The FM and CRE industries are undergoing a revolution. Over five ISS 2020 Vision white books, ISS and the Copenhagen Institute for Futures Studies (CIFS) have described the dynamics shaping the industry and its future development. We have done this using valuable insights from IFMA and CoreNet members as well as dozens of subject-matter experts from the fields of FM, CRE, architecture, outsourcing service and workplace design.

This, the fifth and final, report focuses on the trends and drivers shaping Service Management including service design, operations, and innovation towards the future. Service Management is a critical competitive parameter for all organizations today. This report will help organizations develop a service delivery system and workforce that focuses on high-quality, personalized user experiences, creates a service culture that engages end-users and establishes a continuously increasing focus on service excellence.
Future of
Service Management
“The best way to find yourself is to lose yourself in the service of others.”

Mahatma Ghandi, Civil rights leader
“A day without laughter is a day wasted”

Kim van de Laarschot, ISS Netherlands
Global Apple Award Winner 2017
1. **Foreword**

Great service is personal and it is all about creating memorable, insightful and impactful connections with the people you serve. Making a customer feel appreciated and valued, leads to a great service experience and makes it more likely they will want to continue the relationship. I always live by the sentiment: Treat people like you want them to treat you.

I believe great service is rooted in human nature. In addition, a great service organisation can provide processes, training and management practices that can leverage the customer experience. Service comes from the willingness to be helpful to those around you. The genuine desire to serve, to be proactive and selfless, in fulfilling the needs of others makes for great service experiences.

Being a front-line employee entails much more than just providing a defined service. Your appearance and attitude have a huge impact on people. You need to be approachable, and careful in your body language and gestures. Being proactive, sociable and receptive towards the end users is what will make them feel appreciated and this is as much about engagement as recognising when to leave people in peace.

We are all human beings, we are all talented, and we are all gifted, and therefore, it is all about how we bring these characteristics to life in creating great service moments. People need services and they need the human connection that comes with them.

In the journey towards service excellence, organisations need to focus on bringing the power of the human touch to life. The customer experience is key in all aspects. People need to look at one service employee e.g. a front-liner like me, and then see a reflection of the whole organisation that this person is representing. In my opinion, when it comes to service, the employees – especially the front-liners – hold the key to creating great service experiences and thereby also creating strong personal and even emotional connections between the company they are representing and the person receiving the service.

Delivering great service experiences is second nature to me. In my daily job, I always try to brighten people’s days and exceed the expectations of our customers. I try to do this with great enthusiasm, a listening ear, a relaxed way of approaching people and my personal trademark; a lot of humour. My personal motto is: “A day without laughter is a day wasted”.

I hope this report provides some inspiration and tools for applying Service Management in your organisation. Enjoy the read.

Kim van de Laarschot  
Service Professional, ISS Netherlands  
Global Apple Award Winner 2017
“Those who are happiest are those who do the most for others.”

Booker T. Washington, Educator, author & advisor to presidents of the United States
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Thank you!

Peter Ankerstjerne
CMO / Head of Group Marketing
ISS 2020 Vision – Project Responsible

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“Always treat your employees exactly as you want them to treat your best customers.”

Stephen Covey, author, lecturer and leadership mentor
3. Executive Summary

Service Management is a critical competitive component for all organizations today. Service Management helps organizations develop a service delivery system that focuses on high-quality, personalized user experiences, creates a service culture that engages employees and establishes a continuously increasing focus on service excellence.

Despite its importance, many organizations struggle to deliver good service consistently. This challenge will only grow more difficult as markets become increasingly interconnected, industries converge and end-users – along with the people who serve them – become better educated, better travelled and more technologically savvy.

These changes will put new demands on how services are designed, managed and delivered in the B2B and B2C markets. The ISS 2020 Vision: Future of Service Management report focuses on the trends and drivers shaping service management, design and delivery and places specific focus on Service Management within Facility Management and Corporate Real Estate.


The research presented in this study was collected by the Copenhagen Institute of Futures Studies (CIFS) and ISS. It consists of a: meta-study of trends shaping the future of Service Management with a specific focus on FM; a global survey of 1,495 FM experts and service professionals conducted by ISS, CIFS, IFMA and CoreNet Global; and a series of in-depth interviews with 12 subject matter experts in fields of Service Design, Service Management, and Facility Management.

ISS 2020 Vision: Future of Service Management aims to empower businesses with a set of recommendations and knowledge to not only understand the new service paradigm and user-centric service management towards 2020, but further, develop robust and resilient service strategies that are geared towards an increasingly complex business environment.

This is achieved by first identifying key focus areas and the driving forces that are expected to shape ways in which services are designed and delivered in the future. The report then presents existing and emerging tools and concepts to help service providers (including inhouse service provisions) maximize the value of their operations and better support end-users.

All of this is done to provide a means for dialogue for engaging existing and potential decision-makers and end-users in discussions concerning the future of service managements. It highlights key, research-driven areas of opportunity for the FM industry and enables providers to envision new service concepts to meet and even exceed increasing end-user expectations.
The report consists of three sections. The first section is the trend analysis section, which looks at the primary trends and drivers shaping the future of Service Management with an emphasis on the implications for the FM industry. It is comprised of an analysis of megatrends, trends in Service Management and lastly, trends in FM Service Management (see figure 1).

The second section presents a mental framework for applying a user-centric approach to Service Management in the FM context by taking a thorough look at the work modes as well as service needs and expectations of four user personas expected to gain prominence towards 2020 and beyond. The user-centric service management towards 2020 include the classic consumer, the value creator, the premium patron and the empowered explorer.

The third and final section, Applying Service Managements, offers key insights into how to put the trends into action and principles for developing effective service strategies to accommodate the different emerging service archetypes.

### 3.1 Trend analysis

The analysis of megatrends, trends in Service Management and trends in Service Management in the FM context points towards a new service paradigm. In this new paradigm, services will be much more tailored, targeted, responsive and dynamic towards users’ needs, requiring collaborative and integrated solutions. In order to meet these needs, relationships – both on the front and back-end – will become a defining attribute of Service Management in the future as the industry continues to move towards a value-oriented and outcome-based approach.

#### 3.1.1 Megatrends

Megatrends are challenging conventional service provision in many ways and influencing several different service variables, such as future users, channels and settings. The four most important cross-cutting themes for service providers to consider are:

- Technology development & acceleration
- Individualization & democratization
- Immaterialization & commercialization
- Economic growth & demographic development
Technology development & acceleration

Technology development and acceleration are impacting how services are managed, how end-users interact with service providers and how service employees interact with end-users and managers. The growth of knowledge, scientific advances and technological innovation are accelerating, leading to the rapid diffusion of new technologies and their application in the market.

For Service Management, information and communications technologies (ICT) such as cloud, mobile and wearable technology, as well as artificial intelligence and robotics will have profound impacts as they will enable service provision to become much more granular. Service providers will have to carefully consider how and when to apply technology to add value to the user experience. If done incorrectly, service providers risk commoditizing their service delivery or worse.

Individualization & democratization

Social trends are some of most important drivers for the future of service. Specifically, the trend towards greater individualization will empower users to participate in the service provision. Service providers will have to determine the degree of user involvement that best suits their end-users’ needs. This will range from self-service and more immersive co-creation delivery systems. In most cases, the users will be the ones who define the conditions of the service interactions.

At the same time, users are becoming less loyal towards brands, constantly asking themselves: “How has the interaction with the service provider benefited me?” If they cannot answer this question or answer it negatively, they will move on to another provider.

Immaterialization & commercialization

As the 21st century increases in complexity and people grow wealthier, they spend a greater proportion of their income on things of higher immaterial value. Immaterial goods, services and experiences are those that possess stories of an emotional nature rather than services and products of a functional nature. Service providers must be able to creatively use storytelling and staging that are aligned with the immaterial values of end-users. This will enable service providers to establish deeper emotional bonds with users, deliver greater value and garner higher economic awards.
Economic growth & demographic development

Economic growth, globalization and changes in demography all represent complimentary forces shaping the future service landscape. Meaning, greater diversity (in generation, culture, gender, values, etc.) in a more global workforce and an expansive consumer pool is leading to new user segments, each with their own service requirements and expectations. It also means that much of the growth in the size of the service economy will not be driven by high income countries, but by middle and low income countries, whose middle classes will soon have the disposable income to seek experiences and fulfil their immaterial needs as the middle-classes in high income countries have long done.

3.1.2 Trends in Service Management

In the future, service providers will need to prioritize the design of a service delivery system that is built on an in-depth understanding of what creates value from a users’ perspective and is aligned with buyers’ willingness to pay. The key elements of a successful Service Management model in the future include a focus on service culture, employee engagement, service quality and customer experience.\(^2\) Surveyed service professionals indicate that service culture, service quality and customer experience are the most underdeveloped areas in current Service Management models with the greatest potential for improvement.\(^3\)

Trends are transforming Service Management in four key areas: Service landscape, service strategy, service actors and service touch points. **Service landscape** refers to the way service is defined and changes in the service market. **Service strategy** refers to the design and changes in the service delivery process. **Service touch points** refer to the way service is accessed and changes in service settings. **Service actors** refer to the way the service value chain is organized and changes in the relationship dynamics between stakeholders.

**Service landscape**

The introduction of new technologies in parallel with new parameters of living is redefining how we understand and use service. This emerging paradigm is characterized by the everything-as-a-service (XaaS) mantra that is rapidly expanding beyond cloud computing and the telecommunications sector. As one subject-matter expert noted, “Service Management as an industry is perpetually expanding...I believe that we will ‘servicify’ everything.”\(^4\) Indeed, it is a movement that is about freedom from ownership – converting conventional products and processes into service offerings that help buyers transition away from fixed costs towards variable costs in life and in business. Buyers will increasingly expect service providers to proactively anticipate their needs within a given set of circumstances and to offer a matching service that reduces user complexity.\(^5\)

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Service strategy

A constantly shifting service landscape will challenge organizations to reinvent their service strategy towards 2020 and beyond. This challenge is being driven by a shift towards a focus on user experience, which is the next frontier for differentiation, value creation and growth. Service providers must explore methodologies to help improve or innovate service experiences that result in more satisfied users and more profitable enterprises, necessitating service innovation.\(^6\) Service innovation in the future necessitates a people-driven digital transformation – combining deep insights into the needs and wants of users with digital technologies to create new business value.

Service touch points

Service providers will need to take the steps required to redesign their industry in a more user-centric fashion and to organize it for optimal business outcomes towards the future. Improving user experience involves embracing a shift in thinking from “touch-points” to journeys. The touch-point forms an integral part of the user journey and is a moment that is carefully mapped and designed by designers and service providers.\(^7\) The accepted definition of a touch-point is any point of contact between a user and a service provider. Touch points exist across physical or virtual spaces that can be either fixed or dynamic.\(^8\)

Managing the user journey across service touch points is of critical importance, because users experience businesses and brands through end-to-end journeys and not only through single “touch-points”. As a result, individual “touch-points” may perform well even if the overall service experience is poor. As one subject-matter expert put it, “your brand is the sum of all “touch-points” and, sometimes, one touch-point can ruin everything.”\(^9\) Research indicates that 25% of users will defect after one bad experience.\(^10\)

Service actors

Service actors include collaboration partners as well as employees. Ensuring that both deliver an excellent service experience entails creating a sense of common purpose.

Due to an increasingly complex global business-operating environment characterized by greater industry convergence, competition is increasing, as is hyper-specialization. Therefore, the number of service actors required to deliver a service to an end-user is growing. This requires that organizations identify the right collaboration model for service delivery as well as a means for ensuring alignment and engagement among the partners’ employees. This is because it is no longer enough to be best in class in a region or country – leading service providers must aspire to be world class. Service providers will have to develop anticipatory

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\(^6\) Moritz, S., Design for Services, Keynote, Service Experience Summit, 2014.
\(^8\) Gogia, S., Defining the Touchpoint, Master Service Design, 2013.
thinking and agility to quickly seize opportunities and to integrate new partners as they emerge.

At the same time, service providers must inspire their partner organizations and their employees with a sense of purpose. Creating and instilling a shared sense of purpose is essential, because it empowers employees with the knowledge of what they do and why they do it. Purpose establishes a common cause that unites the organisation. It is the job of the organisation and its leaders to provide the employees with meaning and in this context, purpose can be a driving force to achieve the intended results. Purpose is also a key element in the attraction, integration and retention of service personnel.

3.1.3 Trends in Service Management

The FM industry revolves around effectively managing and delivering a suite of B2B services to a diverse set of users, each with their own set of unique challenges, expected business outcomes and performance objectives. Future of FM Service Management will be about maximizing human utility, knowledge resources and facility assets. There will be increased emphasis placed on personalization and on business innovation in FM services. These developments will lead to an industry transformation.

As reported in ISS 2020 Vision: The Future of Outsourcing and Perspectives for Facility Management, The four-worlds-of-service model has two axes:

- The value dimension: focuses on the efficient management of infrastructure and assets.
- The delivery dimension: At one extreme we have one-to-one, personalized services aimed at meeting the distinct business challenges of a particular client organization. At the other extreme is mass customization, where ready-to-use services and short implementation times are the norm.

Combining these two axes creates a framework that describes four different worlds of service:

- Management: Achieving FM efficiency in a customized environment depends on adopting the best practices and optimizing processes or exploiting the scale that a provider can provide.
- Maintenance: Foregoing personalization enables greater use of standardized FM solutions. Evolving toward a utility model, the organization achieves efficiency through scalability, automation and pay-per-use pricing. These are one-to-many relationships based on a rental approach to FM services.

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• **Optimization**: This is a hybrid, emerging model. It focuses on increasing business improvement through efficiency, speed and agility by leveraging FM services and solutions in a shared environment. These are either one-to-many or many-to-many relationships with payment tied to business transactions. A key outcome is the optimization of FM solutions and business processes.

• **Transformation**: This service model focuses on creating, designing, or supporting a unique solution so highly customized that the business process is transformed. These are one-to-one relationships with payment tied to achieving and supporting business goals; an outcome-based, performance-oriented payment model. A key outcome of transformation services is the development of highly customized FM solutions and business processes.

### 3.2 User-centric service management towards 2020

The user-centric perspective in designing, delivering and managing services has become a business imperative in the FM industry. The future of work is experiencing rapid change. In order to design, deliver and manage excellent service, FM providers must understand the work styles of end-users and the service preferences of end-users.

The mental framework applied in the emerging service archetypes chapter is an example of how Facility Managers could approach user-centric service delivery towards the future. This approach will allow the Facility Manager to adopt new service approaches and develop a facility response that supports end-users in their work pursuits and advances their work experiences through a two-stage assessment.

The first stage is an evaluation of how end-users work – their work styles – their user journey and the services and touch points they require to fulfil their work assignments. The work styles are as follows: Desk-centric, corridor warrior, on-the-go pro and remote worker.13

The second stage in the assessment method requires determining the service preferences of end-users by following the emerging service archetype model. The service archetypes are as follows: the classic consumer, the empowered explorer, the value creator and the premium patron.

FM service providers will be required to ask questions like do employees prefer automated solutions or human interaction and to what degree do they want to be involved in the service provision?

The ability to both understand and assist the end-user through her journey throughout the workday and to deliver services in the manner she prefers to consume them will set the bar for Service Management in the FM industry towards the future.

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The FM service provider must balance end-user needs with services that also add value to the core organization – the buyer. Some of the key considerations to be addressed in subsequent sections are as follows:

- How does each emerging service archetype define excellent service?
- What are the service expectations of each emerging service archetype?
- What does the user journey look like for each emerging service archetype?
- What touch points are necessary for each emerging service archetype?
- What talent or competencies are required to service each emerging service archetype?
- What partnerships are required for each emerging service archetype? What emerging sourcing models are most appropriate?
- How do you achieve a high degree of employee engagement among each emerging service archetype?

### 3.3 Applying Service Management

Due to the continued evolution of the service landscape and emergence of new user archetypes, Service Management will become of greater strategic importance with innovation playing a critical role. Making the right strategic decisions requires that organizations harness the tools available to them in order to better understand the needs of users and regularly revisit the service objectives that allow them to exceed expectations and deliver excellent service. This involves greater social listening, creative planning, new networking and innovative interfacing, as outlined below.

#### 3.3.1 Service excellence

Excellence in service futures requires agility, relevance, and dynamism – service providers must be prepared and equipped to encounter all emerging service archetypes within any given setting. Service excellence will be about quality, timeliness and consistency\(^\text{14}\) while interacting with even more diverse groups, each with their own disparate needs. Research indicates that for many, excellence represented a seamless, hassle-free experience as well as effectively handling a problem.\(^\text{14}\)

#### 3.3.2 Service landscape: Social listening & creating service “situationism”

Service will be even more situational. Gaining a deep understanding of the changes occurring within the service landscape will require service providers to think more like anthropologists – observing and studying the various aspects of human behaviour, social norms and cultural values.\(^\text{15}\) Likewise, engaging in social listening – the process of monitoring and tracking conversations around specific phrases, words, topics and brands, and leveraging them to uncover opportunities and identify potential blind spots. Given that the rate of industry

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convergence is increasing, FM service providers should scan their external environment and look beyond their immediate industries in order to gain inspiration and valuable insights into innovations from other industries that can be replicated in FM service design.

3.3.3 Service strategy: Creative planning & futurotyping service challenges

To the extent that service design and service innovation are being prioritized towards the future, it will be necessary for service organizations to invest in the space to think creatively about pressing challenges and “futurtype” – prototype within the context of alternative futures. Accordingly, “the function of the service strategy for a service provider is to decide the service parameters, build the service value chain and to design the internal service platform. The stronger each of these elements is the better and more robust the service strategy will be.”16

3.3.4 Service touch points: Innovative interfacing & distributing service gateways

Service providers should embrace the shift from touch points to journeys. While touch points themselves are important, their place within the entire user journey and their impact on the service experience is of the utmost important. Service organizations must work to embed and integrate the appropriate technologies into the service provision in order to add value and help create a smooth user experience. It is equally important to provide the right platforms and channels to empower users, as it is to leverage technologies effectively to create scale and reduce costs.

