

In search for the added value of FM

What we know and what we need to learn

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In Search for the Added Value of FM: What we know and what we need to learn

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ABSTRACT

Purpose: This article aims to present and compare research perspectives and theoretical reflections from a variety of academic fields on the concept of added value of Facilities Management.

Approach: The starting point is the so-called FM Value Map, which was presented in a recent article in *Facilities* (Jensen, 2010). The article is a first result of the work in EuroFM research collaboration group and is based on literature reviews of the most influential journals within the academic fields of FM, Corporate Real Estate Management and Business to Business Marketing.

Findings: The research shows a number of different definitions and focus points of Added Value of FM, dependent on the academic field and the area of application. The different research perspectives explored a holistic view on the added value of FM by the integration of an external market based view (with a focus on the aimed output) and the internal resource based view (with a focus on the input from FM and RE). Good relationship management and building on trust shows to be equally important as delivering the agreed services.

Originality/value: Usually the concept of Added Value is discussed from a mono-disciplinary point of view. The different backgrounds of the authors add value to an increased understanding of the added value of FM by comparing and testing different ways of conceptualising this issue. This is of great importance to FM-research and evidence-based FM as a sound basis for the long term recognition of FM.

Keywords

Facilities Management; Corporate Real Estate Management; Added Value; Strategic Mapping; Service Marketing; Relationship Value.

Paper type

Literature review

1 INTRODUCTION

Both from an academic point of view as well as in daily practice there is a need to improve our understanding of how FM can become more effective and add value to the core business and different stakeholders. For this reason the EuroFM Research Network Group established a working party on this topic to search for answers on the following questions:

- What is (or could be) the added value of FM?
- How is added-value defined in the literature?
- What kind of data are used to document and measure the added value of FM?
- What are the methodological potentials and barriers of measuring the added value of FM?

The group includes researchers from Denmark, the Netherlands, Norway, Finland, Switzerland, and the UK. Participants have met at workshops in Copenhagen, Helsinki and Madrid and have discussed the above questions with each other as well as with businesses representatives. First step was to discuss and reflect on a variety of definitions and theoretical frameworks to conceptualise the added value of FM, in order to reach a more coherent understanding. From this we divided in sub-groups, one group with a focus on comparing and testing frameworks for mapping added value of FM and another group with a focus on comparing and testing frameworks for value chains in FM. This paper discusses the first results of the collaborative work of defining a framework for mapping the added value of FM.

One starting point for the research group has been the FM Value Map, which was presented at the research symposium during EFMC 2009 by Jensen and has been published in a recent article in *Facilities* (Jensen, 2010). The generic version of the FM Value Map is shown in Figure 1. It is a conceptual framework to understand and explain the different ways that FM can create value for a core business as well as the surroundings for the benefits of multiple stakeholders: owners, staff, customers and society. It maps which resources FM uses as inputs into the internal processes to produce outputs like space, services, development and relations, and which impacts the provisions from FM can have on core business in terms of satisfaction, cost, productivity, reliability, adaption, and culture, and on the surroundings in terms of economical, social, spatial and environmental aspects. The FM Value Map was developed from inductive reasoning and inspiration from strategic mapping from Balanced Score Card (Kaplan and Norton, 2000) based on case studies of FM best practice in the Nordic countries in Europe (Jensen et al., 2008). An illustration of the use of the FM Value Map in relation to a case of introducing FM in schools in the municipality of Malmö in Sweden is included in the above mentioned article in *Facilities* (Jensen, 2010).

The methodology used for this paper was to make literature reviews of recent volumes of the most influential journals within the academic fields divided between the group members and of presentations from EFMC 2009. It was clear from the outset, that the researchers had different academic and theoretical backgrounds. Even though they all did research in relation to FM, some of the researchers were more engaged in the related field of Corporate Real Estate Management (CREM). There were also differences with some researchers from architectural and engineering backgrounds and others from Service Marketing and other marketing related backgrounds. These different backgrounds were seen as fruitful in providing different types of insights and

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frameworks and challenges in reaching common understanding of the benefits and shortcoming of the different theoretical frameworks and if possible develop a common framework to explain the different ways of how FM can create added value. The perspectives from different fields of research will be used to make further developments from the present value map.

