed service provider, as providers are often held more accountable than internal operations when it comes to maintaining data and metrics that can help drive continuous improvement.

STAFFING CHALLENGES

Which jobs are the most difficult to staff?

When asked to select which jobs are the most difficult to staff within facility support services, the highest percentage of respondents indicated that office support positions are the most challenging. These jobs span reception, mail, copy and scanning activities as well as records and conference room duties. We'd like to note that all of the job categories in this survey question received a similar ranking. This response translates into facility executives revealing that, to a slightly greater or lesser degree, all of these positions are challenging to staff. A key reason for this—

based on our work with clients in virtually every major industry—is that companies often don't budget properly to fill such wide-ranging positions that also have wide-ranging pay scales. Rather, many organizations tend to bundle these types of positions together without accounting for the hourly wage difference between, for example, a receptionist and a mail clerk. Our key point: whether maintained internally or via a managed services provider, a stable staff backed by proper training, motivation and pay can enable a company to better focus on its core business.

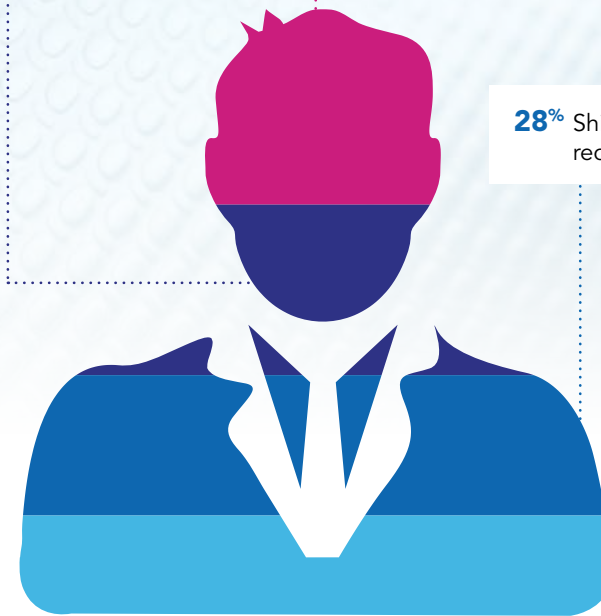
This response translates into facility executives revealing that, to a slightly greater or lesser degree, all of these positions are challenging to staff.

39% Office support: reception, mail, copy, scanning, records and conference room

34% Dispatch and order-taking (ticketing)

28% Shipping & receiving

20% Warehouse/storeroom



MANAGEMENT CHALLENGES

Which activities are the most difficult to manage?



Consistent with other survey findings, facility executives specified that maintaining staff levels is the most difficult activity to manage compared to other responsibilities. The latter include overseeing response times; delivery, moves and distribution; warehouse/storeroom activities; inventory levels; dispatch/order-taking, and office support. As we pointed out earlier, the staffing challenge drives many decisions to outsource. Most companies are not prepared to efficiently recruit, hire, train and motivate \$12-per-hour employees. High-tech companies, law firms

and advertising agencies, for example, are focused primarily on filling knowledge worker, middle- and upper-management positions that are critical to the organization’s core mission. The human resources department of an energy company that is concentrated on recruiting engineers or geologists, most likely will find it challenging to gear up for hiring receptionists and mailroom clerks when needed. Experienced managed services providers, on the other hand, specialize in maintaining these kinds of positions.

Most companies are not prepared to efficiently recruit, hire, train and motivate \$12-per-hour employees.

DELIVERING HIGH-QUALITY SUPPORT

Please rate the following on the degree of challenge they present to delivering high-quality facilities support services*



We were not surprised that our respondents ranked maintaining high customer satisfaction and retaining staffing levels as the top two greatest challenges to providing superior facility support services. Having shared some insight on these challenges, we'd like to briefly focus on achieving budget levels and reducing response times, respectively ranked #3 and #4 on the list. One of the biggest tasks a service provider like Canon faces is to achieve a client's budget targets while also meeting specific service level agreements (SLAs) for goals such as reducing response times. This is because clients are increasingly being pressured to do more with fewer resources and tighter budgets. They in turn transfer this same pressure to their service providers.