3.3.5 Service actors: New networking & building service bridges

Service providers must focus on relationship and network management for business success, as the service value chain is constantly being renegotiated in the face of market dynamics. The conventional value chain itself is transforming into sets of value networks and collaborative ecosystems that are built on the principles of efficiency and shared interests. The actors involved in the provision of a service will be reflective of highly coordinated teams working in unison through dynamic flows of power and authority, based on information, trust, credibility and a focus on outcomes, enabled by interconnected technology and people.

“Everybody can be great... because anybody can serve. You don’t have to have a college degree to serve. You don’t have to make your subject and verb agree to serve. You only need a heart full of grace. A soul generated by love.”

*Martin Luther King Jr., Clergyman, civil rights activist*
4. Introduction

Service Management is a critical competitive parameter for all organizations today. The service economy already constitutes 68.5% of global GDP and close to 80% of some high income economies – a figure that only continues to grow. Despite its importance, many organizations struggle to deliver good service consistently. Organizations need Service Management.

Service Management helps organizations develop a service delivery system that focuses on the user experience, creates a service culture that engages employees, and establishes a continuous and increasing focus on service quality.

These requirements – which are already difficult for many organizations to fulfil – will only grow more challenging towards the future. The world we live in – and the one our businesses operate in – is becoming more volatile, uncertain, complex and ambiguous (VUCA see figure 2) driven by increasing global interconnectedness and industry convergence. End-users and the people who serve them are better educated, better travelled and more technologically savvy.

At the same time, organizations and the role of the workplace are changing as CIFS and ISS noted in 2013 in ISS 2020 Vision: New Ways of Working – The Workplace of the Future. So is the way that they will need to be serviced in the future.

The organization has become independent of geography and operates across time zones. As a result, organizations have multiplying touch points with customers and employees. The touch points range from static to dynamic and from virtual to physical. The organization and its brand are the sum of all touch points. The challenge is that one weak link or touch point in the entire user journey can have implications for users’ perception of the entire service experience. A marketing campaign that excels can be sabotaged by one phone call, email exchange or bad employee-end-user interaction. The end-user, as a result, will choose other brands, especially when it comes to services that are more commoditized.

The workplace and its components are just one of these critical touch points. The workplace is becoming a place of shared experiences as much as it is a place where work is performed. In this experience space, end-users – employees and customers – should be transformed by being imbued with the organization’s values and ambitions. It needs to be managed as such.

The future Facility Manager will be a manager of user experiences and transformations. A director on Broadway needs to ensure that her actors perform with consistent enthusiasm and quality day in and day out, ensuring that the audience has a great experience that feels like it was tailored for them. The future Facility Manager will need to direct her employees as a director guides the actors in a stage play to ensure that users’ needs and service expectations are not only fulfilled but exceeded. This will require mastering an increasingly complex backstage consisting of internal and external service partners and systems.

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17 The World Bank, Services, etc. value added (% of GDP) 2014, 2016.
18 CIFS, How to be Resilient in the 21st Century, Members’ Report 1, 2016.
The successful FM providers towards 2020 and beyond will be those who master Service Management. Service Management is a critical discipline that will help organizations cope with a VUCA world by binding users closer to the businesses they engage with. In a VUCA world, leaders can no longer expect their industries to remain static with steady, constant growth. Organizations will be required to prepare for more rapid economic, technological, and social change – an environment where they will need to find ways to increase their chances of survival and prosperity under conditions of deep uncertainty. Excellent Service Management helps Facility Managers to constantly change and adapt through leveraging their tangible and intangible assets enabling their organizations to persist and thrive.

Service Management helps organizations deliver value in a new, more human-centric era that is driven by less-tangible, more emotional considerations that are much more difficult to quantify, measure and project. Fulfilling desires and expectations while managing the fears, ambitions, and anxieties of end-users will be essential to fulfilling the service equation. Service Management is therefore an evolving discipline constantly being changed in order to reflect the environment and culture in which service exists.

Innovation and design are integral parts of Service Management and must remain high on Facility Managers’ agendas to allow them to address future service challenges.

**The user experience – service challenge of the future**

Facility management (FM) towards the future will be challenged on several fronts as the Service Management role grows and expands, according to the ISS 2020 Vision survey respondents (see figures 3 and 4). Service Management in FM will no longer simply be servicing the building; rather, it will be about improving performance and wellbeing for those in the building and helping those individuals become more successful. As such, FM will shift from being building-centric to being user-centric.

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Focusing on the user experience requires that service providers play an increasingly important and integral role in servicing assets and facilitating the movement of information, people and objects, while creating a high quality experience for employees and other end-users. The critical challenges for FM service providers in this regard are as follows:

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Delivering value – Service providers will need to develop solutions towards three challenges: 1) understanding the end-user on an increasingly granular level, 2) avoiding the commodity trap and 3) uncovering new economic value.

Managing expectations – Service Management is as much about service delivery as it is about experience or expectation management. Excellent service is described as user perception minus user expectation. Service providers therefore must maintain an acute awareness of the expected outcomes of the interaction, while facilitating an experience perceived as positive.

Integrating technologies – Embedding and integrating the appropriate technologies into the service provision adds value and helps create a smooth user experience. It is as much about providing the right platforms and channels to empower users, as it is leveraging technologies effectively to create scale and reduce costs.

Anticipating disruption – An increasingly complex global business-operating environment characterized by greater industry convergence means that competition is increasing. For service providers and service users alike, disruption must exist as an innovation paradigm – disrupt or be disrupted. Existing commodity services such as FM, where barriers to entry are generally low, are most vulnerable to such upmarket disruption and are challenged in anticipating the potential for major industry transformation. Many of these disruptions “no longer come from the lower end of a market; they come from other, completely different industries.”

Establishing influence – It is more important than ever for service providers to establish themselves as leading, reputable partners with the willingness and ability to innovate. Outsourcing will continue to grow and become more important in the future, especially as businesses continue towards hyper-specialization in increasingly competitive markets.

Applying a new service logic

Service providers must be proactive in transforming their organization into one that embraces a true service mind-set by putting the end-user first and living the organization’s values. This means actively working to identify where, when and how to add value that leads to positive outcomes during all stages of the interaction. It is in these moments that opportunities for real differentiation.

To deliver on these objectives, FM service providers and corporate real estate managers will have to develop a service culture that engages employees and sets a service quality that exceeds end-users’ ever increasing expectations through a service strategy. This requires developing a balanced approach (see figure 5) that starts with identifying and defining an excellent end-user experience and setting the standards for a high performance service.

A culture with a shared sense of purpose that drives employee engagement within the FM service provider.

Driving purpose is an essential first step because it enables employees to know what they do and why they do it. Purpose establishes a common cause that unites the organisation. It is the job of the organisation and its leaders to provide the employees with meaning and in this context purpose can be a driving force to achieve the intended results.22

In the FM industry, the end-users and buyers are separate and the service delivery has to take this into consideration. Whereas the purpose of the service is to deliver value to the end-user, the buyer is the one with whom the FM service provider negotiates, enters into and renews the contract.

The future of Service Management will benefit from technology in measuring the end-users behaviour, needs and satisfaction levels. These measures should also be applied when negotiating with the buyer in an effort to continuously improve service levels.

22 ISS World Services, Traits of Effective Leadership? It’s Driven by Purpose, Service Futures Blog, 2016.
The buyer, however, is constrained by limited resources. As one interviewed subject-matter expert noted, “the future Facility Manager must be aware that resources are scarce, and must marshal these responsibly and not only focus on cutting costs.” Hence, excellent service is not delivering excess service throughout all parameters – excellent service is delivering on the areas that matter for both end-users and buyers, and cost will always be one of the parameters of importance.

Leveraging technology effectively will allow service providers to adopt a framework that enables the buyer to tailor the delivered service so that resources are allocated to the areas that matter for end-users and optimizes outcomes.

It is about moving the service from input over output to outcome-based service: Whereas input-based service is concentrated on the hours put into the service, output-based is concentrated on assuring that the service is delivered (that “the floor has been cleaned four times – regardless of the hours required”). Outcome-based service is focused on satisfying and exceeding service expectations (the floor is clean – regardless of how) for both end-users and buyers, while also contributing to more strategic objectives.

### 4.1 About the report


ISS continues to push the boundaries of discussion in the services space with this latest offering – ISS 2020 Vision: Future of Service Management. This report raises important questions surrounding future opportunities and challenges associated with the provision and delivery of services within Facility Management and related industries. With knowledge and inspiration, ISS strives to contribute to the growing discussions surrounding the future of Service Management.

In collaboration with futurists from the Copenhagen Institute for Futures Studies (CIFS), ISS sets out to explore the critical challenges affecting Service Management and to identify the trends and drivers shaping the future of service. The report evaluates the shifting service landscape and offers insights into emerging threats and opportunities, describing the key to excellence in service futures. Using these insights, this report identifies the future direction of Service Management and provides a mental framework for designing end-user and future-oriented services in the workplace towards 2020 and beyond. It also provides a set of key recommendations for applying Service Management in one’s own organization.

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4.2 Objectives

This report provides an in-depth analysis of the global business environment, megatrends and industry-specific trends and drivers affecting the future of Service Management. It is designed to provide visionary, yet practical insights for navigating the future of Service Management by highlighting key changes and innovations within the industry specifically and elsewhere.

ISS 2020 Vision: Future of Service Management aims to empower businesses with a set of recommendations and knowledge to not only understand the new service paradigm and emerging service archetypes, but further, to develop robust and resilient service strategies that are targeted in an increasingly complex business environment. This is achieved by identifying key focus areas and driving forces:

Identifying key focus areas and the driving forces that are expected to shape ways in which services are designed and delivered towards 2020 and beyond. This also involves developing a common frame of reference for future developments, challenges and solutions in order to:

- Develop new tools and concepts to help FM service providers maximize the value of their operations and better support client organizations in achieving their strategic objectives by better anticipating and fulfilling the needs of end-users.

- Create a tool for dialogue for engaging existing and potential end-users, and employees in discussions concerning the future of the FM and services industry.

- Selecting and analysing implications of strategic issues affecting the future of Service Management and service delivery towards the future;

- Identifying key, research-driven areas of opportunity for the FM industry to develop areas of expertise;

- Envisioning service concepts for FM providers to meet and exceed evolving end-user expectations in the future.

4.3 Format

The report consists of three sections:

- The trend analysis section looks at the primary trends and drivers shaping the future of Service Management with an emphasis on the implications for the FM industry. It is comprised of an analysis of megatrends, trends in Service Management and lastly, trends in FM Service Management. The structure of the trend analysis is described in figure 6.
Megatrends

Trends in Service Management

Trends in Service Management related to FM & CRE

Figure 6: Trend analysis

• The section on applying user centric Service Management in a future FM context presents a mental framework for analyzing the work modes as well as service needs and expectations of four user personas expected to gain prominence towards 2020 and beyond. These personas and their needs are informed and supported by the analysis of signals and trends. The emerging service archetypes include the classic consumer, the value creator, the premium patron and the empowered explorer.

• The Applying Service Managements section offers key insights into how to put the trends into action and principles for developing effective service strategies to accommodate the different emerging service archetypes.

4.4 Process

During the spring and summer of 2016 (see Figure 7), the research by CIFS and ISS consisted of:

• A meta-study of trends shaping the future of Service Management with a specific focus on FM

• A global survey of 1,495 FM experts and service professionals conducted by ISS, CIFS, IFMA and CoreNet Global, exploring The Future of Service in Facilities Management. The demographic profile of respondents is as follows:
  o 80% of respondents primarily operate in North America, followed by 7% in Western Europe and the remainder in Asia Pacific, Africa and Middle East and Central and South America
  o 35% of respondents were from large global organizations with more than 10,000 employees
  o More than 52% of respondents currently hold an executive, decision-making position within their organization

• A round of in-depth interviews with 12 subject-matter experts within the fields of FM and Service Management, completed during the summer of 2016 (see Acknowledgements for full list of interviewees).
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<td>Objective:</td>
<td>Identify latest research on trends and challenges related to service futures and Service Management</td>
<td>Gather input on new directions in service management towards 2020 and beyond</td>
<td>Present the preliminary results of the study and envision opportunities for FM industry</td>
<td>Conclude the findings and finalize the study</td>
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<td>Finalization</td>
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<td>Tasks:</td>
<td>Collect relevant studies and data</td>
<td>Identify emerging service archetypes relevant for the future of service management in an FM context</td>
<td>Present the preliminary results from survey and interviews</td>
<td>Collect comments and finalize the study</td>
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<td>Identify interview subjects</td>
<td>Identify key implications for FM industry</td>
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<td>Develop interview guide</td>
<td>Find the areas of impact for the future of FM industry</td>
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*Figure 7: Research process for ISS 2020 Vision: Future of Service Management*
“Train people well enough so they can leave, treat them well enough so they don’t want to.”

Sir Richard E. Branson, Entrepreneur and businessman
5. Trend Analysis

Trends are an important tool in generating an awareness of possible futures. They create a framework in which to explore uncertainty, test assumptions, inspire innovation and assess risks. Evaluating the trends and signals of today reveals insights into the attitudes, values and systems of tomorrow that will come to shape all aspects of work and consumption. Where trends intersect is where the most significant opportunities and threats appear.

Service futures within the FM industry are driven by the interactions and interdependencies between trends occurring at three frames of analysis. The three frames include megatrends, trends in Service Management and trends in FM Service Management. As outlined in figure 8, combining the three sets of trends gives life to the emerging service archetypes and Service Management strategies in an FM context described in chapter 6.

Megatrends represent important social, political, technological and economic certainties that influence how Service Management will be approached in the future. They create a platform and frame of reference for important discussions of future strategic importance among FM service providers. Megatrends provide an explanatory factor to more industry-specific trends and give rise to new opportunities and challenges that can be seized and avoided by informed Facility Managers.

Megatrends, trends in Service Management and trends in FM Service Management indicate that Service Management, particularly in the FM industry, will be transformed in the following ways: They will open up new avenues to apply existing and future technologies, they will change the way in which service providers compete and differentiate themselves in varied markets; they will affect work processes and future workforce requirements; and they will create entirely new service areas and service models. As a result, the relationship dynamics between service providers and others in the value network is changing, ushering in an entirely new service paradigm.

Megatrends represent the first frame of analysis and reside at the global level. They are synthetic, complex aggregations of trends regarded as drivers of change and great forces in the macro-environment that impact business, economy, society, culture and people at all levels. They represent our assumed knowledge about the future with a relatively high degree of certainty. Megatrends last at least 10-15 years and are broad in scope and impact.24

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Second, trends in Service Management occur at the industry level and provide the second, more detailed layer of analysis. They represent significant changes in the contextual environment – an area in which FM industry players may have some, but little influence in future developments. They represent new directions in service provision and changes in the way Service Management is perceived and practiced among businesses in general. More specifically, they describe substantial shifts in the service landscape, service strategy, service touch points and service actors. These trends encompass a sequence of events or observed phenomena that have some momentum in a particular direction (growth or decline) and some level of durability over time.

Lastly, trends in FM Service Management are analysed. They outline major changes within the industry or transactional environment, where other industry players have influence in future developments. They represent specific shifts in FM service models and in the way future FM service design may be approached.

5.1 Megatrends: Shaping a new service paradigm

Megatrends are the key driving forces that create an environment that is VUCA – Volatile, Uncertain, Complex and Ambiguous. They are pathways of development that are reshaping the service landscape, service strategy, service actors and service touch points towards the future and ultimately creating a new service paradigm. This new service paradigm will be much more tailored, targeted, responsive and dynamic towards users’ needs requiring collaborative and integrated solutions (see figure 9). Relationships – both on the front and back-end – will become a defining attribute of Service Management in the future as the industry continues to move towards a value-oriented and outcome-based approach.
Megatrends are challenging conventional service provision in many ways and influencing several different service variables, such as future users, channels and settings. The following pages outline the full CIFS megatrend universe, highlighting the four most important cross-cutting themes for service providers to consider (see chapter 5.1.1 thru 5.1.4).

5.1.1 Technology development & acceleration

Knowledge growth, scientific advances and technological innovation are accelerating, leading to the rapid diffusion of new technologies and their application in the market. For Service Management, information and communications technologies (ICT), IoT, cloud, mobile and wearable technologies, as well as artificial intelligence and robotics will have profound impact (see figure 10). These technologies will change how services are managed, how end-users interact with service providers, and how service employees interact with end-users and managers. Service providers will have to carefully consider how and when to apply technology
GLOBALIZATION
The process of interaction and integration among the people, culture, companies, and governments of different nations. Global flows of information, technology, products, services, and capital.

IMMATERIALIZATION
Changes in our perceptions and our values, including a greater focus on post-materialism – authenticity through a consideration of design, aesthetics, fashion, culture, storytelling, values and experiences.

POLARIZATION
Growing gap between extremes, such as top and bottom market segments, at the expense of the middle segment.

ECONOMIC GROWTH
Overall increase in productivity and subsequent growth of wealth at a global scale.

ACCELERATION
Shortening business, innovation, and product life cycles with greater industry convergence.

FOCUS ON HEALTH
Global movement towards improving health and well-being, transcending all aspects of public, private, and professional lives.

GLOBALIZATION
The process of interaction and integration among the people, culture, companies, and governments of different nations. Global flows of information, technology, products, services, and capital.
TRENDS

COMMERCIALIZATION
Areas in society and the public sector that become assigned to commercial business.