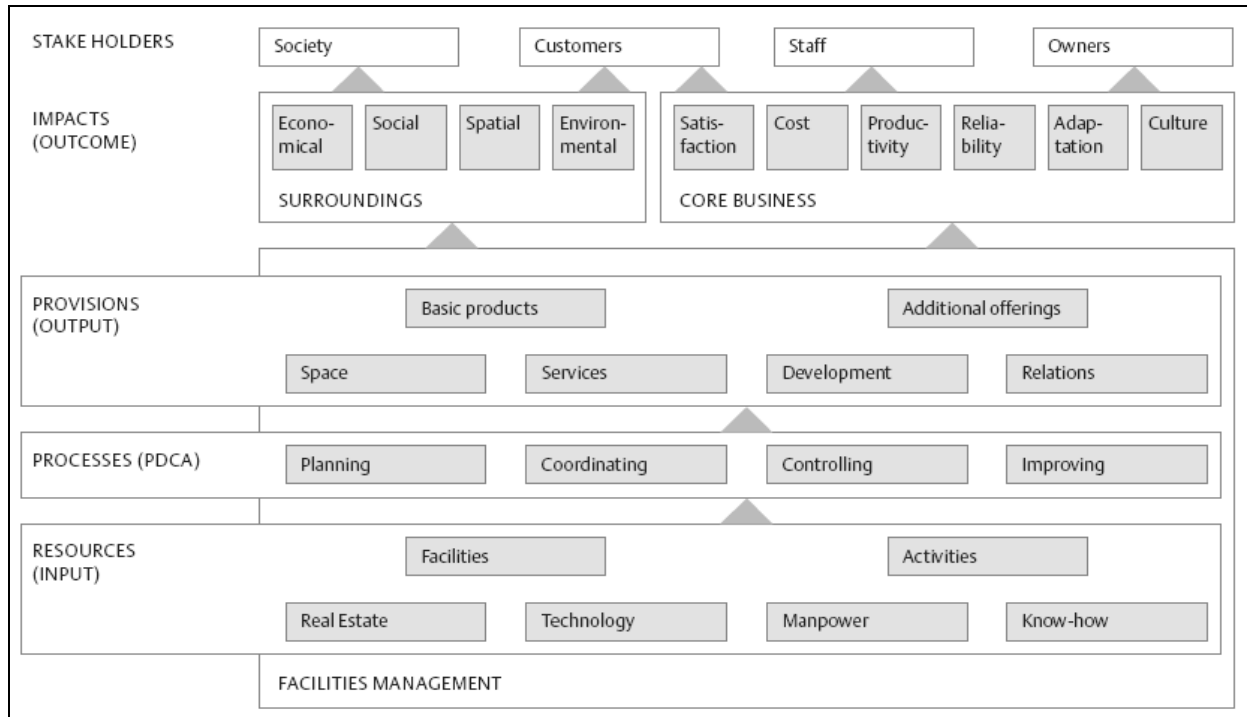


Figure 1. FM Value Map (Jensen, 2010)

The approach is reflected in the structure of the article. Section 2 presents the preliminary findings from the field of FM, section 3 presents the findings from the field of CREM, and section 4 presents the findings from the field of Business to Business Marketing. All findings are discussed and reflected upon in section 5. Section 6 gives conclusion with suggestions for future research agenda on the issue of added value of FM. A list of abbreviations is included before the list of references.

2 FINDINGS FROM THE FIELD OF FM

The oldest academic FM journal is *Facilities* from Emerald. From volume 8 in 1990 the journal is available electronically. A scan of the 1142 articles from 1990 to 2009 in relation to the issue of added value of FM uncovers 9 titles of relevance. However, two of these come from the field of CREM (Krumm et al., 1998 and Lindholm, 2008) and are covered by related articles in section 3. Two others (Chau et al. 2003 and Hui et al., 2008) are focussed on value enhancements of refurbishment and therefore purely on economical value. The article by Okoroh (2001) presents a case study of a partnering arrangement in the healthcare sector. One of the main results has been a reduction in staff absenteeism. Even though quality improvements in 110

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areas are mentioned, the article seems more to focus on improving efficiency rather than effectiveness. The article by Green and Jack (2004) on creating stakeholder value is interesting by introducing the term “value mapping” with reference to the value chain of Porter (1985) and the EFQM Excellence Model (European Foundation for Quality Management, see www.efqm.org). The concept is very commercial orientated as “ValueMapping” and “ValueMapper” are mentioned respectively as a registered term and trade mark. The stakeholders are investors, employees, customers and society, which is very similar to the FM Value Map in Figure 1, but there is no presentation of performance indicators. Wauters (2005) is focusing more on benchmarking than on added value and provides examples of combining cost benchmarking with indicators for user satisfaction, performance and service quality.

The last two articles are from 2009. Sarshar and Pitt (2009) provides an interesting contribution based theoretically on relationship marketing and empirically on 4 cases studies from clients to the same provider company. With reference to Heskett et al. (1994) they present an equation for customer value:

$$\text{Customer value} = \frac{\text{Results produced for the customer} + \text{service process quality}}{\text{Price to the customer} + \text{cost and effort in acquiring the service}}$$

Among the learning from the case studies is that clients at different levels of the same organisation have different views and requirements. Trust and no surprises are important for clients and transparency of cost can improve trust. Clients also appreciate to receive management information on demand, high-level reporting beyond KPI's, and possibility of data tracking. Codinhoto et al. (2009) do not use the term added value but they present an interesting conceptual framework of impacts of the built environment on health outcomes with a mapping that resembles the concept of the FM Value Map in a specific health care context.

The first issues of *Facilities* from 2010 document that the interest of added value of FM is an important current research topic. Issue 3/4 includes besides the article of the FM Value Map (Jensen, 2010) also an article by Appel-Meulenbroek (2010) about added value of facilities by knowledge sharing through co-presence in open plan office areas.

A similar scan of 164 articles from the start in 2002 to 2009 of the *Journal of Facilities Management*, also from Emerald, reveals 4 articles related to the issue of added value of FM. Two articles by Lynch (2002a and 2002b) focus on maximising FM's contribution to shareholder value and therefore purely on economical value. The article by Cant (2005) presents a case study of a regional retail centre and mainly stresses the need of a more strategic role of FM. The article by Pathirage et al. (2008) focuses on knowledge management in FM. They present a general development of FM including the following four generations:

1. FM merely considered as an overhead to be managed for minimum cost rather than optimum value.
2. FM as an integrated continuous process in relation to the organisation's individual business.
3. FM as resource management concentrating on managing supply chain issues associated with the FM functions.