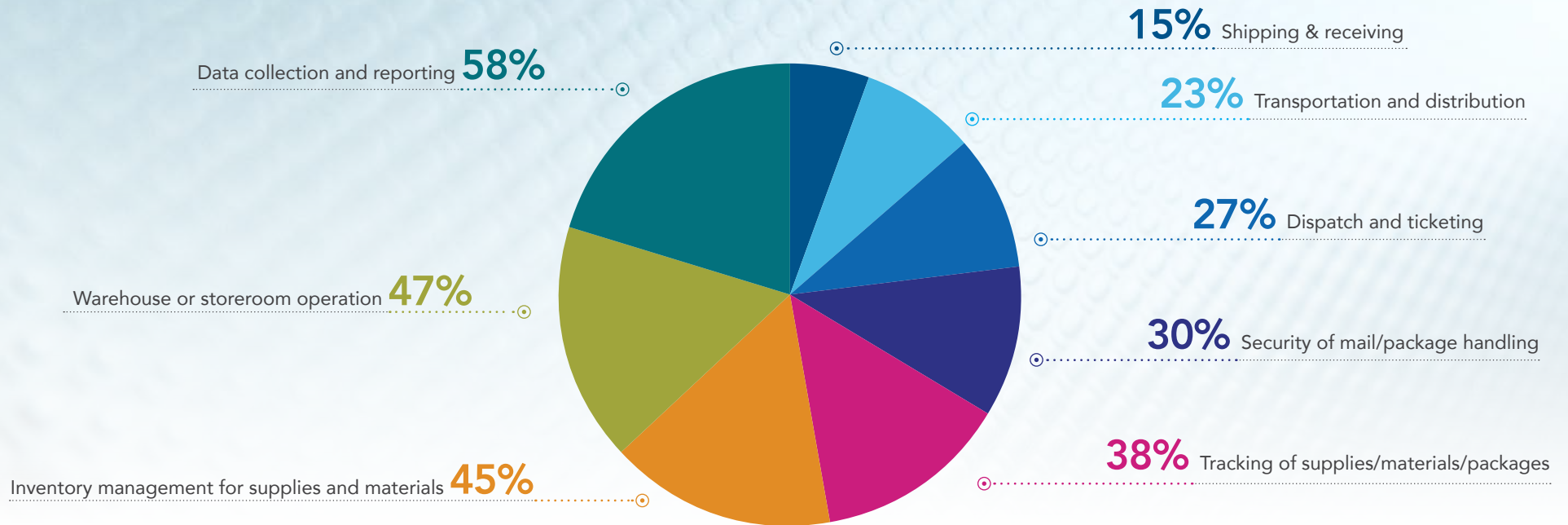
One solution is for both parties to prioritize and redefine SLAs for critical metrics such as service response times. This means clarifying what is truly important. Does the company need mail delivered four times a day or is twice daily sufficient with overnight mail delivered within one hour of receipt? Thus, identifying the most important elements that contribute to high customer satisfaction and keeping a tight focus on these elements are critical to delivering top-quality support. Experienced service providers know what best practices are working across various companies and industries, and they can tailor these approaches to any client as appropriate.

Thus, identifying the most important elements that contribute to high customer satisfaction and keeping a tight focus on these elements are critical to delivering top-quality support.