INDIVIDUALIZATION
Increasing desire for personalized products and services that directly conform to the needs and interests of any particular user or business.

DEMOCRATIZATION
A process of transformation in which equality, access, and transparency are improved. Much of democratization is concerned with accountability, decentralization, empowerment and openness.

DEMOGRAPHIC DEVELOPMENT
Measurable changes in demography and a range of secular trends covering characteristics, distribution and size in human populations – age, ethnicity, religion, family composition, education, and residence.

NETWORK SOCIETY
A modern society and business operating environment where networks are shaping the primary mode of organizational structures.

TECHNOLOGY DEVELOPMENT
The application of knowledge or science to commerce or industrial processes. Innovation and diffusion of technologies.

SUSTAINABILITY
Meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Dark Blue boxes: Subjects taken up in this book // Light blue boxes: Subjects covered in previous white books
to add value to the user experience. If done incorrectly, service providers risk commoditizing their service delivery or worse.

These technologies are coming together to produce new systems that are blending with existing social structures and current commercial activities to create something entirely new. We often speak of the billion-sensor economy, the internet of everything and big data as disruptive forces, yet there are emerging as many opportunities as challenges.

Figure 10: What technology developments will have the biggest impact on Service Management in the future? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)

The development of smart, automated and autonomous systems will be something that can be leveraged by service providers in the future. Technology development is improving serviceability and opening up new areas to service solutions.

Innovation in these areas will further transform service content, service format and service delivery from physical to virtual, resulting in new user experiences with improved accessibility. As a result, user interfaces and service channels will continue evolving towards smoother and more convenient interactions.

Service providers who can make coordinated use of big data and microdata to gain insights into the behaviours and preferences of targeted user groups will gain a competitive advantage, making this a business imperative (see figure 11).

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New technologies are empowering front-line personnel to address specific end-user pain points from anywhere. For example, IBM and Apple have partnered to create a new generation of enterprise mobile apps known as IBM MobileFirst for iOS that help front-line employees to connect with analytics and big data on their iOS devices and do their work from anywhere without interruption. The apps are designed to address specific pain points that are addressed towards different industries such as electronics, banking and financial markets, energy and utilities, government, healthcare and industrial products.²⁷

These technologies permit service providers to improve the services surrounding and performance of physical products remotely with no input from end-users. For example, Ford and Microsoft have entered a partnership that preventative maintenance and service upgrades on a global scale through the Ford Service Delivery Network. The network permits the automation of many services while at the same time collecting enormous amounts of user data (the Ford Fusion electric vehicle, for example, generates 25GB of user data per hour). The Ford Delivery Service Network permits new updates to be done automatically where they once required laborious manual steps like downloading files onto a USB key from home and then uploading them in the car. Through Wi-Fi-supported features that automatically handle software downloads and installation, updates to the entertainment, navigation and vehicle

control systems (which include power train, traction, and stability-control modules) can be done remotely. These updates save customers trips to the dealership for recommended or recall-mandated updates. Tesla is another automobile manufacturer that routinely updates the software of its vehicles to increase performance and vehicle capabilities. Such improvements include increasing horsepower and autopilot capabilities.

There are however risks in relying too heavily or solely on technological solutions in Service Management: “Service leaders should recognize that technology, just like funding, facilities, even their workforce, enable the organization’s ability to provide the goods and services it’s responsible for delivering to the end-user and other stakeholders.”

While technology is a central driver of change, one cannot ignore the value of the human factor in the services industry, nor neglect the service experience dimension that goes along with it: “Business is based on relationships, and long-term relationships are critical to the success of any service-providing organisation. Unfortunately, there’s still not enough emphasis placed on establishing connections with other people based on trust, respect and honesty, all considered vital for developing successful long-term relationships with customers as well as business partners.”

In addition, technological solutions are easy to copy. As one interviewed subject-matter expert said, “I believe that you are extremely vulnerable if you reduce your business model to an app because competitors will sooner or later copy you. It is as simple as that. You have, in effect, turned your service into a commodity”

Technology development may also lead to increased anonymity and as a result, reduced user loyalty to any one specific provider or platform: “The main challenge for me is that when you reduce your service to technology, you risk creating distance to the customers. I mean, you could be loyal to an app, for example, but you have no idea who the company is behind it, and if you find ‘a better app’, you will choose that.”

What will be important for service providers is to assume key roles in the ecosystem in which they choose to operate and where they can apply excellent service experiences at the right touch points. As one subject-matter expert remarked, “with the emergence of artificial intelligence, we begin to get intelligent systems, robots, etc., and that leaves some users hungry after some human contact.” This requires finding the suitable balance between the human touch and technology-based solutions, as well as adequately fulfilling the new workforce requirements that such new technologies bring – attracting, integrating and retaining the talent able to thrive in a technology-driven service world.

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Technology is changing quickly, but humans are not. Individuals require time to adapt and the appropriate mechanisms that consider this should be built into the HR approach of service firms. Accordingly, “in services, we partly see autonomous robots and in addition we will see ‘cobots’, who work hand-in-hand with people.” In order to deliver the most value at the highest efficiency.

This will test managements’ current abilities and require new management styles. It will demand much more open and consistent communication with employees than face-to-face communication. Managers will have to develop new ways to drive engagement as there are no water coolers to gather around on breaks. As a result, remote and virtual workers can become isolated from a company’s culture, and managers must make added efforts to engage and integrate them into the company’s culture.

Managers will also have to develop new means for developing workers’ career paths. Physical absence from an office can significantly hinder a worker’s potential career path. The London Business School and the University of California Davis discovered that virtual workers are typically passed over for promotions, receive lower employee evaluations, and receive fewer and smaller wage increases than traditional workers.

Finally, service providers should be diligent in their research and development and avoid making investments in obsolescence; that is, developing solutions based on technologies that are quickly replaced with new systems. Indeed, service providers should be careful not to develop a dependency on any one particular technology, but instead, work closely with partners and suppliers to create agile systems. At the same time, the industry will be challenged in ensuring technological competencies and skills among service professionals continuously updated in order to maintain service excellence in a changing environment.

5.1.2 Individualization & democratization

Social trends are some of most important drivers for the future of service (see figure 12). Specifically, the trend towards greater individualization continues to spread in both developed and emerging economies, and is closely connected to the widespread application of the principles of empowerment, accessibility and transparency across personal and professional spheres. Users will be increasingly empowered to participate in the service provision. Service providers will have to determine the degree of user involvement that best suits their end-users’ needs. At the same time, users are becoming less loyal towards brands, constantly asking themselves: “How has the interaction with the service provider benefited me?” If they cannot answer this question or answer it negatively, they will move on to another provider.

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35 ISS World Services, How to integrate virtual workers into your office culture, Servicefutures, 2015.
Figure 12: What social developments will have the biggest impact on Service Management in the future? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)

Individuals are driven by a desire to self-differentiate – the urge to define one’s self by the products and services consumed provides the backdrop for other lifestyle choices and consumer behaviours. Users increasingly display the need to be treated as individuals and feel a positive interaction with their physical and social environments. No longer are they satisfied in being processed through an impersonal, non-interactive system of mass-market solutions, despite engaging in mass-market activities.36

Users seek opportunities to customize or personalize the products, services and experiences they consume to meet their specific needs at a given time. This desire drives an expectation for almost universal customization. Likewise, service preferences of individual users are changing to include some degree of co-creation. Service providers need to assess what degree of user involvement they want to engender in their service strategy as there are a variety of choices (see figure 13). What is clear, however, is that users prefer to play an active role in the value creation process – the production or delivery of service. This refers to both self-service and more immersive co-creation projects.

In general, service interactions will come to be defined by the users to a greater extent, with the individual controlling the parameters of the transaction – touch points, channels, degree of personalization, etc. Service providers will be tasked with understanding the preferences of target groups and empowering them – they must act as partners in guiding and not servicing users. As one subject-matter expert noted, “we need a completely different approach. We should ask the customers, but we must do much more than that – we must involve!”37 In this regard, the use of big data, qualitative observations and microdata tools will help enable service providers’ ability to deliver more granular services.

The automation of service delivery increases the value of services provided by humans because as more of our world becomes digitized, anonymous, automated and virtual, users crave a more human touch.  

This offers the frontline employee the opportunity to make a huge difference. One subject-matter expert made reference to the strategic corporal concept, where “the closer you get to the front, the more power you have over the brand and the easier it is to make a difference.”

Service providers will be required to leverage targeted data insights to assist its front-line staff optimize experiences for any given user group at the most value-adding touch points. What this means is becoming more situationally-oriented and building the capacity to offer local solutions, especially for organizations that have global footprints and for the providers that serve them. Indeed, empowering local talent and innovation are core components of providing personalized services, as is maintaining an acute awareness of growing socio-cultural diversity in more global settings.

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Future service users will likely be less loyal and more demanding, savvy and experienced. With information at their fingertips and an array of social media platforms where they can broadcast complaints and recommendations, today’s end-users are at the centre of their world – they retain control, and their expectations are extraordinarily high. Information technology will continue to empower end-users, and this is particularly evident in service-driven industries.

According to interviewed subject-matter experts:

> It is a question of willingness-to-pay, it is the difference between what the service provider can offer and what the customer is willing to pay for it. Each individual decides the service level that is appropriate for them – some are willing to pay more, to fulfil their needs. Customized services are not for free, but you have to balance it with the willingness-to-pay. Price-sensitivity and willingness-to-pay are far beyond rational thinking, they are very subjective and emotional.\(^{40}\)

### 5.1.3 Immaterialization & commercialization

As the 21\(^{st}\) century increases in complexity and people grow wealthier, they spend a greater proportion of their income on things of higher immaterial value. Immaterial goods, services and experiences are those that possess stories of an emotional nature rather than services and products of a functional nature. Service providers must be able to creatively use storytelling and staging that are aligned with the immaterial values the organization seeks to project. This combination will create immaterial experiences that resonate with authenticity and establish a deeper emotional bond with users.\(^{41}\) This trend is also represented by the growing movement towards concept selling, where you are no longer selling a product or service, but rather, selling a vision or fulfilling a purpose. Providers must become masters using immaterialization to their advantage. It will help them set a service culture, stage experiences, and use physical assets to better engage with the emotional needs of end-users.

The complexity of life in the 21\(^{st}\) century is driving a need for greater personal wellbeing and a quest for a deeper personal sense of meaning. This is not only important in private, spiritual arenas but in all aspects of our lives, including work and consumption.\(^{42}\) Developments like the experience and transformation economy are now being discussed as reflecting such changes in society. We have entered a new era in which experiences and transformations are the primary economic offerings that are most in demand and generate the highest value returns.\(^{42}\)

As people seek immaterial experiences, business is also increasingly becoming ideologically driven where organizational culture is recognized as a source of competitive advantage. As Peter Drucker stated, “culture eats strategy for breakfast.” Immaterial values help

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organizations attract customers and also help them recruit, integrate, and retain talent. They drive employee engagement, productivity, and, ultimately, service excellence.\textsuperscript{43}

Ideology plays an important role in shaping the direction of the Service Management field, where users buy into the technology, company or service because of what it stands for – the vision and business journey.

This is equally important for work culture and current or potential employees.\textsuperscript{44} Immaterialization helps organizations set their vision, mission and values. Employees are increasingly seeking workplaces with cultures that align with the ideological inclinations of their employers, customers and partners. This includes placing a greater emphasis on things like social responsibility, social innovation and environmental sustainability – these are new dimensions of the purchasing decision framework. Interview subject-matter experts highlighted the challenge:

\begin{quote}
Sometimes getting the people with the right attitude is the hardest. It is important to make sure that you not only hire for the right attitude, but make sure that people’s personalities will fit in with your culture. There’s an old school saying, “you hire for attitude, and you train for skill.” But the next level is to determine what your culture is, and are you hiring people whose personality fits in this culture?\textsuperscript{45}
\end{quote}

Environmental sustainability, energy efficiency and cost-effective resource management is a cross-cutting theme when it comes to the future of Service Management. Service providers will increasingly be expected to act with a degree of environmental responsibility and pursue innovation in the area of sustainability. At the same time, services should be human-centric, reflecting a greater emphasis on balanced living among the populous and actively promoting health and wellness to a greater extent. For example, this involves designing offices with “worktivity” amenities, such as running tracks or other social and play areas.\textsuperscript{46}

The competition on delivering experiences and servicing immaterial needs leads to service commoditization. To avoid the service commoditization trap, organizations continually push higher up the economic value chain. Just as service markets build on goods markets, which in turn build on commodity markets, so do the experience and transformation markets build on commoditized services. The emergence of the transformation economy follows a logical progression of economic value (see figure 14). Since services themselves can be commoditized, there needs to be more economic value elsewhere. The basis of the experience or transformation economy is that value is created by the end-user, the aspirant, with the business acting as a guide.\textsuperscript{47}

The transition from the service towards experience economy requires a greater focus on authenticity from service providers.

Service providers will be expected to offer services that focus on and appeal to adventure, history, culture, identity and an increasing interest in intellectual or spiritual activity. Service providers will not only be expected to offer services, but also stage experiences and guide transformations that are entertaining and educational in nature and align with the value system of users. Understanding the user journey, and identifying and responding to their challenges, ambitions, desires, and fears, will become an essential aspect of future Service Management.

5.1.4 Economic growth & demographic development

Economic growth, globalization and changes in demography all represent complimentary forces shaping the future service landscape. Meaning, greater diversity (in generation, culture, gender, values, etc.) in a more global workforce and an expansive consumer pool is leading to new user segments, each with their own service requirements and expectations. It also means that much of the growth in the size of the service economy will not be driven by high income
countries, but by middle and low income countries, whose middle classes will soon have the disposable income to seek experiences and fulfil their immaterial needs as the middle classes in high income countries have long done. While global population grows wealthier, it will also grow older – requiring the expansion of services to elderly populations around the world.

Emerging regions will transition from a commodity or industrial economy to a service and experience-based economy as GDP and citizen purchasing power both continue to rise. Near 2030, the aggregate purchasing power of the E7 economies (Brazil, China, India, Indonesia, Mexico, Russia and Turkey) will overtake that of the G7 (United States, Canada, France, Germany, Italy, Japan and the United Kingdom). The growing global middle class will more than double by 2030, reaching 4.9 billion. This represents opportunities for service providers to further expand to new markets internationally, both in B2C and B2B (B2B2C) contexts. Asia is projected to have the biggest growth (84%) in the global middle class, followed by Middle East and Africa, with the North American middle class projected to decline by 5% towards 2030.

According to interviewed subject-matter experts:

One of the main trends … when you look at the general business development is, of course, internationalization and the increase in pace. Things get ubiquitous and are available all over the world. As a Services Management discipline, we have to take that into account and realize that people receive services not only in a local or regional context, but also in an international context. Products and services should be competitive not only in my city or in my country, but all over the world.

A growing global population with increased migration and mobility will create service challenges around language and cultural alignment. These challenges create opportunities to develop new culture-based service concepts and improve service outcomes through cross-cultural learnings. The service providers who successfully develop solutions to these challenges will have opportunities in urban centres and megacities around the world.

With increased globalization also comes new human resource (HR) challenges – a more culturally-dense international workforce will require service providers to reconcile differences within and across offices to achieve social symbiosis and operational efficiency.

Further challenges reside in effectively managing, engaging and motivating a multigenerational workforce. More workers will also work past the age of 65 and this is something to be considered in Service Management. Different generations bring different values and expectations to the workplace and their consumption decisions. As a result, organizations will be forced to find a way to create organizational co-existence and balance between the needs of more diverse and individual-oriented workforces and the inherited industrial logic that demands standardized solutions to reduce costs.

The challenge resides in facilitating a synergy between several generations with different interests, motivations and values. This requires shaping work and designing work processes according to the tendencies and predisposition of different generations, all while keeping within the strategic mission and vision of the organization in question. Likewise, an ageing population in advanced economies will come to demand both improvements in the accessibility of certain existing services and new accessibility services altogether.

Towards the future, organizations and service providers will also have to become more gender-bilingual in order to attract women and their skills and effectively service them. Although women are already nearing parity in the workforce in some developed regions, they remain an underutilised talent pool globally. Over the next decade, demographers expect that up to one billion women will enter the global workforce – *the third billion*. As a result, service providers will be required to take into account changes in 21st century lifestyles and offer specialized services that accommodate the modern family complexity and more gender-balanced workplaces. The demographic also represents an attractive group in B2C service markets globally, as women’s purchasing power in many countries is increasing at a faster rate than men’s.

### 5.2 Trends in Service Management

Towards 2020 and beyond, service providers will need to prioritize the design of a service delivery system that is built on an in-depth understanding of what creates value from a users’ perspective and is aligned with buyers’ willingness to pay. The key elements of a successful Service Management model in the future:

- Service culture
- Employee engagement
- Service quality
- Customer experience

However, as outlined in figure 15, service professionals indicate that service culture, service quality and customer experience are the most underdeveloped areas in current Service Management models with the greatest potential for improvement.

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Each element contains a diverse and complex set of processes that come together in a coordinated manner to create engaging and fulfilling service outcomes for users. Employees, especially frontline service professionals with direct user contact, will continue to be the most important asset for any organization in the services industry. Their importance will only grow in the service delivery as more elements become automated and the number of interactions between organization and end-user becomes less frequent.\textsuperscript{53}

Service providers should look to employ self-directed and highly engaged individuals with a high degree of flexibility and freedom to operate under a set of meaningful corporate values. It is as important to support and empower frontline talent through strong, compassionate and motivated leadership and a pervasive service culture that is designed to bring exceptional service moments to life.\textsuperscript{54} Here, culture plays an important role in guiding behaviour. Excellent service in the future will be characterized by the accuracy and relevance of these service outcomes, as well as the experiential value embedded within the interaction (see figure 16).