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4. FM as strategic management to ensure alignment between organisational structure, work processes and the enabling physical environment according to the organisation's strategic intent.

This development reflects the change from the initial dominating focus on cost reduction in FM towards a gradual stronger strategic focus on actively supporting the core business, which is the background for the research on the added value of FM.

One of the case studies in Jensen et al. (2008), where the FM Value Map was originally developed, concerns the Danish financial corporation Nykredit, which by inspiration from the above mentioned customer value equation has defined a so-called user value ratio:

$$\text{User value} = \frac{\text{Quality \& Process}}{\text{Price \& Difficulties}}$$

The user value ratio was introduced to supplement the cost related factors in the internal decision making process to force the decision makers to take a broader value oriented perspective. It was not developed into a quantifiable tool, although the manager who introduced it did have intentions to do so. It was used as a situation specific, qualitative tool to assist decision making. (Jensen et al., 2008 – supplemented by information from the former manager, December 2009).

At the research symposium during EFMC 2009 apart from the paper on the FM Value Map (Jensen, 2009) the only other paper on the added value of FM was by Price et al. (2009). They introduced the theory of social construction of realities to explain, why some FM organisations are perceived as having better performance than others. The paper emphasizes the need for both quantitative and qualitative research in search for different perceptions of value. The business conference at EFMC 2009 included an interesting case from the Danish based LEGO corporation, where the FM organisation has found a specific way to quantify their contribution to the core business as value add (Møllebjerg, 2009). The LEGO Service Center has value creation as one out of five strategic focus areas – the others being customers, processes, innovation, and employees – and uses the Balanced Score Card as a management tool. They have defined their key objective to deliver a minimum of 5% value add every year. To measure this, they have defined the following value equation:

$$\text{Value add} = \frac{\text{Volume * Quality * Flexibility}}{\text{Cost}}$$

Volume represents the level of scalability and is calculated as the number of standard services (part of the service catalogue) delivered. Quality includes among other measures the user perceived quality measured by surveys among randomly selected users. Flexibility concerns the number of not standardised services delivered. Cost covers the total company cost of providing services. These measures are in the process of being further developed and refined in a dialogue with the internal client and customers.

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3 FINDINGS FROM THE FIELD OF CREM

Corporate or Public Real Estate Management is usually defined as the management of the real estate portfolio of a corporation or public authority by aligning the portfolio and services to the needs of the core business, in order to “obtain maximum added value” for the business and to contribute optimally to the overall performance of the organization (adapted from Dewulf et al., 2000). For this reason we selected the *Journal of Corporate Real Estate* published by Emerald in search for theoretical reflections and empirical data on adding value by real estate. The *Journal of Real Estate Research* published by American Real Estate Society was also selected as it has a long tradition in publishing articles on corporate real estate. The first articles (e.g. Nourse and Roulac, 1993) discussing about the added value of corporate real estate management were published in this journal. It is also one of the very few real estate journals, which is ISI listed and has an impact factor (IF 0.585), and where corporate real estate is one of the journal themes.

From the review of the Journal of Real Estate Research (723 published articles between 1986 and 2009) 8 articles were identified regarding the added value of real estate. In most of these articles (Rutherford and Nourse, 1988; Manning, 1991; Manning and Roulac, 1996; Manning et al, 1999; Lindholm et al 2006) the added value of RE is described as the ability of the real estate decisions, processes and inputs to create shareholder wealth. Rutherford and Nourse (1988) used stock prize as a value indicator, whilst others focused on describing the value channels, not actually proofing the value. All studies described the added value in economical terms: cost cutting or profitability growth. Stakeholder value was mentioned only by Manning et al. (1999) who stated that real estate decisions have an impact on the quality of our environment and/or shareholder wealth.

Some studies focused on the importance of organizational issues in the value adding process. Pittman and Parker (1989) studied the performance of CRE departments. Their survey revealed that CRE executives consider communications and working relationships with the management and operating divisions to be particularly important to a top-performing real estate department. Manning and Roulac (1996) reviewed the tasks a CRE function should undertake to create more opportunities for the company’s real estate department to increase shareholder wealth. They concluded that this could be best done by organizing and managing the CRE function centrally, plus training a significant proportion of the CRE staff to work closely with the operating business units, their support staffs and local business units. Rutherford and Stone (1989) also concluded that a centralized CRE unit is more efficient and leads more often to money making opportunities.

Nourse and Roulac (1993) linked real estate decisions to corporate strategy by discussing how alternative real estate strategies can contribute to business objectives. They come to the conclusion that too often the dominant emphasis is on the financial goal of cost minimization. According to Nourse and Roulac, in order to effectively support a range of corporate objectives, multiple, rather than single, real estate strategies are required. They link eight types of real property strategies - including common corporate real estate decisions regarding site selection, facility design, and leasing – to a number of possible aims of a firm. Some encompass the traditional goals of reducing occupancy costs and facilitating production, operations, and service

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delivery. However, Nourse and Roulac separate facilitating knowledge work from other operations, include flexibility as a real estate strategy, and identify that real estate strategies can be integrated with other functional strategies, such as human resources and marketing. In line with Nourse and Roulac, Lindholm et al. (2006) identified seven real estate strategies, which create added value to the core business and to the shareholder wealth.