**The percentages represent services respondents ranked as highly challenging or challenging.*

TOP AREAS FOR IMPROVEMENT

Please indicate your need for improvement for each of the following areas of facilities support services



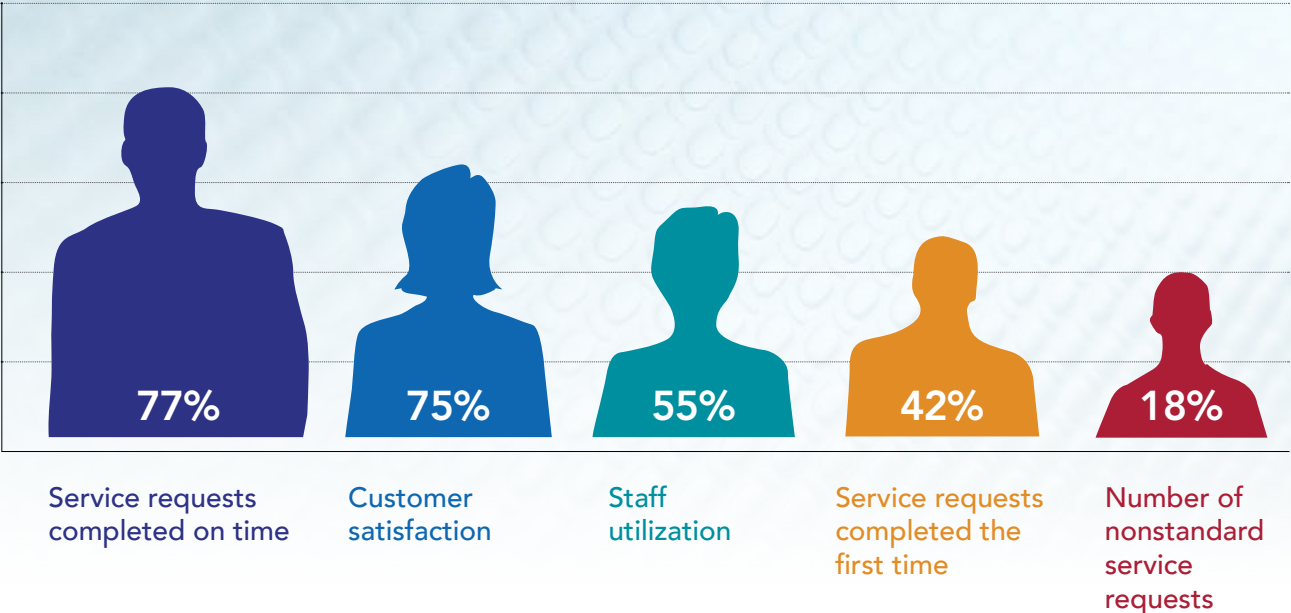
Respondents ranked several support services relatively high in terms of needing improvement. Top among these is data collection and reporting. Warehouse/storeroom operations ranked second, closely followed by inventory management for supplies and materials. It is important to note that all three of these areas can have a big impact on meeting budget targets. Enhancing data collection and reporting systems can help drive superior decisions about how to streamline

operations in order to increase efficiency and reduce costs. Improving warehouse/storeroom operations as well as inventory management processes for supplies and materials can also be critical to success. The reason is that many companies have a substantial amount of inventory tied up in these areas of the business, a scenario often described as "money sitting on shelves." Bottom line, better managing inventory can enable a business to achieve significant financial gains.

It is important to note all three of these areas can have a big impact on meeting budget targets.

MEASURING PERFORMANCE

What KPIs (key performance indicators) do you measure for your site operations?