Service providers must develop a certain level of resilience in order to achieve these outcomes on a consistent basis in such a fast-changing environment. Service professionals must be particularly adept at adapting to new trends and constant change to not only avoid the impact of disruptive forces, but also take a leading role in disrupting their own industry and other parallel sectors. Only then can service providers expect to become a world-class service organization. In the future, trends are transforming Service Management in four key areas: Service landscape, service strategy, service actors and service touch points (see figure 17).

- **Service landscape** refers to the way service is defined and changes in the service market.

- **Service strategy** refers to the way service is designed and changes in the service delivery process.

- **Service touch points** refer to the way service is accessed and changes in service settings.

- **Service actors** refer to the way the service value chain is organized and changes in the relationship dynamics between stakeholders.

### 5.2.1 Service landscape

The introduction of new technologies in parallel with new parameters of social living is redefining how we understand and use service. This emerging paradigm is characterized by the everything-as-a-service (XaaS) mantra that is rapidly expanding beyond cloud computing and the telecommunications sector. As one subject-matter expert noted, “Service Management as an industry is perpetually expanding...I believe that we will ‘servicify’ everything.” 55 Indeed, it is a movement that is about freedom from ownership – converting conventional products and processes into service offerings that help buyers transition away from fixed costs towards variable costs in life and in business. For example, Office-as-a-Service (OaaS), Mobility-as-a-Service (MaaS), or Homeownership-as-a-Service (Haas). In any case, buyers will increasingly expect service providers to proactively anticipate their needs within a given set of circumstances and to offer a matching service that reduces user complexity.56

As a result, the new normal of service in the 21st century will be that which is highly individualized, data-driven and primarily relationship-based. Users will expect more personalization, more options, constant contact, or at least the ability to reach service providers, increased responsiveness and greater control.

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Service providers will be required to develop the capacities that allow them to leverage insights about users through the greater use of sensor technology and the internet of everything. Specifically, precision in big data and microdata analytics will allow service providers to better target service offerings and fulfil these expectations. From an end-user perspective, the most important aspects of Service Management towards 2020 and beyond are real-time responsiveness, the ability to anticipate changing needs and connectivity and 24/7 availability as described in figure 18.

![Figure 18: In Service Management, what aspects do you believe will be the most important from a customer/end-user perspective towards 2025? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)](chart)

This changing service landscape follows the new service logic where services become more experiential and non-transactional. The progression of economic value towards experiences and transformations is adding a new layer to the creation, delivery and consumption of services. As a result, the service landscape of the future can be mapped across three different axes: expectations, interactions and circumstances.

- **Expectations** are shifting from low to high and are being defined by the end-user.
- **Interactions** are shifting from infrequent to frequent across multiple channels and touch points and becoming increasingly automated.
- **Circumstances** are shifting from transactional (simple exchanges of material value) to non-transactional (experiential and collaborative) service exchanges.
The value of service, particularly in B2B or B2B2C contexts, is moving from the delivery of a needed outcome to the degree of agility it provides. Adopting the XaaS mind-set, users are awarded the freedom and flexibility to only focus on their core competencies. Maintenance costs of owned assets are becoming more of a liability in tomorrow’s business reality. For example, legacy systems are costly to upgrade, lead to higher risks due to the complex structure, and rarely provide the same service level as the latest technology – which places users at a disadvantage in accelerating and hyper-competitive markets. XaaS provides users with increased responsiveness by way of having access to the latest market technologies. And with the new technology enabling more tailored solutions more and more will transfer assets to services, resulting in more competitive pricing for these services.

As such, the relationship dynamics between users and service providers become an increasingly important factor in the service exchange, since the outsourcing of more high-value, core business areas – those which offer market differentiation or a competitive advantage – requires a higher degree of trust. Value-alignment is important as outsourcing relationships shift from meeting expectations and fulfilling input-output requirements to exceeding expectations and achieving service outcomes. The service provider is not only expected to deliver a fixed service but most constantly evolve according to best practices and the end-users’ needs.

The future service landscape will be one that is constantly redefined by changes in user behavior that are enabled or augmented by technologies. It is important for service providers to maintain a certain vigilance at all times and utilize the data they collect effectively by regularly revisiting the service landscape in which they operate and update their Service Management approach accordingly.

### 5.2.2 Service strategy

A constantly shifting service landscape will challenge organizations to rethink, reinvent and reset their service strategy. They will be required to design for service that reflects the changes in their context and embed this mind-set within their organizational culture. This challenge is being driven by a shift towards a focus on user experience, which is the next frontier for differentiation, value creation and growth. Service providers must explore methodologies to help improve or innovate service experiences that result in more satisfied users and more profitable enterprises. Service providers need service innovation.58

Service innovation in the future necessitates a people-driven digital transformation – combining deep insights into the needs and wants of users with digital technologies that leverage data and connectivity to create new business value. The trend of human-centred design59 is about emotional experience mapping that will allow service providers to discover, define, develop and deliver the greatest value (see figure 19).

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New processes and operating models will emerge as a framework for future service strategy that will rely more heavily on the following:

1. **Discover**: Using **observational methods** such as focus groups, interviews, shadowing, horizon scanning, behavioural mapping and meta-data tracking to **explore needed design attributes** of the service.

2. **Define**: Using **ideation methods** such as contextual interviews, brainstorming, mindmapping, visual prompting, role playing, morphological analysis, visioning, scenario planning, backcasting, assumption plotting, problem framing and reverse thinking to **generate design concepts and specify performance standards**.

3. **Develop**: Using **co-creation methods** such as storyboarding, participatory design workshops, rapid service/experience prototyping and evidencing to **evaluate design function**.

4. **Deploy**: Using **distribution methods** such as service blueprinting, stakeholder mapping, ecosystem canvassing and experience indexing to **launch service design**.

Service design delivers a way of thinking that can handle complex, systemic challenges while aligning with how people want to “use/consume” things. It represents a necessary next step in Service Management. It is a frame of mind and a set of processes that is flexible enough to give designers and service practitioners opportunities for innovation that have not been previously available and go beyond the user experience. Service design is situated at the centre of an organization’s culture, value proposition and authenticity (vision, mission, transparency, etc.). Within these parameters come an organization’s brand, business model and functional utility of their service offerings in the market (see figure 20).

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Figure 19: Service design process (Source: Design Council)

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Trends in service strategy indicate that there will continue to be a greater focus on simplification. Service providers will be responsible for designing the complexity out of the experience, while at the same time, maximizing utility. According to interviewed subject-matter experts, service innovation is about “Making things easier. This is the key to success – reducing the complexity and making it easy.” As stressed by Jeff James, Vice President and General Manager of Disney Institute, exceptional service is achievable for every organization because exceptional service is “architected” from systems and processes that you control.

As a result, the services industry is transitioning towards XaaS or total resource management, where service providers are tasked with optimizing resources and delivering comprehensive, end-to-end solutions. Indeed, there are more opportunities opening up for industry professionals to play a greater role as educators and consultants based on their knowledge and experience. This is becoming increasingly prominent within the B2C context, since a maturing knowledge economy is pushing big data from marketing to advising. Adding to the mix is a burgeoning Do It Yourself (DIY) movement, which necessitates expert advice.

Rapid digitization and the extensive use of connected wearables means that past technological challenges are no longer holding companies back in regards to communication with users. Opportunities for value-added service abound; if service providers have relevant information or insights, users are within their reach. As much as possible, without compromising the simplicity of the service, service strategies should seek to involve users in the service process and empower them with the knowledge, tools and platforms required to fulfil their ambitions.

In fact, “in the future, I would say customers will be forced to take a more active role, regardless of whether they want or not. Service providers need to make sure that users will be comfortable with this and that they get rewarded in some way, such as a better service, a lower price or both.”63

A greater focus on total resource optimization involves facilitating positive micro-behavioural change. “A better understanding of human behavioural science will continue to inspire … [service providers] to push people towards desired behaviour through nudging, digital design and gamification. Together, these elements harness the experiential power of games as a tool that motivates … [users] to achieve their own goals while supporting an organization’s strategic objectives.”64

For employees, micro-behavioural change can be an effective tool in creating a better service experience within the office environment. As outlined in figure 21, this is an important dynamic for employers in the services industry to consider in relation to the recruitment and retention of talent. Micro-behavioural change is also a strategy that can help to address areas such as employee health, higher engagement and motivation, and lower absenteeism, or sustainability at the workplace – all areas with a huge potential for cost savings.

Figure 21: How important is the service experience within the office environment as it relates to your ability to recruit and retain talent? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)

The challenge is combining innovative service design processes with effective Service Management (see figure 22) in order to create a tighter relationship between buyer and service provider, or end-user, buyer and service provider?

The full service innovation lifecycle model above consists of eight stages from conception through the complete service lifecycle, with each stage not a single activity but a series of processes that are occurring simultaneously. Service innovation can only be undertaken once the overarching service strategy is set. The end of one service lifecycle is when the market conditions, competition, technology or user needs change to the extent that the existing processes are obsolete and new designs are needed – thereby necessitating a new iteration of the service lifecycle.\textsuperscript{65}

The design process should be continuous and iterative, with service providers deploying and delivering new design concepts before old models lose effectiveness.\textsuperscript{65} The Service Management aspect of service innovation involves the following:

1. **Deliver**: Train talent, implement the service design in non-test settings and offer it to current users and prospective users.

2. **Measure**: Evaluate the service design in action using several benchmarks that include subjective metrics (end-user experience – what do users say?), business metrics (market performance, revenue change – what do users buy?) and behavioural metrics (time monitoring, user activity – what do users do?).\textsuperscript{66}


3. **Assess**: Validate measurements of the service design and perform any corrective measures as necessary.

4. **Improve**: Reflect on design performance and process effectiveness, including the relationship between financial objectives and overall outcomes. Identify current challenges, service gaps and new opportunities, and implement process improvement initiatives.

### 5.2.3 Service touch points

The fundamentals of end-user interaction are changing. As a result, service providers will need to take the steps required to redesign their industry in a more user-centric fashion and to organize it for optimal business outcomes. Improving user experience involves embracing a shift in thinking from touch points to journeys.

The touch point forms an integral part of the user journey and is a moment that is carefully mapped and designed by designers and service providers. The accepted definition of a touch point is any point of contact between a user and a service provider. Yet, such a description lends itself to subjective interpretation – do touch points exist in physical or virtual spaces, or both? Are touch points fixed or dynamic?

Managers involved in the provision of services will be challenged in navigating the virtual-physical and dynamic-fixed dichotomy within a more human-focused service journey (see figure 23). Touch points along with user journey will be regarded more as moments in which a sensory interaction results in an emotional one. Users have different types of emotional responses as they experience an interaction. So while users are the ones who determine the points of interaction, service providers can benefit by designing these sensory interactions to induce the desired emotional experience. It is less about the format of the touch point itself but the experience the user will have at that moment.

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Figure 23: A simplified overview of the range and variation in touch points (Source: Gogia, S, 2013, Ørnbø et al, 2008 Modified by CIFS, 2016)
These are encounters that can influence the users’ perception of the service and brand. However, they can be managed or unmanaged experiences that the user chooses. On the one hand, managed touch points are the ones where service providers can control or heavily influence the interaction with the brand, such as service desks, call centres, service employees, marketing content, etc. On the other hand, unmanaged touch points represent user interactions with the brand that occur outside of the organization, such as third party providers, partner interactions, blogs, social media, word of mouth, etc.

Users experience businesses and brands through end-to-end journeys and not only through single touch points. As a result, individual touch points may perform well even if the overall service experience is poor (see figure 24). As one subject-matter expert put it, “your brand is the sum of all touch points and, sometimes, one touch point can ruin everything.” Research indicates that 25% of users will defect after one bad experience.

As the service market becomes more commoditized, “more service organizations will be able to effectively compete. Thus, the differentiation lies in the Service Management model and a service provider’s ability to execute.” This involves managing user expectations and fulfilling their perception of excellent service, but above all, understanding the user – “competition in the future will be centred on understanding the user journey and providing the necessary support facilities or mechanisms.” Service is a strategic decision; if you understand what users want then you can become a leading service business. Taking these strategic decisions and shifting the focus from touch point to journey requires service providers to observe, shape and perform.

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- **Observe**: User journeys consist of a success of multiple touch points that when taken together comprise the full user experience. Understanding this journey and the context in which it occurs will enable service providers to better organize and mobilize their employees around user needs.

- **Shape**: Designing the user experience requires shaping interactions into different sequences, digitizing processes, reorienting organizational cultures and refining service strategies.

- **Perform**: Rewiring an organization to provide leading user experiences involves resilient Service Management and agile leaders that are able to adapt and respond to changing user needs and requirements along the service journey.

To compete on a commoditized market, service providers need to not only deliver good services, but excellent services in order to diversify from competitors. It will become increasingly important to dig deep into each touch point and create innovative solutions and fine tune all parts of the service process to reach the additional satisfaction layer. The historical feedback culture has had its roots in complaints and learning how to prevent unhappy end-users. The feedback culture of the future Service Management will be centred on understanding what is missing in moving from a satisfied end-user into a very satisfied end-user and learning from the events that created the most satisfied end-user experience.

To outperform competitors an important element is ensuring a seamless end-user journey. Service touch points of the future will become highly embedded within the end-to-end service experience. They will be characterized by a carefully orchestrated blend of virtual, digital solutions that leverage things like artificial intelligence and advanced ICT and the human touch applied at the most value-added points, both dynamic and fixed. The linear user experience will transition towards the non-stop user journey that cycles through stimulation, consideration, evaluation, consumption and reflection on a regular and recurring basis (see figure 25 and 26).

Transparency is also important when moving from linear to circular. User experiences are also no longer isolated events. Instead, the user journey is now more of a cycle, where one users experience feeds into another users’ decision process as to whether to purchase the service in question. Service providers will be required to capture these new dynamics and design the appropriate touch points for all stages of the service exchange – before, during and after. The challenge here lies in coordinating with partners and others in the service value chain – who manages what?

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75 Deloitte, 2016
While service interactions will occur over a variety of mediums, they will likely incorporate more social and emotional interfaces, and capitalize on applied behavioural science in the design process in order to match expectations with reality. Tactfully shaping user perceptions can generate significant additional value. As reported by McKinsey & Company:

Leading researchers have identified the major factors in customer-journey experiences that drive customer perceptions and satisfaction levels. For example, savvy companies can design the sequence of interactions with customers to end on a positive note. They can merge different stages of interactions to diminish their perceived duration and engender a feeling of progress. And they can provide simple options that give customers a feeling of control and choice. One pilot study at a consumer-services firm found that improvements in net-promoter scores accrued from “soft” behavioural-psychology initiatives as well as from “hard” improvements in operations.  

It is also important for service providers to prioritize the establishment of partnerships with local vendors and small businesses in order to gain more robust user insights and increase responsiveness. The relationship approach will allow service providers to better coordinate across different touch points throughout the user journey and ultimately improve service delivery. According to interviewed subject-matter experts, partnerships and a service ecosystem strategy are considered winning models.

Increased collaboration among those in the value network will lead to greater management over the touch points and user journey and more favourable outcomes for users. For example, “As FM, we are not in the ‘facility business’, but more in the ‘facilitation business’, thus in the ‘enablement business’, tasked with making things easy for businesses through a wide range of service offerings. We always have to ask the key question: What job needs to be done to make it easier for the customer (and/or his customer)?” As a result, service providers will be responsible for developing innovative approaches to the service journey, creating positive service moments and improving the end-to-end user experience.

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5.2.4 Service actors

An increasingly complex global business-operating environment characterized by greater industry convergence means that competition is increasing, as is hyper-specialization. The number of service actors required to deliver a service to an end-user is growing. This requires that organizations identify the right collaboration model for service delivery as well as a means for ensuring alignment and engagement among the partners’ employees. The ability to maintain service standards without falling into a low-cost/margin trap in such an environment is more important than ever, as the duration of business cycles are reduced with aggressive competition coming from emerging regions and adjacent industries. It is no longer enough to be best in class in a region or country – leading service providers must aspire to be world class. They will have to develop anticipatory thinking and agility to quickly seize opportunities and to integrate new partners as they emerge. This requires that service providers actively seek out other winners in their respective category with whom to partner in order to truly create value-added experiences for end-users.

As businesses enter an era of complex, global hyper-competition, “firms have realized that it is no longer possible for them to gain and maintain competitiveness in the global market on their own. Involving other firms via outsourcing has been a useful strategic tool to leverage globally dispersed resources, as it provides advantages in cost, capability and many other aspects compared to doing it alone.”

As outlined by interviewed subject-matter experts, “the trend right now is that you should use partners and networks and you should not try to do everything by yourself – do what you are best at and use the help of others when it comes to managing the experience of users.” They continue to explain the importance of effectively managing relationships, stating that some service providers “will have less direct control over the delivery of service and really need to do much better in managing network partners to make sure that they are really performing according to the service-business-model that the core company has adapted.”

Value chains are transforming into more intricate value networks that are based on more symbolic relationships among service actors. Service actors refer to those directly or indirectly involved in the provision and consumption of a service – the suppliers, partners, employees and customers (both private consumers and employees as end-users in B2B, B2C and B2B2C contexts) of service providers. This also includes a number of intermediaries and platform coordinators who are responsible for facilitating network interactions and managing network infrastructure (e.g. digital IT platforms, professional networks, etc.).