A scan of the titles of 234 papers that have been published in the *Journal of Corporate Real Estate* in the period 1998 - 2009 traced 80 papers with a possible link to the concept of Added Value, of FM or RE. After a second scan based on the abstracts, 47 articles were left that more or less explicitly discuss how to provide added value to the core business by aligning real estate strategy to business strategy. The papers differ with regard to the attention paid to theoretical reflections and empirical research and a focus on the input (HR, information, capital, technology, real estate and other facilities), processes or output indicators. Improving productivity and decreasing costs turned out to be the most discussed areas of adding value by corporate real estate management. Improving productivity covers the areas of providing a more efficient working environment (input), e.g. less m² and lower costs, and providing effective accommodations and other facilities that support new ways of working and a high quality and quantity of production (output). A number of authors raised the issue of flexibility as a significant aspect that can add value to corporate business (Gibson, 2001; Bradley and Osborne, 1999; Latshaw, 2000; Hiang and Ooi, 2000; O'Roarty, 2001; Vos and Van der Voordt, 2001). Many authors discussed the importance of integration of technologies/IT, human resources, and corporate real estate in order to develop tomorrow's workplace (Bradley and Osborne, 1999; Duffy, 1999; Latshaw, 2000; O'Mara, 2000; Joroff, 2002; Drake, 2002; Allard and Barber, 2003).

Other interesting issues are the effects of real estate and FM on learning organizations (e.g. the continuous improvements in the Toyota case, Joroff et al., 2003), the impact of collocation on interaction and identity (Becker et al., 2003), and the impact of corporate location decisions on the employee quality of life (Rabianski, 2007). Reed and Wilkinson (2005) identified key benefits from sustainability that include increased energy efficiency and property values. Smith and Pitt (2009) identified the added value of sustainable workplaces to improving employee health and well-being and increasing productivity. In order to establish sustainable competitive advantage, corporations have to be aware of their capabilities and resources. They should coordinate and align internal resources and capabilities carefully to improve corporate performance (Krumm, Dewulf and de Jonge, 1999). The link between added value and outsourcing is found in cost reduction objectives, ranging from redirecting capital, refocusing on corporate core business, transferring real estate-related risks and increasing occupational flexibility (Farncombe and Waller, 2005; Louko, 2005).

A promising approach is the analysis of the impact of CRE from both operational (space) and non-operational (asset) perspectives in order to improve our understanding of interactions between real estate strategy with corporate strategy in a non-real estate company context (Hiang and Ooi, 2000). This impact can be different in different domains such as offices, manufacturing and leisure and retail. From the articles, however, no clear picture appeared of the focuses and roles of various stakeholders involved in CREM and how different stakeholders can contribute to

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the added value. Issues that have hardly been mentioned include the use of real estate to improve PR and marketing, to promote sales and selling processes, and to attract external capital. An obstacle to identify the added value to FM/CRE was the lacking of quantitative data. Thus, the effects of interventions in FM and CREM on the added value to business are still hard to tackle.

A list of performance indicators is rarely presented. Exceptions are the papers of Lindholm et al. (2006a and 2006b) and De Vries et al. (2008). Both also present a clear structured framework of the added value of FM/CRE. Lindholm et al (2006a) discuss strategic performance measurement systems (Balanced Score Card) and tactical techniques and methodologies (benchmarking, POE – Post Occupancy Evaluation, etc.) with regard to practicability and comparison with other tools. Lindholm et al (2006b) proposed a model showing how real estate decisions support corporate strategies and core objectives. The paper discusses the significance of increasing revenues and cost reduction or capital minimization. A framework is presented with a set of strategies and performance measurement systems that can be used to evaluate how the real estate strategy can add value to the firm, see Figure 2.

De Vries et al (2008) proposed a theoretical model of the impact of real estate interventions on organizational performance and tried to trace quantitative values of the effects. The added value of CRE/FM was defined as the contribution of real estate interventions to productivity, profitability and competitive advantage, see Figure 3. This model shows facilities as one of the five resources of an organization. Its added value can be measured by a number of performance indicators, taking into account that “performance is in the eye of the stakeholder” and affected by the external and internal context.