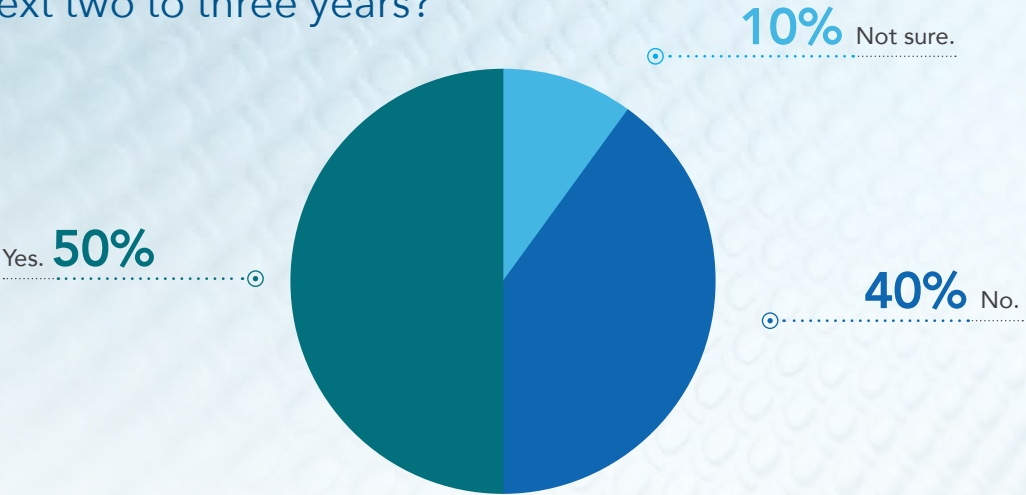


According to this finding, the top two key performance indicators (KPIs) measured by many companies are service requests completed on time and customer satisfaction. We'd like to direct our attention to the KPI that, according to respondents, is measured the least: the number of nonstandard service requests. In our view, measuring this KPI may offer some facilities management operations an opportunity to improve their ability to drive continuous improvement. Many requests that facilities support services personnel receive often do not fall strictly within their job descriptions.

This applies both to internal and outsourced support functions. For example, facility managers may not be aware that while they hired a service provider to manage mail and shipping, that provider may be doing much more in terms of dealing with nonstandard service requests, such as emptying trash or shredding bins. Such activities may not be spelled out in the scope of work, but the provider may be doing them anyway in order to provide the best service possible. Tracking such nonstandard requests enables facility managers to better maintain correct staffing levels for the services that are actually being delivered.

LOOKING AHEAD

Is your company considering expanding, relocating and/or consolidating within the next two to three years?



The findings for the final category shed light on the trends we spotlighted in the Executive Summary. Increasingly, organizations are moving toward a different type of work environment: one that is more agile, characterized by unassigned office and desk space. In some cases this new business setting integrates the latest technology, constructed to represent the values of the corporation and designed to attract, develop and retain the best talent while reducing real estate costs. A number of corporate headquarters today offer a wide range of high-quality amenities in a campus-like environment with gathering places for employees, to encourage collaboration, foster innovation and provide an engaging employee experience. To better meet the requirements of this new type of workplace, a significant number of organizations are considering expanding, relocating and/or consolidating within the next few years.

To help their companies cost-effectively and efficiently manage these kinds of transitions, facilities management operations are looking for fresh approaches. One strategy, for example, is to reduce the number of suppliers by consolidating select support services for the day-to-day workplace services under one supplier, one contract and one uniform service level agreement across all sites. Ideally, this could mean partnering with a supplier capable of delivering more value to the enterprise by supporting logistics processes with Six Sigma practices and logistics management tools. Other benefits such a partner might offer include flexible staffing to match the client needs; consistent service level agreements; continuous training and improvement and visibility into operational performance metrics and data. Many of these managerial strategies have been spotlighted in this survey. Whatever challenges the future holds, service providers such as Canon will continue to advance new solutions that enable facilities management operations to meet their most important goal: maintaining the finest quality customer satisfaction.

ABOUT

Intelligent Solutions For the Future of Work

Canon Business Process Services helps enable business agility and digital transformation. We accomplish these goals by applying our workforce management expertise, Six Sigma methodologies and best-in-class technology. With professionals across the US and in the Philippines, we have been named a Global Outsourcing 100 leader by IAOP for 13 straight years. Canon Business Process Services is a wholly owned subsidiary of Canon U.S.A., Inc. Learn more at cbps.canon.com and follow us on Twitter @CanonBPO.

For more information please call 888-623-2668.

1. Canon Business Process Services and Facility Executive magazine, *Facilities Management Challenges and Opportunities: Executive Survey*, August 2017