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Towards 2020 and beyond, the types of arrangements between service actors will fall on a spectrum of emerging sourcing approaches. *ISS 2020 Vision: Future of Outsourcing and Perspectives for Facility Management* identified five sourcing approaches that reflect new ways outsourcing partners will interact in order to deliver value to end-users: 81 Such models include crowd sourcing, solution sourcing, network sourcing, co-sourcing and mesh sourcing.

On the one hand, service provider relationships will increasingly be characterized by a collaborative, interdependent approach, and on the other hand, they will be driven by a demand for informal, yet practical and pragmatic solutions that are more transactional in nature. 82

Service providers will be increasingly required to manage multiplicity with efficiency. This means, offering greater flexibility through things like pay-as-you-go or subscription-based models and open contracts, while at the same time creating the opportunity for deep collaboration. Regardless of the nature of the engagement, establishing strong relationships with those in the new service value network will be more important for delivering excellent service in the future. The changing dynamics among service actors, however, will pose several challenges in Service Management.

For one, service providers will be challenged in managing a greater number of more complex partnerships among a more diverse group of stakeholders, including end-users. As outlined in figure 27, transparency, trust and the alignment of organizational values with partners to create shared purpose will be and time consuming. Establishing consensus, articulating and communicating clear goals of the partnership arrangement, as well as establishing consensus in co-creation processes, will require a degree of willingness and investment from all parties involved. One of the key competencies of service companies will be the ability to manage partnerships – the ability to merge data driven insights and to manage the user experience across partnerships.

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Second, service providers will be challenged in talent management (see figure 28). This is true in finding the right competencies at the leadership level, but also applies to service professionals on the front line with direct interaction with service users. Service providers can overcome the talent management challenge by focusing on employee engagement and creating a sense of purpose among employees. Employees that have a strong sense of purpose are more likely to be engaged and deliver excellent service to end-users.
Figure 28: What will be the biggest challenge in the future concerning talent – both employees and managers? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)

According to interviewed subject-matter experts:

Recruiting is one of the most important questions. If you look at the expertise people have and the resources of a service company, what do they consist of? These companies do not produce any material goods, they do not have much else apart from the human assets – the people – and this resource is limited. There is no infinite source of high quality service professionals. (...) Thus, it is important for service organisations to assess whether they fit into their own service culture. 83

Research has supported this notion. Studies indicates that more than 60% of CEO’s highlight concerns regarding the availability of key skills. 84 Likewise, two thirds of millennials are expected to leave their current employer by 2020. 85 Service providers must know how to

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84 PWC, 19th Annual CEO Survey, 2016
85 PWC, Talent mobility 2020 and beyond, 2016
manage a multi-generational workforce with different work styles and take into account
demographic variations when it comes to employee expectations of the work experience.
For example, expert interviews revealed that younger generations are attracted to work that
contains three factors:  

1. The first factor is **purpose**. Employees will have to see a purpose in what the
organization is doing and in the value the value created for clients and other
companies. Importantly, employees must be able to identify with, acknowledge,
and agree to that purpose.

2. The second factor is **autonomy**. While several organizations are moving towards
standardized processes to reduce costs, it is important for service providers to
give employees a framework in which they should operate. Autonomy means
that they should be empowered to use their individual judgment to best service
end-users.

3. The third factor in attracting employees is **mastery**. Mastery is about excelling
at something and awarding employees the opportunity to evolve as a service
professional and grow as an individual through learning mechanisms or other
paths of progression.

Driving purpose is an essential first step because it empowers employees with the knowledge
of what they do and why they do it. Purpose establishes a common cause that unites the
organisation. It is the job of the organisation and its leaders to provide the employees with
meaning and in this context purpose can be a driving force to achieve the intended results.  

Creating alignment on the purpose of work and being committed to fulfil the mission
probably some of the most effective ways to engage both end-user and employees. As Bruce
Jones, Programming Director at Disney Institute states:

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Common purpose – a succinct explanation of the customer experience you are
trying to create at an emotional level – motivates employees and gives their work
meaning. They choose to go that extra mile through personal passion, not passive
compliance… When people are trusted to do their job and given clear expectations
rather than an instruction manual, they feel more valued and empowered – qualities
that can’t help but show in the customer experience they provide.  
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87 ISS World Services, Traits of Effective Leadership? It’s Driven by Purpose, Service Futures Blog, 2016.
88 ISS World Services, Disney’s secret to delighting customers: putting employees first. Service Futures Blog, 2015.
Service providers must also be willing to offer more than monetary remuneration and financial benefits. They will be required to take a more holistic look at talent management, which includes not only attraction, but also integration and retention – the entire hiring journey (see figure 29).

- **Attraction**: Determining the needed skills and identifying the talents within these skills, such as adaptability and alignment with the organizations values and culture. It is important to offer a degree of flexibility in the benefits and rewards packages offered.

- **Integration**: Aligning and communicating organizational values and building trust among peers and managers.

- **Retention**: Providing strong leadership that enables employees to grow personally and professionally, but also balances a degree of autonomy in the making.89

The dilemma for many, however, is, “should you recruit somebody with the technical knowledge to do the job or should you recruit somebody who for sure has the human skills for the job?”90 Service providers must consider what is most important in achieving the desired outcome. Many employers consider hiring for attitude and training for skill a key principle when it comes to the future of work. Survey results indicate there is a greater amount of importance placed on emotional intelligence than technical skills when it comes to recruitment of new staff (see figure 30).

Disney, for example, hires for attitude, not aptitude – then reinforces desired behaviour. As Bruce Jones, states: “If you want friendly service, hire friendly people. Having hired people with the right attitudes, leaders need to ensure they reinforce the behaviours they want to see. Although Disney hires people to pick up trash, everyone in the organization knows that they share responsibility for maintaining a clean and pleasant environment.”91

![Figure 29: Three tier talent management (Source: Deloitte, 2015)](image)

![Figure 30: What requirements will your organization place most importance on when recruiting in the future? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)](image)

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89 Strategic Moves Managing a Global Workforce, DELOITTE, 2015.
91 ISS World Services, Disney’s secret to delighting customers: putting employees first, Service Futures Blog, 2015.
Interviewed subject-matter experts support this notion, claiming:

Next to the empowerment of people, I think that common retail-like skills are very important. Of course your employees will also need to be able to perform certain technical skills, but these are things that can be learned by most people with the right leadership. That’s a matter of training. If employees are able to communicate well with the end-user, that is where you can have an impact and really make a difference in service. So, the social and communication skills of your employee are very important and will be even more so, in the future.92

At the same time, service employees will also be increasingly expected to be comfortable using different, more technologically advanced systems and digital tools. As the services industry transitions to one that leverages more sophisticated technologies, employees will “need to be able to manage this technology.”93 This will be increasingly important for Service Managers, along with their ability to build partnerships and anticipate change, as outlined in figure 31.

Figure 31: What are the most important skills future managers will be required to have in order to achieve continued success? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)

The expectations placed on service actors in the future will continue to increase in the pursuit of uncovering new service opportunities, pushing innovation forward and ultimately delivering high-value experiences for users. Even though interviewed subject-matter experts’ stress, “partnerships will be crucial,”94 but so will “manager-employee relations, since they are the ones most likely to be responsible for realizing the conditions of a partnership, especially as it concerns front line operations.”95

Leadership in the future of Service Management will also grow in importance, though not in the conventional sense. Leadership with a purpose will come to dominate in service models and represent a key aspect of managing service actors whether in-house or from a partner organization.96 Purpose is what ties service organizations together.97

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96 ISS World Services, Traits of Effective Leadership? It’s Driven by Purpose, Service Futures Blog, 2016.
97 ISS World Services, Traits of Effective Leadership? It’s Driven by Purpose, Service Futures Blog, 2016.
“Your employees come first. And if you treat your employees right, guess what? Your customers come back, and that makes your shareholders happy. Start with employees and the rest follows from that.”

Herb Kelleher, Co-founder and former CEO of Southwest Airlines
5.3 Trends in FM Service Management

The FM industry revolves around effectively managing and delivering a suite of B2B services to a diverse set of users, each with their own set of unique challenges, expected business outcomes and performance objectives. Future of FM Service Management will be about maximizing human utility, knowledge resources and facility assets. FM provides the physical cornerstone for business by providing an ever-evolving array of strategic support processes that integrate real estate, facilities service, talent, and asset management, among other things.

5.3.1 Revisiting ISS 2020 Vision: The Future of Outsourcing and Perspectives for Facility Management

As reported in ISS 2020 Vision: The Future of Outsourcing and Perspectives for Facility Management, the corporate FM sector will continue to grow over the next few years, despite approaching market maturity – the industry continues to see improvements in terms of the number of contracts, business confidence levels, an improving economy and growth in the financial and service sector. Survey results also indicate that higher expectations will be placed on FM service providers in the future (see figure 32).

Yet, despite the positive growth, FM service providers continue to be challenged in the commercial office and retail sectors since outsourced FM services are approaching a saturation point in many high income markets. Further growth depends on expansion. These findings rationalize the following trends, as described in *ISS 2020 Vision: The Future of Outsourcing and Perspectives for Facility Management*:

- **Consolidation of the market**: With a greater amount of mergers and acquisitions, the number of large FM providers is growing – focused on winning enough business to fill their capacity.
- **New niche specialists**: Increased pressures to create efficiencies through both cost and energy savings, for example, will favour specialists with expertise in energy management – providers are likely to become key players in the delivery of energy/carbon reduction.
- **Expansion and diversification of service provision**: Expect more activity in other end use sectors such as manufacturing, warehousing, energy, utilities and privatized transport services.

### Four worlds of service

FM is also experiencing a shift in focus towards more comprehensive talent management, creating dynamic workspaces and driving behavioural change among employees in customer organizations, while reducing FM’s labour intensity and improving its ability to use data analytics to drive service delivery. Due to megatrends – such as individualization and immaterialization – and changes in Service Management, there will be increased emphasis

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placed on personalization and on business innovation in FM services. These developments will lead to an industry transformation.

![Four worlds of service in FM](image)

*Figure 33: Four worlds of service in FM (Source: ISS, 2015)*

Introduced in *ISS 2020 Vision: The Future of Outsourcing and Perspectives for Facility Management*, figure 33 outlines four worlds of service in FM and the shifts taking place. The four-worlds-of-service model has two axes:

- **The value dimension**: At one extreme is business efficiency, where the key concern is the efficient management of infrastructure and assets. At the other extreme are business innovation outcomes, where the service being delivered is aimed more directly at business outcomes, added value, and strategic goals.

- **The delivery dimension**: At one extreme we have one-to-one, personalized services aimed at meeting the distinct business challenges and needs of a particular client organization with tailored solutions. At the other extreme is mass customization, where ready-to-use services and short implementation times are the norm. This platform serves intra- and extra-organization operations.

Combining these two axes creates a framework that describes four different worlds of service.

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• **Management:** Achieving FM efficiency in a customized environment depends on adopting best practices and optimizing processes or exploiting the scale that a provider can provide. These are one-to-one engagements focused on predictable pricing. A key outcome of management services is the efficient management of custom FM solutions.

• **Maintenance:** Foregoing personalization enables greater use of standardized FM solutions. Evolving toward a utility model, the organization achieves efficiency through scalability, automation and pay-per-use pricing. These are one-to-many relationships based on a rental approach to FM services. A key outcome of maintenance services is leveraging efficient large-scale, mass customized infrastructure services and utilities and lends itself to on-demand outsourcing.

• **Optimization:** This is a hybrid, emerging model. It focuses on gaining business improvement through efficiency, speed and agility by leveraging FM services and solutions in a shared environment. These are either one-to-many or many-to-many relationships with payment tied to business transactions. A key outcome of optimization services is the optimization of FM solutions and business processes, and multi-client sharing of FM business processes and business service utilities – a networked approach.

• **Transformation:** This service model focuses on creating, designing, or supporting a unique solution so highly customized that the business process is, transformed. These are one-to-one relationships with payment tied to achieving and supporting business goals; an outcome-based, performance-oriented payment model. A key outcome of transformation services is the development of highly customized FM solutions and business processes. FM outsourcing will move towards transformation services that redefine and shape business outcomes, cultural change, and attraction of new skills within organizations; away from the traditional focus on cost reductions, which has blinded senior business executives to FM's strategic potential. Businesses are beginning to realize the strategic importance of FM in boosting business innovation, since it is integral in all aspects of operations and organizational performance.

Transformation will become a key aspect of FM models in the future, as economic value continues to progress towards immaterialization. It is about authenticity and personalization that helps drive a deeper sense of meaning among users. According to our research with FM providers, this is the area that offers most opportunity for improvement (see section 2.2). FM service providers can learn important lessons from the sectors that are based on or have already begun to accept the notion of guiding transformations and creating immaterial value such as the restaurant, tourism and hospitality industries.
Coffee: a commodity that becomes an experience and then a transformation

Coffee is one of the most commoditized items – second only to petroleum in traded value.\textsuperscript{101} It is also an example of a commodity that has progressed in economic value to now guide transformations for the end-user. As market offerings become commoditized, more value is extracted through a process of customization. Coffee beans represent the commodity; packaged coffee represents the good; brewed coffee represents the service; and “Starbucks” represents the staged experience – each stage building off the previous. Starbucks has been very successful in setting a standard in staging high quality user experiences by creating an inviting, authentic mood and atmosphere as part of the coffee consumption service.\textsuperscript{102}

Starbucks is a global giant with over 24,000 outlets spanning 70 countries and revenues surpassing $16 billion in 2016.\textsuperscript{103} Their baristas are expected to live up to high standards. In order to differentiate the company from other coffee chains, it delivers. It delivers ‘the Starbucks experience’ to its customers. Rules include that if an espresso has remained on the counter unmixed for longer than 10 seconds it must be immediately discarded.\textsuperscript{104}

This, however, is not the final stage in the progression of economic value. The next stage is the transformative process where new coffee academies and coffee shops train amateur enthusiasts and others to learn how to consistently make great cups of coffee. These academies not only provide an experience, they impart new knowledge and skills for their customers – they create experiences so highly personalized and impactful that users cannot help but walk away claiming it as a life-changing experience.\textsuperscript{102}

\textsuperscript{103} Starbucks, 2016.
Likewise, disruptive technologies and new operational models, such as mobile devices and a growing sharing economy, also present new opportunities for FM service providers. Things like shared co-working spaces (WeWork and Liquid Space, for example) are changing the process of work, and as a result require new, more dynamic facility services that can accommodate a range of infrastructure and other business support needs. These are all FM issues where service providers have an opportunity to add value and strive towards transformative business innovation for client organizations. The same can be said for noting demographic developments and the impact economic growth and globalization have on workplace diversity.
Gender bias and how not understanding your user group can impact your service delivery

There is a growing realization for the need of design and managing services specifically geared towards women. Service managers and designers have a natural tendency to build services and products for problems they know and understand. Many of the service start-ups being launched right now are designed by men to handle services that their mothers and partners used to do. According to Tamara Sword, tech adviser and founder of Infltr, “This explains why so many male-led start-ups create platforms to deliver food, clean homes and do laundry – essentially creating technology solutions to do what Mum used to do.”

One challenge is that designers often struggle designing for groups and users they do not relate. This can lead to embarrassing instances of gender bias. Two cases that illustrate this challenge well: Car makers used to use crash test dummies that were based on the dimensions of the average man — which meant that female drivers were 47% more likely to be seriously injured in a car crash. This challenge was first rectified in 2011, when female crash test dummies became legally required for testing. Another example comes from Apple and its Health App, which was launched in 2014. The Health App claimed that it tracked everything that you need to know about your health; but it did not perform period tracking – one of the most important indicators for women’s health.

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FM outsourcing must support organizations that are becoming more fluid and agile and empower users with the services and facility attributes needed to move towards their strategic objectives. As outlined by interviewed subject-matter experts:

What I mean with full responsibility for creating workplace solutions, does the FM-organization possess an understanding of the customer side; how do they work, what culture do they have, what sort of regulations do they have, how do their processes work today and how can they work smarter? When you know exactly what these work patterns are, then you can design the services and the workplaces in a totally different way. I haven’t seen a holistic solution like that in the world, but towards 2020 there will probably be a few cases.106

Interviewed subject-matter experts opine that we are entering a phase where individuals are not satisfied with the normal level of FM services.107 They want individualized services tailored to their buildings, offices and the operational demands of their business.108 They continue, “There is a trend towards the individualization of FM, even down to the end-user level. This trend is accelerated by digitalization and follows the mass customization logic of many consumer electronics on the market today.”107

With greater investment in technology, FM service providers are looking to develop smarter ways to integrate and create agile, precise workflow platforms to make service delivery less resource intensive. FM is likely to move quickly towards real-time management and specific workflow management tools designed for global compliance.
In the future, automation will continue to affect the FM industry, allowing service providers to achieve greater scale through more efficient work processes, enabling them to (1) offer mass-customized utility services on the one hand, and (2) offer highly personalized relationship-driven solutions on the other hand.\textsuperscript{109} Interviewed subject-matter experts believe that: “it will probably have a big effect in the future; we already see robot vacuum cleaners and scrubbers; we see drones starting to be used for visual inspection; and we already see apps being used to send information to Facility Managers.”\textsuperscript{110}


Knowledge society and democratization

An example of this development is the GoDaddy facilities around the world. GoDaddy’s mission is to radically shift the global economy toward small businesses by empowering people to easily start, confidently grow, and successfully run their own ventures. With more than 14 million customers worldwide and more than 62 million domain names under management, GoDaddy gives small business owners the tools to name their idea, build a beautiful online presence, attract customers and manage their business.

GoDaddy has recently been included on the FORTUNE ‘Best Companies to Work For®’ List. FORTUNE recognized GoDaddy for its employee satisfaction, a collaborative work environment and fun benefits, among other cultural qualities that employees say inspires and nurtures good work. For GoDaddy their facilities and adjacent services play a pivotal role in the company’s efforts to establish an environment focused on attracting and retaining top tier talent.