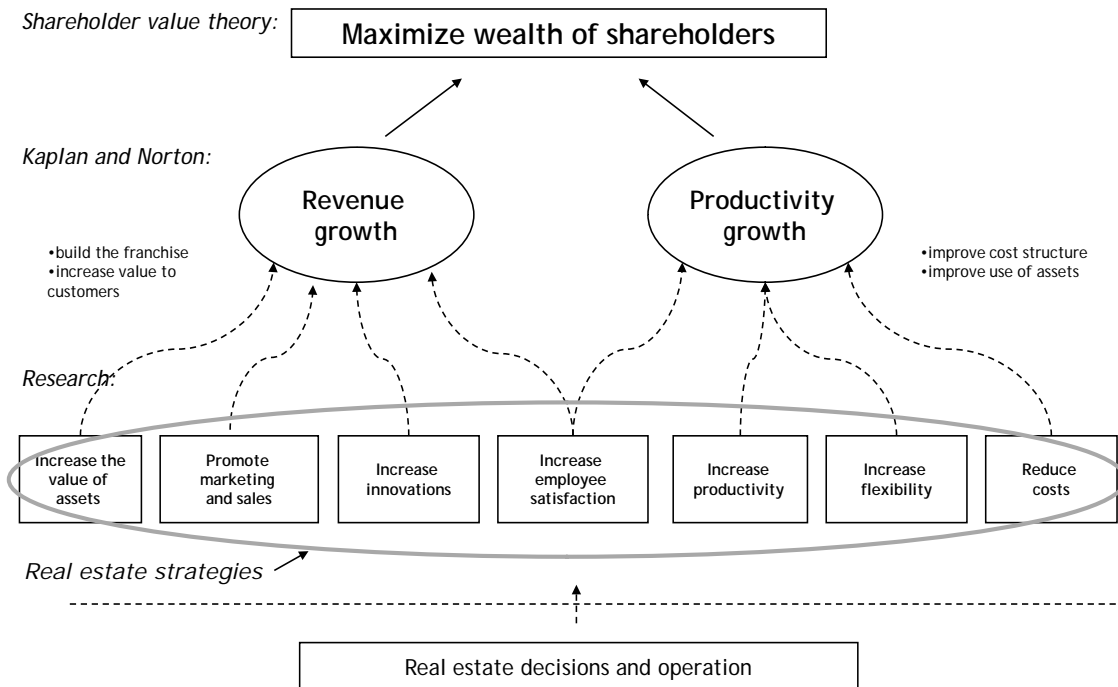


Figure 2. Added values according to Lindholm (2006)

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CONTEXT: Legislation, society, market, demography

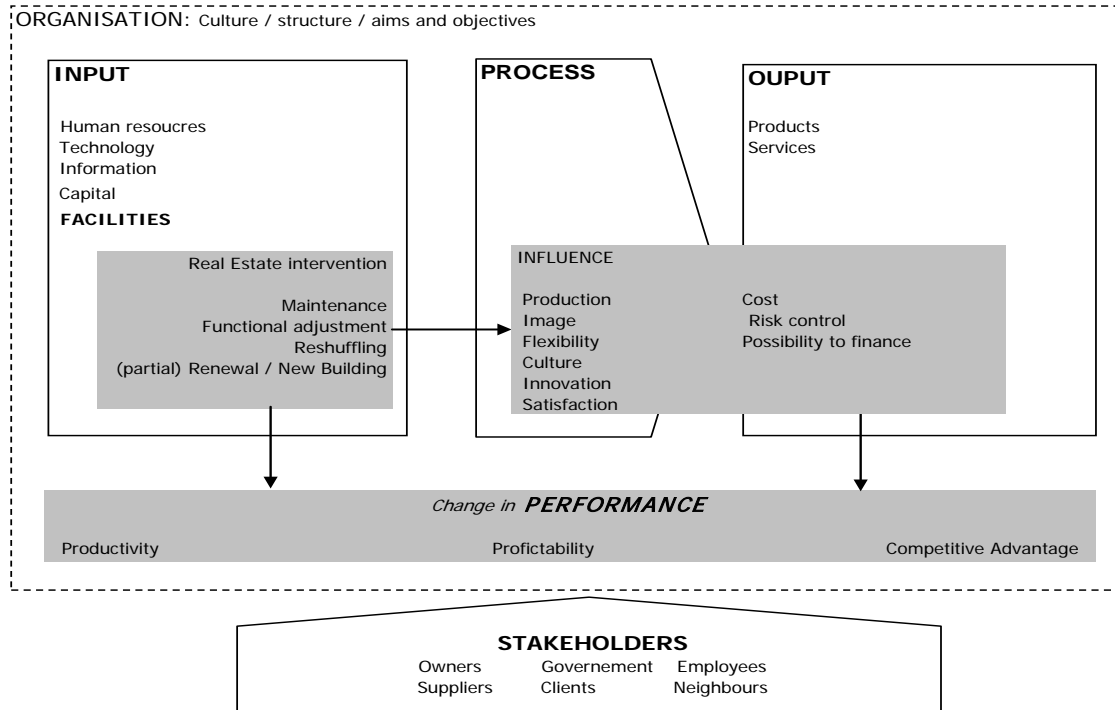


Figure 3. Conceptual framework of De Vries et al. (2008)

Competitive advantage is one of the business values in the definition of FM (Green and Price, 2000). Joroff et al (2003) discussed the Xerox case with its business objective of developing new ideas and new products and bringing them to the market within shorter time frames. The contribution to competitive advantage could be measured in terms of journal articles, patents, conference presentations and so forth. Another article that demonstrated a structure of value added comes from the network World Wide Workplace Web or W4 (Wilson et al., 2001). The W4 participants identified key performance indicators that are increasingly used to indicate success in public real estate management, within the four perspectives of a generic scorecard: customer; financial; innovation and learning approaches that directly communicate the value added.

4 FINDINGS FROM THE FIELD OF BUSINESS TO BUSINESS MARKETING

The *Journal of Business To Business Marketing* published by Taylor & Francis, London, is the premier scholarly journal for business marketing, and is positioned to focus on substantive issues in basic research about business marketing phenomena. In regard to FM, it is the most appropriate journal to monitor the research activities of FM related value, because the published research deals with internal and external relationships in a business-to-business setting. Providing services in a business-to-business setting, this is what FM is all about. Besides the relatedness to FM, the criteria for this choice were academic positioning, research rigor, and empirical evidence. The volumes 5-16 of the journal (1998–2009) published a total number of 173 articles but no single article regarding FM. However, 12 articles - of which three empirical studies are selected here - deal with Relationship Value and/or Customer Value. Thus, insights

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from marketing and relationship management have the potential to shed some light on the value construct in FM.