GoDaddy employs approximately 5,000 people in facilities across a number of locations in the United States, including Washington, Massachusetts, Iowa and California, as well as in Brazil, India, Canada, Mexico, U.K., Australia and The Netherlands. ISS US provides integrated facility services to all of GoDaddy’s US locations, and plans to partner with GoDaddy as they continue to expand globally.

Calvin Crowder, Sr. Director of Global Real Estate and Workplace Services at GoDaddy, says:

“Solid training, great recognition and individual empowerment are key ingredients to building a high performing, customer focused organization. These same principles apply to our valued partnerships with our external service providers. Much like the evolution in customer care, I’m excited that together we are pioneering an evolution in North American workplace services.”

111  CSR.dk 200416, ISS support GoDaddy in making it to FORTUNE ‘Best Companies to Work For®’
How Disney work with the Internet of Things

Disney is at the forefront of deploying technologies in their Service Management systems that allows them to deliver highly individualized services to guests. Disney is currently seizing the advantage when it comes to online/offline engagement because of its unique combination of assets. Disney uses its MagicBand to track visitors as they move and make purchase decisions throughout its theme parks. Disney uses that data to customize the experience for each individual through the personal profile information and context-aware technology.

Disney is at the forefront of taking this information to create “one story, that one narrative, personal to you. The MagicBand, which connects the digital and physical world, actually helps to make that one story for you all about you.”

In this controlled environment, Disney owns all moments when visitors interact with their touch points. Therefore, they are better able to marry digital and physical into a concerted, orchestrated whole to deliver a new overarching narrative defined as a “magical” or “enchanted” experience than what many service providers can do in a more “open” commercial and retail environments.

As we use more wearable technologies in our daily lives, we submit personal information to brands; Customers are forming a relationship. The more personal information that someone supplies, the more personal the connection. In the case of the Disney MagicBand, it is becoming a physical talisman representing a bond with the brand. This allows Disney to create experiences that come create a bigger value and an emotional impact.

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“You can design and create, and build the most wonderful place in the world. But it takes people to make the dream a reality. ”

*Walt Disney, founder of the Walt Disney Company*
6. User-centric service management towards 2020

The competitive advantage of a future company is its customer base – the trust it has with its customers and the quality of these relationships. Conventional wisdom in Services Management states that you strive for satisfaction, loyalty, and profit; that is still valid. But a good relationship with your customer is something that can satisfy all of these things, while also creating new opportunities.\(^{113}\)

Christian Coenen

The user-centric perspective in designing, delivering and managing services has become a business imperative in FM and related industries. The future of work is one of the areas in modern life that is experiencing some of the most rapid changes, with the office now representing a space where individuals are spending upwards of one third of their time. It is more important than ever for FM service providers to understand:

- The work styles of end-users and;
- The service preferences of end-users.

Building on the trends and drivers described in chapter 2, the following chapter is an example of a mental framework for applying a user-centric approach in Service Management in the FM context. This approach will allow you to adopt new service approaches and develop a facility response that supports end-users in their work pursuits and advances their work experiences.

It follows a two-stage assessment. The first stage is an evaluation of how end-users work – their work styles (see figure 34), their user journey and the services and touch points they require to fulfil their work assignments (see figure 35, A - D). The work styles are as follows: Desk-centric, corridor warrior, on-the-go pro and remote worker.\(^{114}\)

The second stage in the assessment method requires determining the service preferences of end-users by following the emerging service archetype model (see figure 36). The service archetypes are as follows: The classic consumer, the empowered explorer, the value creator and the premium patron. FM service providers will be required to ask questions like, do classic consumers require the human touch or do they prefer automated solutions? What about the empowered explorer? The ability to both understand and assist the end-user through her journey throughout the workday and to deliver services in the manner she prefers to consume them will set the bar for Service Management in the FM industry.

As foundational FM services continue towards commoditization, service providers must enter new commercial spaces that aid users in realizing their more immaterial needs with high quality experiences – conventional FM services like quality cleaning will be expected by all users. The workplace user journeys and emerging service expectations described in the coming pages necessitate that FM providers go above and beyond conventional FM services and build on these service offerings to add even greater value.

\(^{114}\) Dell, Future Ready Workforce, futurereadyworkforce.dell.com, 2016
A classical approach toward segmentation of the end-users in FM is structured around location and degree of mobility. The end-users have distinct work styles as outlined below. These work styles are defined by their location – either office-centric or non-office-centric – and degree of mobility in their work processes – either fixed or dynamic (section 3.1). These parameters are in many ways determined by organizational culture, roles and job responsibilities, yet represent the general work tendencies among knowledge workers. End-users can shift in and out of different work styles depending on work requirements. Regardless of their typical work styles, each user also holds certain service preferences they expect to receive whether they are desk-centric one week and an on-the-go pro the following week (see sections 3.2).

6.1 Work styles and user journeys

The following presents the four work styles that can be found in organizations towards 2020 and beyond. Each end-user has daily journeys and interacts with different service touchpoints that need to be supported by the FM service provider. The following pages outline the four work styles and examples of their typical daily journey:

- **Desk-centric**: The desk-centric worker spends most of their time at their designated workstation. They tend to rely on traditional work processes and formal workplace structures. The work processes and work modes of the desk-centric worker are relatively simple, straightforward and predictable. The challenge with desk-centric workers is keeping them in the building beyond office hours, as many companies strive to do in a 24/7 work beat.
• **Corridor warrior:** The corridor warriors are agile employees that spend the day moving from desk to meetings and beyond. They are active in the workplace and their movement needs to be supported as they transition between different settings throughout building and their work day.

• **On-the-go pro:** The on-the-go pro is a mobile employee with flexible work processes. They rely on a high degree of autonomy when it comes to work times, locations and some decision-making. There are few places where knowledge workers cannot perform their work, as the exponential development of information and communication technologies (ICT) drives new work practices, greater mobility and virtual/remote work – things that are adopted and practiced by the empowered explorer. They are “mobile in the moment” – the office is where they put their computer or use their devices. When they are in the office, they tend to be mobile workers, actively using all of the space around them for any number of tasks. They tend to be outcome-oriented and measure success in terms of outcomes achieved and less in terms of input (hours worked) or output (an amount produced or number of sales).

• **Remote worker:** Remote workers work out of a variety of settings – home environments, co-working locations and coffee shops.

In the future, buyers of facility services will assess service providers according to their ability to fulfil service requirements of the four aforementioned work styles at specific touch points in their user journey. Figure 35 outlines the general user journey and service touch points of each work style.
The typical user journeys for the desk-centric work style, the corridor warrior, the on-the-go-pro and the remote worker are described in figure 35 A, 35 B, 35 C and 35 D.
Figure 35 A: Typical user journey for the desk-centric work style

Figure 35 B: Typical user journey for the corridor warrior

Figure 35 C: Typical user journey for the on-the-go pro

Figure 35 D: Typical user journey for the remote worker
- Moving in the building
- Working in the building
- Leisure
- Leaving

- Leisure
- Working in the building
- Holding meetings and events
- Getting hot drinks / taking breaks
- Working in the building
- Moving in the building
- Leisure
- Leaving

- Working remotely
- Arriving
- Entering the building
- Leisure
- Working in the building
- Taking breaks
- Moving in the building
- Leaving

- Entering the building
- Leisure
- Working at co-working location
- Getting hot drinks / taking breaks
- Working at co-working location
- Moving in the building
- Leaving
6.2 Emerging service archetypes

Understanding the physical behaviour and needs outlined above is fundamental in order to serve end-users and reach a satisfying service level. However, along with the growing expectations in the service industry, understanding your customers’ physical behaviour is not sufficient. If you want to take a step from good service to excellent service, you must also understand the dimensions that drive service preferences.

We are entering an era that is demand driven, not supply driven – users are searching for needed solutions that are relevant to them, rather than the standardized offerings available in the market. Amid widespread demographic development and increased globalization emerge new user groups and segments, each with their own distinct needs, expectations and decision-making process. For example, 21st century lifestyles, the increased prominence of millennials, the new 50+, a growing faith/belief-based economy and greater socio-economic stratification are all creating the myriad of future service landscapes.

Based on the findings from desk research, surveys, and interviews with subject-matter experts, we have identified two preferential parameters as having the greatest impact on Service Management. These parameters cover the degree of user engagement in the service delivery and degree of automation involved in the service delivery.

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**Figure 36: Stage 2 – Emerging service archetypes**
• **User engagement:** The degree to which users wish to be involved in the service delivery in order to ensure a tailoring according to their specific needs. High user engagement comes from users who require the right knowledge, platforms, tools and opportunities from service providers that enable them to fulfil their own individual needs, expectations and ambitions. Low user engagement goes along with minimal involvement from users, however they still require service providers to fulfil their needs, expectations and ambitions, but they accept a lower level of tailoring as a trade-off for not wasting time and thought capacity.

• **Service automation:** On one side of the spectrum, high automation refers to a preference for service provision based on integrated technologies, systems and processes. On the other side, we have preference for the personal service with a human touch.

Service archetypes are context specific. Meaning, users may adopt different personas given the type of service in question and the circumstances in which it is delivered. FM service providers have categorized users based on their work styles. They should learn their service preferences. Such as, do end-users require the human touch or do they prefer automated solutions?

It will be important for service providers to develop service solutions that can accommodate all groups in a way that helps end-users complete their work tasks and add value to the core organization – the buyer (see section 3.6 on the buyer-user dichotomy). The challenge lies in designing services that appeal to the needs and expectations of all groups. Some of the key considerations to be addressed in subsequent sections are as follows:

• How does each emerging service archetype define excellent service?
• What are the service expectations of each emerging service archetype?
• What does the user journey look like for each emerging service archetype?
• What touch points are necessary for each emerging service archetype?
• What talent or competencies are required to service each emerging service archetype?
• What partnerships are required for each emerging service archetype? What emerging sourcing models are most appropriate?
• How do you achieve a high degree of employee engagement among each emerging service archetype?

The following takes a look at end-users as employees and addresses the service challenges and opportunities related to various archetypes and profiles in a given setting.
6.3 The classic consumer

The classic consumer is a user who says, “show me” to service providers. They are representative of the baseline future, accepting the traditional perceptions of good service. This group engages in somewhat standardized, simple service interactions, allowing service providers to fulfil expected service outcomes, without lofty expectations. The classic consumer prefers standardized support services at the most necessary touch points.

Service landscape & strategy

The classic consumer embodies the conventional notion of employee behaviour, preferring the human touch to more digital, impersonal means of service. They possess a transactional view of service, expecting service providers to fulfil a clearly defined set of responsibilities.

For the classic consumer, excellent service is defined as achieving an expected outcome through clear communication. They do not wish to be involved in the decision-making surrounding the provision of service, but rather, assume service professionals take full responsibility in delivering needed services at the necessary touch points along the user journey.

Competence and a positive and accommodating attitude among service professionals are important for the classic consumer, who values personal relationships and human interaction when receiving otherwise standardized services. The classic consumer is a creature of habit and prefers to follow an unvarying routine in order to achieve greater efficiency and be more productive.

Future knowledge-based organizations will be grounded by the behaviours and tendencies of the classic consumer. With the classic consumer in mind, service designers and Service Managers should focus on facilitating smooth and predictable service experiences that are directed towards learning and knowledge creation.

Service touch points & actors

Classic consumers are private car owners commuting to and from the workplace on a daily basis. They maintain a strong distinction/separation between work life and private life, and prefer not to engage in work tasks outside of the workspace. While they are not technophbic, they thrive on human interaction and view humans as essential actors in the service equation – identifying challenges and discovering solutions. They are not afraid of technology-based solutions, yet require these types of systems to be fully supported by teams of competent professionals, and further, have access to these individuals if needed.

Service professionals will require sophisticated emotional intelligence and social sensing in order to provide the type and quality of service expected by the classic consumer. As service professionals are awarded greater responsibility, self-direction and self-leadership, they will need to possess not just technical skills, but also soft skills, such as work ethic, attitude,
communication skills, interpersonal skills, emotional intelligence and several other personal attributes. Soft skills are the new hard skills and will become a cornerstone for the future service workforce and are particularly important for the classic consumer.

**Implications for FM**

Service providers faced with the classic consumer must ensure that services being delivered involve a human presence. The quality of the relationship with service employees is an important aspect of the service experience for the classic consumer. The challenge with the classic consumer is keeping them in the building beyond office hours, as many companies strive to do in a 24/7 work beat. While the classic consumer views the office space as a space for working, FM service providers should work with client organizations to identify the amenities and facility features that will encourage these users to be more active in the social and recreational aspects of work in the 21st century, particularly when it comes to creative knowledge work.

6.4 The value creator

The value creator is a user who says, “guide me” to service providers. They are innovative, resourceful, and enjoy collaborating with others in order to meet objectives. This group engages in more complex service transactions and takes greater responsibility in the design and delivery of full service experiences, placing an emphasis on tailored solutions. The value creator is a creative and imaginative problem solver, dedicated to challenging existing norms and putting new ideas into action within the scope of their abilities.

**Service landscape & strategy**

The value creator is an eccentric and curious character with a dynamic personality and a unique flare for ideation and innovation. The value creator is a collaborative employee who thrives off the energy of others and prefers working in open and unstructured social environments. They expect service providers to guide their transformations with the necessary tools, resources, knowledge and guidance to create value-added experiences.

For the value creator, excellent service involves actively participating in the design around challenges and implementing the outcomes in concert with providers and various other stakeholders. Accordingly, users “are now more involved in imagining and conceptualizing the product or service they are looking for. Businesses that make it as easy as possible for [users] to refine a need or an idea while inspiring them will get one step closer to making the sale.”115 Creating the spaces necessary for collaborative engagement and co-creation are important for this user, who values having influence and control in developing personalized outcome and solutions.

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Businesses in the future will come to rely on the creative intuition of the value creator and their ability to implement ideas that address complex problems. They are the ones responsible for applying knowledge in an actionable way and bringing an organization’s vision to life. There are opportunities for service professionals and designers to envision and develop service concepts that are aligned with the ambitions of the value creator and deliver the experiences they expect. With the value creator in mind, Service Managers should seek to act as specialist advisors, providing the user with the knowledge and means necessary to reach their ends in an open and collaborative manner.

Service touch points & actors

The value creator is a social individual by nature, preferring a work environment that is scalable and adaptable to more project-oriented work. Much of the work of the value creator is in collaborative, team settings that rely on flexible schedules and participation from a large group of contributors. They are champions of co-creation and decentralized decision-making and embrace all aspects of the peer-to-peer or sharing economy. They often use public transportation, ride sharing or other car-pooling schemes in order to get from point A to point B. They are experts at working together across disciplines and professional boundaries.

The creative mind of the value creator cannot be turned off and on like a factory engine, and people in creative work cannot help thinking about their work when they have time off. Conversely, it also benefits them to take “creative breaks” at work. Such creative breaks can take the form of physical or mental games that take the mind off the task at hand and returns it full of energy. With creative work, the boundaries between work and leisure are eroding and must be accommodated with effective service design. The value creator views play and games as central parts of innovation – it can often be difficult to distinguish innovation sessions from silly games. They believe breaks from work are healthy for the mind and body – and the mind works best in a healthy body. For the value creator, imagination and playfulness are increasingly important parameters for success. Today’s icon is the PayPal billionaire Elon Musk, who has started a number of “overgrown teenager” projects involving space travel, electric sports cars and super-fast trains.

Again, the importance of soft skills for service professionals is undervalued for users like the value creator. Developing personal accountability, interpersonal negotiation skills, adaptability and flexibility, creative thinking, and inclusion can all increase the service performance, when it comes to meeting and exceeding the expectations of the value creator.

Implications for FM

As we are seeing the rise of the creative user – for whom it is important to take part in designing, developing, or making the products, services or experiences they engage with – providing opportunities for this sort of co-creation is becoming increasingly important as a competitive parameter.
Dynamic and adaptive activity-based workplaces should have the physical space available, integrated with tools and technology, and be emotionally aligned to any number of objectives, whether it be learning, increasing focus, enhancing collaboration, or facilitating social interaction. Investment in multipurpose, multifunctional furniture and other physical objects will allow for more dynamic workspaces. The spectrum of dynamics starts with open office spaces with mobile furniture and removable walls, to mobile architecture and fluid design.

6.5 The premium patron

The premium patron is a user who says, “serve me” to service providers. They are leaders in their own right, but require strong networks of support services in order to pursue their interests and fulfil their mandate. This group engages in more complex service transactions with the expectation that service providers develop and deliver complete, end-to-end service solutions. The premium patron is an influencer and key decision-maker in organizations, responsible for managing teams and navigating the complex waters of the future business environment.

Service landscape & strategy

The premium patron represents the visionary, progressive business leader of the future, responsible for mobilizing, orchestrating and engaging talent, skills, leaders and ideas across highly coordinated networks and ecosystems. The premium patron is an influential player, but highly demanding when it comes to the provision of services. They are consultative, schedule-oriented figures interacting with a wide and diverse group of stakeholders around matters of strategic importance. They are the apex of “money rich-time poor” users, relying heavily on a carefully managed suite of personalized support services that keep them operating at full speed.