The marketing literature contains a variety of definitions emphasizing different aspects of the value concept. According to Ulaga and Eggert (2005) four main characteristics can be identified: (1) customer value is a subjective concept (Kortge and Okonkwo 1993); (2) it is conceptualised as a trade-off between benefits and sacrifices (Zeithaml 1988); (3) benefits and sacrifices can be multi-faceted (Grisaffe and Kumar 1998); and (4) value perceptions are relative to competition (Anderson and Narus 1999; Gale 1994). On a high level of abstraction, customer value is defined as the trade-off between the benefits (“what you get”) and the sacrifices (“what you give”) in a market exchange (Zeithaml 1988). The concept of value is the foundation of the exchange view of marketing (Bagozzi 1975; Hunt 1991). All parties involved in the exchange expect to be better off after the exchange. According to Kotler (2000) value is the primary force that drives market transactions and relationships. Anderson (1995) stresses the relevance of value by stating “value creation and value sharing can be regarded as the *raison d’être* of collaborative customer-supplier relationships.” Though according to Hutt and Speh (1998) “... in essence, value equals quality relative to price” there is a general convergence in literature from various fields suggesting “that customer value is derived from sources that include, but also go beyond the price-quality trade-off” (Grisaffe and Kumar, 1998). Anderson and Narus (1998) have called for a shift from the traditional narrow view of value being determined by price and quality, but so far there has been very limited empirical evidence to support their position.

Menon et al. (2005) provide a rather precise conceptualisation of customer value in business-to-business relationships. The authors agree with the existing conceptualisation that views benefit and sacrifice as determinants of customer value. However, in contrast to previous treatment of the value construct, they argue that benefits should be categorised into “core benefits” and “add-on benefits”. Besides, a more precise view of sacrifice needs to include a broad set of costs. So as to provide a complete view of sacrifice in a business relationship, the authors include “acquisition costs” and “operations costs” in addition to the basic “purchase price.” Results of Menon et al (2005) suggest that add-on benefits have a stronger influence on customer perceived value than core benefits. A reason for this finding could be that while core benefits are influential drivers of customer value, it is a discipline in which all qualified providers perform well. Customers appear to view add-on benefits to be the differentiator for customer value among providers of equal core benefits. Therefore, issues such as supplier flexibility, supplier commitment, and joint working arrangements that influence add-on benefits become increasingly critical in shaping customer value in business-to-business relationships. A second finding of importance is the stronger overall impact of benefits (both core and add-on) on perceived customer value relative to the impact of sacrifices on perceived customer value. This finding suggests that when assessing value in business relationships, customers tend to focus more on the overall benefits that accumulate from the relationship and less on the sacrifices involved. Thus, managers should be encouraged to emphasise benefits resulting from a relationship and not focus solely on lowering the purchase price and related costs when managing customer value. Another finding in this study is that trust is a strong driver of benefits and sacrifices. Clearly, the results indicate that trust (i.e., the customer trusting the supplier) influences core benefits that business

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customers consider necessary in business relationships. In fact, results indicate that trust has a stronger impact on core benefits than the product characteristics.

Ulaga and Eggert (2005) identified seven common core dimensions of relationship value. The authors define customer value in business relationships as the “trade-off between (1) product, (2) service, (3) know-how, (4) time-to-market and (5) social benefits, as well as (6) price and (7) process costs in a supplier relationship, as perceived by key decision-makers in the customer’s organisation, and taking into consideration the available alternative supplier relationships.” Results of Ulaga and Eggert (2005) are similar to results of Menon et al. (2005). The data reveal that relationship benefits are stronger correlated with the overall value measure than relationship sacrifices. Previous research on buyer-supplier relationships confirms this result and shows that client organisations emphasise relationship benefits, whereas suppliers mainly focus on relationship sacrifices (Lyons et al. 1990). In addition, the authors point out that it is necessary to capture value perceptions differently in particular business market settings. The contextual dimensions depend on variables such as the type of industry, the nature of the relationship, and the category of product or service under consideration.

Kumar and Grisaffe (2004) focus specifically on the benefit component. They introduce three extrinsic attributes relevant for the perceived customer value: (1) perceived industry leadership of the supplier may be defined as buyer perceptions of a firm’s overall position in an industry relative to the competition; (2) innovativeness of the supplier refers to the extent to which buyers perceive a firm and its offerings as being creative and radically different from the competitor’s products/services and offering unique benefits to the buyer; and (3) customer focus of the supplier is defined as the extent to which a firm focuses on their customers’ needs. In business-to-business settings customers often evaluate a firm’s focus on their needs, not only in terms of product and service offerings, but also in terms of responsiveness and how easy it is to do business with the firm. As the results of Kumar and Grisaffe’s (2004) research show, extrinsic attributes like customer focus and innovativeness can create and enhance the value of the firm’s offering to buyers in business to business contexts. Among the attributes, customer focus was the most influential. Its effect on quality was four times greater and its effects on value were almost two times greater than the effects of the other extrinsic factors. The effects of customer focus varied across the goods and service industries. In the service industry where there is more interaction between firm’s employees and customers, where customers are often an integral part of the service production process, and where there is more customisation, customer focus has a greater influence on customer value than in the goods industry, which is often characterised by a greater level of standardisation.

When comparing these findings with the FM value map, it becomes apparent that in addition to the attention paid in the FM value map to FM resources, FM processes, and FM provisions, thus focusing on *internal* aspects of value *creation*, most of the issues from marketing and relationship management concern the very top of the value map, thus focusing on *external* aspects of value *perception*. Following the value map’s logic of input-output-outcome, it can be stated, that the relationship value approach reverses this chronology by starting with the outcome dimension.

5 DISCUSSION AND REFLECTIONS

With regards to the conceptualisation of value of FM and its measurement, the above mentioned insights from FM, CREM and Business to Business Marketing literature reveal several points of interest. These insights are listed below to inspire those who wants to develop an FM strategy that explicitly addresses value adding or measuring the added value of FM:

1. *The concept of added value puts focus on the strategic aspects of FM*

FM is often considered as management of mainly operational services, but by introducing the concept of added value the focus can be changed towards the business impacts and effects of FM. Thereby, it becomes easier to address the corporate top management, because adding value relates to their language and perspective.

2. *The focus has changed from economical value towards a more holistic value concept*

This is particular the case within the fields of FM and CREM and can be related to the phases in the development of FM. This changing focus is reflected in the fact that whereas previously shareholder value was the main perspective, nowadays a more holistic stakeholder perspective as included in the FM Value Map has become more accepted. Inspirations for value mapping has been found in management models like Balanced Score Card and EFQM Excellence Model.

3. *FM value is a result of linking input and throughput to output*

Most of the issues from marketing and relationship management concern the top of the value map, thus focusing on an external market-based view of value perception. As such this field adds an outside-in perspective to the inside-out perspective of most FM and CREM literature with a focus on an internal resource based-view. Both approaches should not be considered as contradicting extremes but as complementing elements of a holistic view.

4. *FM value is multi-dimensional*

Research on value conceptualisation in relationship management literature shows very explicit portraits of benefits and cost dimensions. E.g., authors describe the differences between “core benefits” and “add-on benefits” as well as “acquisition costs”, “operations costs”, and “purchase price”. In addition, it is worth considering that relationship benefits are stronger correlated with value measures than relationship sacrifices. This distinguished characterisation of various value dimensions helps to differentiate between several FM-specific dimensions of benefits and costs.

5. *FM value is relationship value*

When considering the value of FM, FM has to be acknowledged as a relationship management discipline. On a high level of abstraction, FM is the management of internal or external customer/client-supplier-relationships. Perceived value can only exist and be produced within this specific network of relationships.

6. *FM value is subjective*

The character of value within these relationships includes a strong subjective element that is dependent on the customer's/client's perception. As pointed out by the presented research on the value of relationships, customer organisations tend to emphasise relationship benefits, whereas suppliers mainly focus on sacrifices. Only the subjective perception of the customer/client determines the value of the relationships within FM and the rule “perception is reality” applies here as well.

7. *FM value depends on “Value for whom”*

Priorities and appraisal of the added value of FM depend on who benefits from the added value and who bears the risks and burdens. So it is important to take into account the views and interests of different stakeholders such as the organisation itself (policymakers, staff, controllers, FM/RE managers), owners (investors, shareholders), visitors, suppliers, customers, and society (local, regional, national, global).

8. *FM value depends on conditions*

In addition, the subjective value of FM can be very different, depending on market settings, type of relationship, industry sector, specific situation, etc. This leads to a major challenge when conceptualising a holistic formula for determining the value of FM.

9. *FM value research needs both qualitative and quantitative research methods*

To determine the multidimensional and subjectively perceived value of FM, surveys are needed that integrate the different perspectives mentioned above, with differentiated measurement methods such as using multi-item scales and structural equation modelling (SEM). Quantitative surveys should be triangulated by applying qualitative data collection methods such as personal interviews, focus groups with professionals, and content analysis.

In relation to the FM Value Map the focus on broad stakeholder value rather than shareholder value has been supported by the recent development in FM and CREM research, while the focus in Business to Business Management is mostly limited to customers and clients/owners. The crucial part of value adding lies in the interface between provisions from FM and the impact on the core business as perceived by the stakeholders. Business to Business Management puts particular focus on the relationship aspects of this interface. There are some examples on categorising the performance indicators for the core business impacts, particularly within CREM, while both FM and Business to Business Management provide examples of ratios to measure the added value, including the very interesting example from LEGO.

These differences between the different academic fields provide exciting promises for the possibilities and benefits of developing a common trans-disciplinary framework of mapping added value. The categorisation of the impact parameters in the FM Value Map can be further refined in this process. The FM Value Map is unique in including the impacts on the surroundings, and the general increase in the focus on sustainability and corporate social responsibility supports the importance on including such parameters.

6 CONCLUSION

From the findings from the fields of FM and CREM it is interesting to see that the FM Value Map provides a very broad and qualitative framework, and from relationship marketing and practice cases several examples came up of more simplified equations and ratios with attempts to quantify the results in various degrees. The case from LEGO represents a unique example of a quantification of added value of FM. It is a very recent development and it will be interesting to see what the experience over time will be and whether other organisations will take up similar models of managing and measuring the added value of FM.