The premium patron is progressively becoming entrenched in the norms of an accelerating, hyper-competitive and rapid-fire work culture. Their lives are characterized by monetary wealth (or resource accessibility) and time poverty. These dynamics are perpetuating a “wealth paradox” and producing a genus of time poor, money rich users as defined by the premium patron.116 For the premium patron, emphasis will increasingly be placed on value for money. They are prepared to pay good money for a quality experience that reduces complexity and eases stress. The motivation to purchase services is that which lies beyond the stimulus of price, and which invokes consideration of quality and opportunity. The premium patron is increasingly drawn to value-added solutions that maximize their experiences, and importantly, recover time. As a result, they require more complex service offerings that provide seamless, stress-free, end-to-end solutions for any number of given challenges.116

Future organizations will be guided by the visions of the premium patron. Service providers will be required to deeply understand the needs of the premium patron. This involves anticipating

their challenges and reducing the complexity in their work processes and work journey in order to fulfil their responsibilities through a curated blend of automated, digital and human support services. The nature of challenges facing the premium patron are constantly changing and evolving. However, the methods used to address them, managerially, have remained static. Service providers should reflect on the conditions needed for leadership to flourish in more advanced work processes and complex networks in order to identify opportunities in which value can be added.

**Service touch points & actors**

The premium patron is a visionary individual, busy putting plans into action. They typically work long days with an imbalance between their private, personal interests and professional obligations. Yet, the premium patron is a dedicated and passionate leader. From a service perspective, they require as much logistical planning as they do luxury amenities given their high status, wide sphere of influence and resource availability. Their demands are high and their busy schedule and professional responsibilities leave little room for error among service support teams. They tend to leverage all human and technological resources available to them in order to streamline processes and reduce complexity in their endeavours.

Service professionals engaging with the premium patron must be attentive and agile performers. The premium patron takes full advantage of certain “worktivity” amenities offered by the team of service staff. This includes things like dry cleaning, day care, car washes, etc.

**Implications for FM**

The premium patron just wants things to function and be error free. They want to think as little as possible about things that are irrelevant for their current task. They don’t necessarily need the human touch, but if there is a problem, they need someone to resolve the issue quickly. They expect service providers to develop and deliver end-to-end service solutions.

Their lives are hectic and work has fully merged with their private lives, so it is best to provide end-to-end service solutions for this group – they want services that cut across work settings and expect Facility Managers to provide them. This could even include providing services for private households and homework settings. This could include their home into a service solution, including cleaning, gardening, laundry, day-care for children, etc.

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6.6 The empowered explorer

The empowered explorer is a user who says, “enlighten me” to service providers. They want to know how they can be more efficient and productive. They want their service providers to provide them with this insight. They are the independent self-starters, requiring only the means to reach their own ends. This group engages in simple service transactions through more advanced service channels, leveraging technology in order to make the interaction easier, but also take more control over achieving the expected service outcomes.

They prefer DIY service experiences that are free from interference and are most comfortable as an active player in a well-oiled, sustainable system. They are “dreamers who do”, not to be limited to traditional work structures or service processes. Rather, they necessitate a high degree of flexibility of freedom.

Service landscape & strategy

The empowered explorer reflects a new, more progressive working paradigm; one in which cohesive networks of individual operators working under a common set of values towards articulated visions are established. The empowered explorer is primarily a mobile in the office or an on-the-go end-user with flexible work processes who tends to rely on a flat work structures and high degree of autonomy when it comes to work times, locations and some decision-making. They are outcome-oriented and measure success in terms of outcomes achieved and less in terms of input (hours worked) or output (an amount produced or number of sales). They prefer that service providers to empower them with the platforms, channels, resources or equipment to serve themselves when needed.

For the empowered explorer, the best service is no service. They prefer that service professionals establish the systems and mechanisms that shift control of the interaction to users. The empowered explorer expects the service design to be smart and streamlined, and allow users to take care of themselves with simple interfaces that are built into their journey. Simplicity and ease of use are priorities for the empowered explorer – positive service experiences will be characterized by accessible, intuitive, automated and digital systems that do not rely on the human touch or an intervention from service professionals. The empowered explorer is a sporadic and unpredictable performer, yet agile and effective performer who requires real-time responsiveness and on-demand access to needed services.

Organizations of the future will be inspired by the behaviours and inclinations of the empowered explorer. Service providers must work on developing seamless experiences that can be initiated by users and blend effortlessly with the active and more erratic journey of the empowered explorer. Again, there are opportunities for service professionals and designers to envision and develop new service concepts that are aligned with ambitions of the empowered explorer and enable them to achieve their goals while fulfilling the strategic objectives of the

organization. Service designs should be centred on providing users with greater freedom and more flexibility in their work pursuits that will allow for high quality outcomes.

**Service touch points & actors**

The empowered explorer employs an unconventional “work beat”. They avidly use public transit and alternative mobility solutions, such as Uber in order to move in between various engagements. Valuing autonomy and requiring only simple transactional services, the empowered explorer is not interested in engaging with the service actors behind the scenes. The boundaries between professional life and private life for the empowered explorer will increasingly blur to such an extent that they are virtually indistinguishable. For this group, there is less and less of a distinction between the tools they use, their language and behaviours, and the clothing they wear, for example.

They complete personal tasks at work, and work tasks at home. The empowered explorer will continue breaking down the industrial, linear approach towards work and career, cycling between focused periods where individuals work hard, followed by extended “breaks” for leisure, learning or other pursuits – they will introduce an alternative “work beat” to today’s organizations.

Service professionals will be required to arrange for the needed amenities by the empowered explorer, no matter the location or time. They must maintain a high degree of technical competence in order to meet the empowered explorers’ expectations for fast, intuitive and digital service options.

**Implications for FM**

The empowered explorer poses some challenges for service organizations. First, occupancy rates in office spaces will likely continue to fall given the behavioural patterns of the empowered explorer, posing a facility and investment challenge. Second, there is a management challenge in building, managing, and motivating efficient teams remotely with service packages that match. As a result, the workplace is no longer just a place to perform a work task, but rather, needs to be viewed as a strategic asset that reflects the core elements of the company’s brand, culture, business strategy, and value proposition.

**6.7 Buyers versus end-users**

In the FM industry, end-users and buyers are often separate, and the service delivery has to take this into consideration. Whereas the purpose of the service is to deliver value to the end-user, the archetypes described in the previous sections, the buyer is the one with whom the FM service provider negotiates, enters into and renews the contract.
Today, much of the interaction between the Facility Manager and the end-user happens through the buyer. With advancements in technology, the direct interaction between end-users and Facility Manager will increase significantly, and in most situations without any effort from the end-user, but solely through seamless technological monitoring systems. It is important to make the distinction between the user engagement among buyers, which typically is large, since they have FM as one of their key responsibilities, and among end-users to whom FM is a service that they have no responsibility over and that is consumed without explicitly thinking about it.

The Facility Manager should explore the possibilities for value creation in cooperation with the buyer, and ensure that services are supporting the client organization’s strategy. This dialogue is central to the client relationship, and the Facility Manager needs to fully exploit the technological applications available to service the buyers’ expectations. The Facility Managers should strive to establish the best possible intelligence to measure the actual behaviour of the end-users and use this to adjust and improve the service delivered. The Facility Manager needs to demonstrate an ability to provide value, by helping the client to move the end-users towards a desirable behaviour, aligned with their culture and strategy. By demonstrating this, the Facility Manager will be able to move further away from being perceived as an expense item only, and closer towards being experienced as a strategic partner.

A tool for facilitating the discussion around prioritization of service and ensuring focus on supporting the clients’ strategic goals is a simple coordination system illustrated in figure 37.

The purpose of the tool is to engage in a dialogue with the buyer in order to “hit the sweet spot”, where the services most important for the client are the ones that meet and exceed expectations. By assessing the importance, the client becomes conscious about the relation between the client organizations’ strategy and the services delivered. Further, the Facility Manager can ensure that the services delivered are neither under- nor over-delivered. As emphasized by the Disney Institute, it is important to “recognize that while your aspirational goal should be perfection, your practical service goal is not perfection.”\(^{119}\)

A service provider will be expected to not only focus on the quality of the services delivered, but also to ensure that the right services are being delivered, given the client’s overall objectives.

\(^{119}\) Jeff James, *Leading a Distinctive Culture of Service*, 2016
“Service to others is the rent you pay for your room here on earth.”

Muhammad Ali, Boxer
7. Applying Service Management

Due to the continued evolution of the service landscape and emergence of new user archetypes towards the future, Service Management will become of greater strategic importance with innovation playing a critical role. Making the right strategic decisions requires that organizations harness the tools available to them in order to better understand the needs of users and regularly revisit the service objectives that allow them to exceed expectations and deliver excellent service. This involves greater social listening, creative planning, new networking and innovative interfacing, as outlined below.

7.1 Excellence in service

Excellence in service requires agility, relevance, and dynamism – service providers must be prepared and equipped to encounter all emerging service archetypes within any given setting. Service excellence will be about quality, timeliness and consistency while interacting with even more diverse groups, each with their own disparate needs. Research indicates that for many, excellence represented a seamless, hassle-free experience as well as effectively handling a problem.

Service providers must empower front-line employees with the capability to effectively operate within these criteria through the proper management, support mechanisms, and a strong culture. At the same time, research has highlighted the importance of a human, people-oriented approach, demonstrating genuine interest and in-depth understanding of the user’s needs. Exceeding customer’s expectations and delivering beyond the imaginable is a key component of service excellence. Excellence is often associated with expense, luxury and the product or brand’s “wow factor” (see figure 38).

Achieving the “wow factor” necessitates the element of surprise, the unexpected experience above and beyond what is typical at that moment and exceeds what is anticipated. The difficulty in creating excellent service experiences in the FM environment lies within challenging market conditions.


The pressures of the FM environment have rendered the notion of excellent service, in many experts’ opinions, an unrealistic expectation, not viable from a cost perspective, especially concerning the most highly commoditized offerings. However, the progression of economic value is making excellent service a key differentiator in a hyper-competitive environment – in most Western countries, service accounts for more than 75% of GDP. Consumers might not find physical products differentiated, making the service elements and service attributes the place to establish a competitive advantage.

The cost challenge is something FM service providers must overcome as they strive to become not only best in class, but world class. As such, user perception remains an important part of the equation – excellent service is defined as user perception minus expectation.

**7.2 Service landscape: Social listening & creating service “situationism”**

Gaining a deep understanding of the changes occurring within the service landscape will require service providers to think more like anthropologists – observing and studying the various aspects of human behaviour, social norms and cultural values. Likewise, engaging in social listening – the process of monitoring and tracking conversations around specific phrases, words, topics and brands, and leveraging them to uncover opportunities and identify potential blind spots. Given that the rate of industry convergence is increasing, FM service providers should scan their external environment and look beyond their immediate industries in order to gain inspiration and valuable insights into innovations from other industries that can be replicated in FM service design.

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In a VUCA world, Service Managers will need to prepare for shifts in their competitive environment. In order to deal with these challenges, organizations need to develop resilience. We consider “resilience” as a concept that helps actors persist and thrive amid unforeseeable disruptions – the distinct ability to provide communities, institutions, and infrastructure with the needed flexibility, intelligence and responsiveness to remain durable in the midst of economic, technological, and social change. Service organizations should work to introduce the necessary mechanisms that allow them to improve their social listening ability and become more resilient. One tool is the radar, shield and sword (see figure 39).

<table>
<thead>
<tr>
<th>Radar</th>
<th>Key benefits</th>
</tr>
</thead>
</table>
| ![Radar Icon] | • Anticipatory thinking  
• Ability to explore, perceive early warnings and imagine alternative futures in order to assess disruptions before they occur |

<table>
<thead>
<tr>
<th>Shield</th>
<th>Key benefits</th>
</tr>
</thead>
</table>
| ![Shield Icon] | • Disruption preparedness  
• The ability to plan for and react to emerging risks and potential threats to organizational assets from all directions |

<table>
<thead>
<tr>
<th>Sword</th>
<th>Key benefits</th>
</tr>
</thead>
</table>
| ![Sword Icon]  | • Innovative capacity  
• The ability to be proactive in exploring opportunities through ideation and prototyping in core and non-core business areas |

Figure 39: Radar, shield and sword in Service Management (Source: CIFS, 2016)

The pace of change is currently faster than ever, creating a greater need to have a structured approach to surveillance in order to determine what is occurring now and what could be changing tomorrow. Importantly, social listening with an organizational radar will help to identify opportunities for new product or service development, inspire new business models, monitor current and potential future threats, scout talent, and evaluate changes within consumer expectations. In addition, it is important to have the processes in place to leverage high-value opportunities (the sword) and insulate assets from potential risks (the shield).

At the same time, being embedded within the context in which the service is being delivered is an important part of developing targeted solutions. In order to create greater service “situationism” – being informed about how external, situational factors affect behaviour, in contrast to internal motivations – service providers must maintain an acute awareness of the circumstances of the interaction. Users will adopt different profiles in any given context, whose needs and expectations vary depending on the service in question.

126 CIFS, How to be Resilient in the 21st Century, Members’ Report 1, 2016.
The emerging service archetypes are not static, unchanging descriptions, but rather, fluid and dynamic personas. An important aspect of creating service “situationism” is developing a closer relationship with end-users through initiatives like co-creation. According to survey respondents, co-creation will become more important in the future, and ultimately allow service providers to better understand their customers, but also the settings in which services will be consumed (see figure 40).

Figure 40: To what extent do you agree or disagree with this statement: “Co-creating value with customers/service providers will become more important in the future.” (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)

7.3 Service strategy: Creative planning & futurtyping service challenges

To the extent that service design and service innovation are being prioritized towards the future (see figure 41 and 42), it will be necessary for service organizations to invest in the space to think creatively about pressing challenges and “futurtype” – prototype within the context of alternative futures. Accordingly, “the function of the service strategy for a service provider is to decide the service parameters, build the service value chain and to design the internal service platform. The stronger each of these elements is the better and more robust the service strategy will be.”

The establishment of an independent and autonomous innovation wing, in which service providers can experiment with user experience and address design challenges as they emerge, will be necessary for any organization to effectively compete. Service managers should establish the processes that enable organizations to act on the intelligence derived from their research and apply it in meaningful ways. For FM specifically, more attention should be placed on 1) core business innovation that seeks to extract greater economic value from the commoditization of existing services and 2) other non-core initiatives that align with overall business objectives.
With service excellence being defined in-part by unexpected extras, “it follows that the more diverse and flexible the offering, the better equipped the business is to respond to issues with an effective solution.” 129 As such, excellence in service futures will likely be found in those organizations that operate in an integrated services environment129 – they embody an innovative, creative culture that applies a holistic approach. There are simply more opportunities to deliver service excellence in such conditions where collaboration, innovation principles and design thinking are high on the agenda at the strategic level, but also resonate throughout the entire organizational culture.

Empowerment is an important part of the equation that will allow for more creative planning and ultimately lead to more robust and responsive service strategies. That is, providing service professionals with a certain degree of autonomy to tackle problem situations and provide input to research, development, and innovation processes.

Front-line service professionals with enough autonomy are exposed to a range of simple and complex service challenges, whose insights can prove to be invaluable when it comes to innovating in these areas. Empowerment motivates employees to greater service performance and creates a greater sense of accomplishment by reducing dependency and encouraging teamwork.

“Research shows a strong positive relationship between employee empowerment, service quality and customer satisfaction. These findings also support the overall service profit chain model.” 130 In fact, empowerment is linked with more innovative employees in the workplace – an often overlooked source of service performance.130

Creativity and innovation are not random occurrences. Organizations that have demonstrated true innovation generally fulfil these four criteria:131

1. **Solid innovation processes.** The processes necessary for innovation are highly complex and rarely linear, despite many parts of facilities service seeming simple and sometimes being delivered by less-qualified individuals.

2. **Innovation culture.** In order to effectively execute an innovation strategy, it must hard-wire innovation and innovativeness (understanding the difference between intellectually grasping the concept of an innovation and knowing how to implement it) into its culture.

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3. **Innovation champions.** Organizations require leaders who are confident that the innovation will represent the company's strategy, ultimately solving the problem at hand.

4. **An optimal mix between internal and external knowledge sources.** Depending on the type of innovation a company wants to achieve it is important to find external knowledge sources from which to draw inspiration.

Structuring innovation requires taking all four points into consideration – the design should create strong processes that leverage internal and external knowledge, empower champions and foster a more creative, innovation-driven culture.\textsuperscript{132} Innovation however, can come from many different sources. In FM, this includes:\textsuperscript{132}

- **Operational origins.** This is practice-led innovation where those with operational experience and knowledge find ways in which current (best) practice can be modified or replaced.

- **Problem origins.** This is where an improved understanding of a problem through theory will lead to a better way of doing things.

- **Personal insights.** Here innovation is based upon ideas and personal insights. The individual creativity creates unique developments in products and processes.

- **Contextual origins.** Here the ideas are triggered from external rather than internal sources. These may include global trends, politics, general business trends, competitive developments and fashion

The origin of the innovation initiative has much to do with the type of innovation process it involves. While radical and transformative service innovation occurs at one end of the spectrum, there are many other small, incremental categories of innovation as outlines in figure 43.

Innovations can occur at any level in the organization, yet, in practice, the day-to-day operations and decision making at the site-level make it difficult to pursue radical change – only small incremental innovations.\(^\text{133}\) In contrast, larger, more strategic innovation projects typically occur above the site-level. FM service providers should seek to pursue various types of service innovation that draw upon different origins within a durable innovation process that involves identification, conceptualization and deployment. Service managers in FM must actively work to integrate these interrelated and parallel processes so they come together to form a cohesive organization structure, with innovation and creative planning at its core.

7.4 Service touch points: Innovative interfacing & distributing service gateways

First and foremost, service providers should embrace the shift from touch points to journeys. While touch points themselves are important, their place within the entire user journey and their impact on the service experience is of the upmost important. Service organizations must work to embed and integrate the appropriate technologies into the service provision in order to add value and help create a smooth user experience. It is equally important to provide the right platforms and channels to empower users, as it is to leverage technologies effectively to create scale and reduce costs. Yet, the challenge in FM is managing and coordinating touch points through the effective use of information communications technologies (ICT). More specifically, navigating the virtual-physical and dynamic-fixed dichotomy – aspects that are generally beyond the control of the FM manager today.