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Whereas quantification is an important mean to simplify and put all factors on a comparable footing, the intentions with the value map are to be able to explain the different ways that FM can create added value. In combination, the equations or ratios can give inspiration to further development of the FM Value Map.

The research shows a number of different definitions and focus points of added value of FM, dependent on the academic field and the area of application. Good relationship management and building on trust shows to be equally important as delivering the agreed services. In order to measure the multi-dimensional components of adding value both qualitative and quantitative approaches are needed. Usually the concept of added value is discussed from a mono-disciplinary point of view. The different research perspectives presented in this research review provides in combination a holistic view on the added value of FM by the integration of an external market based view (with a focus on the aimed output) and the internal resource based view (with a focus on the input from FM and RE).

According to the title of this article we strive to clarify what we know and what we need to learn about the added value of FM. Out of the 9 points mentioned in the last section, point 2-8 outlines what we know:

- The focus has changed from economical value towards a more holistic value concept
- FM value is a result of linking input and throughput to output
- FM value is multi-dimensional
- FM value is relationship value
- FM value is subjective
- FM value depends on “Value for whom”
- FM value depends on conditions

The findings have improved our understanding of the added value of FM, both on a conceptual level and from an instrumental point of view. This is of great importance to FM research and evidence-based FM as a sound basis for the long term recognition of FM. The differences between the different academic fields represented in the research group provide exciting promises for the possibilities and benefits of developing a common trans-disciplinary framework of mapping added value. So far this collaborative research includes joint discussions and reflections on definitions and research findings to be found in international journals.

However, still much work has to be done to learn more about adding value of FM. For instance, based on our literature review surprisingly little attention has been paid to environmental efficiency of FM. Environmental efficiency of the FM is undoubtedly one of the major ways to influence on the core business positively and create added value through many "value channels" (save energy, reduce costs, improve image, support productivity etc.). It would be beneficial to the FM field to conduct more research on that topic and use “Green FM” as an example to create added value in our future research. Corporate Social Responsibility (CSR) is another area, where FM has great potential to add value, but no research has so far been undertaken on FM and SCR.

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The literature review of journal papers in the field of CREM showed a growing awareness of the impact of real estate on the core business and corporate performance and how to cope with the interests and needs of different stakeholders. In particular attention is being paid to the impact of real estate on cost reduction, employee satisfaction and perceived productivity. So far less attention has been paid to the impact of real estate on corporate image, PR & Marketing, and sales & selling processes.

In spite of a growing body of knowledge from academic work and theoretical models that explain connections between real estate decisions, business strategies and organizational performance, reliable quantitative empirical data are still scarce. A reason for this lack of data and problematic interpretations of cause – effect relationships may be the broad scope of FM and intermediary effects of different and changing contexts and all kind of other interventions, for instance in organization policy or Human Resources. This makes it difficult to trace and measure the impact of particular FM input. Clear standard performance indicators are in its infancy.

So much further research is needed to provide the knowledge and insight that we need to learn about the added value of FM. The issues and questions that we have identified for future research on value of FM are shown below.

1. Examining the nature of value and its dimensions, e.g.

- What main dimensions and sub-dimensions does value of FM consist of?
- What value dimensions are most important for different stakeholders?
- Considering that value is a trade-off between benefits and sacrifices, the questions arises: Do benefits have more impact on value of FM than sacrifices do?
- Is there a difference between “value of FM” and “added value of FM”. If yes, how can it be described?

2. Identifying value drivers, e.g.

- What variables are drivers of value performance?
- What FM encounters with clients/customers/end users are most responsible for perceptions of value of FM?
- What are the key value drivers in each FM encounter?
- Are key drivers of value the same as key drivers of profits and cost reduction? If not, why?

3. Exploring conditions of value, e.g.

- How does the potential of value creation of FM vary by industry (e.g. industrial versus office building, hospitals, etc.)?

4. Suggesting implications for practice, e.g.

- In what ways can FM providers signal high value to clients/customers to obtain desired effects?
- How can research about value of FM enable a specific focus on the strategic aspects of FM?

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5. Investigating methods to capture value, e.g.

- What qualitative and quantitative methodologies need to be developed to allow us to capture the holistic view of value of FM?
What measures are necessary to examine the value relationship between FM and primary business activities in a consistent, valid, and reliable manner?

The next steps in this collaborative research will be: (1) further elaboration of the FM Value map and testing it in case studies in different countries with comparable research methods; (2) extending the present literature review by including other journals, conference proceedings and research reports and findings from other disciplines e.g. technology, economy and business administration; (3) improvement of consistency and standardization of input (resources and processes), output (provisions: products, services), outcome i.e. impact on performance (added value), and added value for whom: stakeholders analysis; (4) search for the best possible Key Performance Indicators on different levels (strategic/tactical/operational) and reliable and valid measurement methods; (5) reflecting on the impact of research findings both from an academic point of view and with regard to practical implications, to understand better what we need to do in different fields, taking into account the interests and needs of different stakeholder and different perceptions of value; (6) writing an anthology on the added value of FM together with the sub-group on FM Value Chain; and (7) develop practice guidelines for adding value management.

ABBREVIATIONS

CRE: Corporate Real Estate

CREM: Corporate Real Estate Management

FM: Facilities Management or Facility Management (synonyms according to CEN, 2006)

PDCA: Plan, Do, Check, Act (Quality circle developed by W. Edwards Deming)

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