We associate our workplace with the tools we use: computers, phones, software, printers, etc. However, in an increasingly digitised world, our tools will also become digitised and we may want to cease being rooted in devices. Data and software in the cloud can be accessed anywhere on any device – at home, at work, or in a hotel or airport, etc. FM service providers

will be required to understand the total user journey, within and outside designated offices, and develop end-to-end solutions that make for a seamless and uninterrupted experience.

The amenities and support services typically found within conventional workplaces and offices must now be extended to infrastructure elsewhere.

The devices we use for access will become unimportant; the important thing is what we have access to. Paper, screens and keyboards may become things of the past when new interfaces are developed that use voice, gestures, and images projected directly into our eyes. This includes the use of holograms, smart tables and smart walls that allows work to be done more intuitively without peripheral devices. Workspaces themselves may also become entirely virtual, providing the opportunity for immersive work experiences everywhere, with virtual tools and remote partners. Again, FM service providers, in coordination with their network partners, will be required to invest in new technological innovations, develop robust workplace ecosystems and apply them to the design challenges of the future.

Interviewed subject-matter experts note, “a total overhaul of management philosophy would be needed and we do not even see the beginnings of this in management literature … a new type of emerging business model [in Service Management] that is quite different from the generic business models that are used from firms today would be needed.” Accordingly, there is a special logic in delivering services, in which service providers must stay away from dominant product-centric philosophies of business – Service Management differs from conventional management approaches, both of which are constantly changing. Among other things, this involves the development of new management structures that takes into consideration the principles of co-creation and human-centric design. The burgeoning, “everything-as-a-service’” notion supports the emerging service-based business philosophy, which is about guiding the transformation process of users and enabling them to pursue their ambitions.

Adopting the new service logic to address the service challenge of the future, means organizations will need to change the way they approach customers and end-users. From an end-users perspective, the only thing that is ever really purchased is service. What this means is that we as users are creating services out of whatever we buy. Organizations that are supplying customers or clients with services will be required to understand the consumption process and evaluate how service value is created. In the future, the new service logic is about simply and effectively providing the resources that make it easier for users to achieve the goals and aspirations of their consumption in both personal and professional spheres of their lives.

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7.5 Service actors: New networking & building service bridges

The service value chain is constantly being renegotiated in the face of persistent market changes and new innovations. The conventional value chain itself is transforming into sets of value networks and integrated, coordinated and collaborative ecosystems that are built on the principles of efficiency and value and perpetuated on the notion of shared, vested interests and win-win relationships. The actors involved in the provision of a service will be reflective of highly coordinated teams working in unison through dynamic flows of power and authority, based on information, trust, credibility and a focus on outcomes, enabled by interconnected technology and people.

Service providers must focus on relationship and network management for business success, fully capitalizing on the significant potential that value networks can yield by tapping into the collective group in order to identify and execute on new market opportunities and leverage points. This will enable service providers to gain greater contact with end-users and create excellent experiences at favourable costs. Indeed, there are growing opportunities for organizations that assume responsibility for facilitating meaningful interactions among a diverse set of stakeholders. More and more intermediaries such as deal and alliance architects will gain prominence towards the future as a way to improve the competitiveness of the value network and its constituent parts. Survey respondents agree, maintaining that partnerships within and outside their industry will be an important aspect of Service Management towards the future (see figure 44).

![Figure 44: To what extent do you agree or disagree with this statement: “Partnerships with other organizations within/outside your industry may be necessary to meet or exceed customer expectations in the future.” (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)](image)

New operating models will come to supplement existing ones, with most collaborations falling on the spectrum of emerging sourcing models. The growth of outsourcing as a strategic consideration requires Service Managers to assess the merit of different sourcing approaches that best meets their organizational needs. The increasingly integral role of FM necessitates a more nuanced look at the risks and values associated with outsourcing for any given process or activity and the implications this has on service outcomes. Organizations should think about where their competencies lie and where their potential for differentiation resides when considering outsourcing.\footnote{ISS World Services, ISS 2020 Vision: Future of Outsourcing and Perspectives for Facility Management, White Book, 2015.} Outsourcing is an undertaking that must be aligned and embedded within an organization’s vision and contribute to the strategic, management, or operational objectives derived from said vision, within a given time horizon.\footnote{ISS World Services, ISS 2020 Vision: Future of Outsourcing and Perspectives for Facility Management, White Book, 2015.}

The greater support organizations receive from their partners and collaborators within the value network will allow them to continue towards hyper-specialization. Service providers should look to invest in developing and fine-tuning their competencies as a way to enhance their competitiveness and deliver excellent service that exceeds expectations and has meaningful contributions to the strategic objectives of a client organization. Figure 45 outlines the greatest future workforce requirements for the services industry.

**Figure 45: What are the biggest workforce requirements in the future? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)**
Opportunities will arise for service providers to support the strategic business objectives of client organizations by (1) allowing them to redirect internal resources to high value areas, or (2) participate in co-creation initiatives where high-skilled internal and external talent work in conjunction.\textsuperscript{137} Likewise, service organizations are not shielded from the global war for talent and should take careful measure of what's required to attract, integrate and retain top service professionals. The capabilities of service providers are directly correlated with their profile of employees. Service providers should effectively use their resources to improve employee engagement through empowering leadership, creating a purposeful service culture and creating opportunities for further development widely accessible.\textsuperscript{138} (see figure 46).

![Figure 46: What is the key to talent retention in the future? (Source: CIFS, ISS, IFMA, CoreNet Global Survey, 2016)](image)


“It’s not the situation, but whether we react negative or respond positive to the situation that is important.”

Zig Ziglar, Author, salesman, and motivational speaker
8. Conclusions and final remarks

The FM industry is undergoing a revolution. Over five ISS 2020 Vision white books ISS and the CIFS have described the dynamics shaping the Facility Management industry and its future development. We have done this using valuable insights from IFMA and CoreNet Global members as well as dozens of subject-matter experts from the fields of Facility Management, Corporate Real Estate, Architecture, Outsourcing, and Workplace Design. These insights point towards an industry that is shifting from a building-centric approach to a core strategic and user-centric one.

This requires focusing on the strategic objectives of the core organization (what it is trying to achieve and how it is trying to achieve it), and considering how its employees, customers and partners should work to achieve these objectives. This requires that FM service providers make use of a range of settings and technologies to support people in fulfilling the ambitions of their organization.

The workplace and its components have become one of many critical touch points that define an organization and its brand. As a touch point, the workplace is becoming a place of shared experiences just as much as it is an environment where work is performed. In this experience space, users – employees and customers – should be transformed by being vested with the organizations values and ambitions. As a result, it needs to be managed as such.

The future Facility Manager will be a manager of user experiences and transformations, and the successful FM service providers in the future will be those who master Service Management. Service Management is a critical discipline that will help organizations cope with a VUCA world and binding users closer to the organization.

This requires that service providers are focused on developing sharply defined service strategies that are grounded in user needs. These strategies need to be supported by a culture that engages employees and sets a service quality that exceeds customers' ever-increasing expectations. The ability to maintain service standards without falling into a low-cost/margin trap in such an environment is more important than ever, as the duration of business cycles are reduced with aggressive competition coming from emerging regions and adjacent industries.

Due to the increasing complexity in back-end solutions, FM providers will be working more closely with partner organizations and identifying ways to ensuring alignment and engagement among partners’ employees. This is especially true with greater technological sophistication.
At the same time, technology and social changes are expanding boundaries of what can be offered as a service. We are witnessing the emergence of the office-as-a-service, the home-as-a-service, and mobility-as-a-service and so on. This “everything-as-a-service” paradigm presents both a challenge and an opportunity for FM service providers. It increases the number of potential service touch points and service moments. As a result, the service value chain is becoming more complex, requiring a greater number of hyper-specialized service actors to participate in the provision.

The challenge emerges from the fact that other providers who have not traditionally been involved in the provision of services to end-users and for the built environment can now enter into this market. With new approaches to applying technologies and interfacing with end-users, these new providers can suddenly set a new bar and overthrow established giants in the market.\(^{139}\)

It also provides an opportunity for FM service providers, should they choose to seize it. Strategic partnerships will be important in order to maintain and further your market position. The European definition of FM is focused on “integration of processes to support the core business”. If FM service providers can live up to this self-image, they will be ready to set up the platforms and systems to monitor end-user behaviours and design and implement services to support them.

This will require them to think beyond the typical confines of the built work environment. They should think of their services as having the potential to cover a range of settings – not only those found in traditional office environments. This could even include providing services for private households and home-work settings. FM providers already service millions of potential customers during the work-day, why not help them when their cleaning, gardening, laundry, etc., when they return to their homes or apartments, if they could afford it? Delivering on these opportunities requires considering new platform and pricing models; it also requires a willingness to explore new opportunities and test new solutions in a quick and cost-effective manner.

We hope that you have enjoyed reading this and the other books in the ISS 2020 Vision series and that they have inspired you to develop new, value-adding service solutions for your end-users.

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9. Appendix - Survey results

1. What is your company's primary market?

- Western Europe: 80%
- Eastern Europe: 2%
- North America: 5%
- Central and South America: 3%
- China: 7%
- Asia Pacific: 2%
- Africa and Middle East: 1%

2. What is the size of your company?

- 10,001 to 100,000 employees: 27%
- 1,001 to 10,000 employees: 26%
- 501 to 1,000 employees: 9%
- 1 to 500 employees: 8%
- 100,001 + employees: 30%
3. What is your role?

- C-suite
- Director or VP
- Head of Facility Management
- Head of Corporate Real Estate
- FM/CRE Professional
- Service Provider
- Operations
- Knowledge Worker
- Support Function
- Other
Theme 1: Future Directions in Service Management – General Outlook

4. To what extent do you agree or disagree with this statement: “There will be a bigger role for Service Management in the future.”

5. To what extent do you agree or disagree with this statement: “The concept of Service Management will be expanded in the next 10 years.”
6. Which of the following statements or concepts will be most representative of how Service Management will be defined in 2025? (Please select your top 3 choices)

<table>
<thead>
<tr>
<th>Statement</th>
<th>#1 in %</th>
<th>#2 in %</th>
<th>#3 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tailored, targeted and value-added</td>
<td>27%</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Collaborative, integrated and relationship-based</td>
<td>22%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>Automated, anonymous and data-driven</td>
<td>17%</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Responsive, dynamic and outcome-based</td>
<td>20%</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Digital, seamless and simple</td>
<td>13%</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Specialized and knowledge-intensive</td>
<td>16%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Standardized and input-oriented</td>
<td>5%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Generalized and commodity-based</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Tailored, targeted and value-added: 22%
Collaborative, integrated and relationship-based: 20%
Automated, anonymous and data-driven: 17%
Responsive, dynamic and outcome-based: 17%
Digital, seamless and simple: 13%
Specialized and knowledge-intensive: 16%
Standardized and input-oriented: 4%
Generalized and commodity-based: 2%
7. What technology developments will have the biggest impact on Service Management in the future? (Please select your top 3 choices)

- Mobile computing: 35%
- IoT: 22%
- Big data: 19%
- Social media: 10%
- AI: 9%
- Robotics: 9%
- Virtual reality: 9%
- Nano-technology: 6%

#1 in %  #2 in %  #3 in %
8. Which of the following statements or concepts will be most representative of how Service Management will be defined in 2025? (Please select your top 3 choices)

- Shifting generational values: 26%
- Individualization and customization: 16%
- Aging population: 13%
- Demand for transparency: 12%
- Collaborative consumption: 14%
- DIY-economy: 8%
- Open source paradigm: 7%
- Post-material society: 6%
- Female empowerment and gender equality: 5%
9. **What are the key trends affecting Service Management towards the future?**

(Please select your top 3 choices)

- **Evolving technology architecture**
- **Market globalization**
- **Increasingly sophisticated clients**
- **Intense competition**
- **Corporate services extended to home offices**
- **Entrepreneurial attitude**
- **Convergence of market forces**

**Results:**
- Corporate services extended to home offices: 24%
- Entrepreneurial attitude: 20%
- Convergence of market forces: 20%
- Evolving technology architecture: 19%
- Market globalization: 13%
- Intense competition: 8%
- Increasingly sophisticated clients: 7%
10. In the future, what elements of Service Management will provide the most value?  
(Please select your top 3 choices)
11. To what extent do you agree or disagree with this statement:
“There is a gap between the service expectations of customers and their willingness to pay.”
12. What are the most important attributes in achieving service outcomes?  
(Please select your top 3 choices)

- Hiring and retaining the right service staff 34%
- Strong and clear communications 18%
- Ability to respond to changing needs 17%
- Solving problems and addressing challenges 16%
- Responding in timely manner 12%
- Proper employee training 10%
- Accuracy and relevance of outcomes 8%
- Providing experiences during service interactions 4%

Proper employee training is the #3 in % category.
13. To what extent are you (within your company or business unit) actively working on service design?

14. To what extent are you (within your company or business unit) actively working on service innovation?
15. What areas in Service Management have the biggest potential for improvement towards 2025?
(Please select your top 3 choices)
16. What innovations in Service Management will be most needed for the future? (Please select your top 3 choices)

- Energy management and sustainability: 33%
- Data capture and analytics: 25%
- Experience delivery: 22%
- Pricing and cost structure: 21%
- Bridging and digital-physical gap: 21%
- Storytelling and experiences design: 17%

#1 in % #2 in % #3 in %
17. Are you an end-user of facility services or a Facility Management/corporate real estate professional?

- End-user of Facility Services: 83%
- FM/CRE Professional: 17%
18. What are the most important skills future managers will be required to have in order to achieve continued success? (Please select your top 3 choices)
19. What requirements will your organization place most importance on when recruiting in the future? (Please select your top 3 choices)

- Value/vision alignment with your organisation core values
- Ability/willingness to learn
- Emotional intelligence
- Technical skills
- Ambitiousness

- #1 in %
- #2 in %
- #3 in %
20. What will be the biggest challenge in the future concerning employees and talent?

Employee retention 35%
Skill mismatch 25%
Tracking and development 17%
Employee attraction 11%
Coordinating teams 5%
Other 1%
N/A 1%

21. What will be the biggest challenge for managers in the future?

Finding the right candidate 30%
Shortage of talent 21%
Hiring for attitude/training for skill 19%
Creating purpose and priz 17%
The freelance economy 17%
Training 5%
N/A 1%
22. In relation to today, how do you think expectations towards facilities management will develop towards 2025?

- Higher expectations: 59%
- Somewhat higher expectations: 34%
- Same as today: 6%
- Somewhat lower expectations: 0%
- Lower expectations: 0%
- N/A: 0%
23. What are the biggest workforce requirements in the future?
(Please select your top 3 choices)

- Creative, adaptive and innovative thinking: 44%
- Resiliency and adaptability: 23%
- Social intelligence and emotional skills: 17%
- Independent, self-starter attitude: 18%
- Trans-disciplinary sense-making: 9%
- Virtual collaboration skills: 4%
- Cognitive load management: 3%
- Design mindset: 3%
- New media literacy: 3%

Creative, adaptive and innovative thinking is the top requirement, followed by resiliency and adaptability and social intelligence and emotional skills.
24. What is the key to talent retention in the future?

- Providing effective leadership: 28%
- Offering opportunities for development: 28%
- Creating an employee-centered environment: 17%
- Rewarding and recognizing top performers: 13%
- Knowing and understanding employees: 13%
- Other: 1%
- N/A: 0%
25. In Service Management, what aspects do you believe will be the most important from a customer/end-user perspective towards 2025? (Please select your top 3 choices)

- Real-time responsiveness: 48%
- The ability to anticipate changing needs: 20%
- Connectivity and 24/7 availability: 19%
- Innovation and development: 14%
- Price: 13%
- The human touch: 12%
- Technology and big data: 11%
- Organizational empathy: 5%
- Thought leadership: 4%
26. How important is the service experience within the office environment as it relates to your ability to recruit and retain talent?

- Highly important: 38%
- Important: 50%
- Same as today: 9%
- Somewhat less important: 1%
- Not important at all: 0%
- Not applicable: 2%

27. To what extent do you agree or disagree with this statement: “Co-creating value with customers/service providers will become more important in the future.”

- Strongly agree: 41%
- Agree: 51%
- Neutral: 7%
- Disagree: 1%
- Strongly disagree: 0%
- Not applicable: 1%
28. To what extent do you agree or disagree with this statement: “Partnering with other organizations in your industry may be necessary to meet or exceed your customer expectations in the future.”

Not applicable

29. To what extent do you agree or disagree with this statement: “Partnering with other organizations outside your industry may be necessary to meet or exceed your customer expectations in the future.”

Not applicable
30. What do you believe will be the most challenging aspects of managing partnerships and network relationships?
(Please select your top 3 choices)
10. Bibliography


Balaji, B., *Service Design: Components, Methodology and Overview of Model Stages*


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The FM and CRE industries are undergoing a revolution. Over five ISS 2020 Vision white books, ISS and the Copenhagen Institute for Futures Studies (CIFS) have described the dynamics shaping the industry and its future development. We have done this using valuable insights from IFMA and CoreNet members as well as dozens of subject-matter experts from the fields of FM, CRE, architecture, outsourcing service and workplace design.

This, the fifth and final, report focuses on the trends and drivers shaping Service Management including service design, operations, and innovation towards the future. Service Management is a critical competitive parameter for all organizations today. This report will help organizations develop a service delivery system and workforce that focuses on high-quality, personalized user experiences, creates a service culture that engages end-users and establishes a continuously increasing focus on service excellence.

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