

A photograph of two women in an office environment, smiling and high-fiving each other. The woman on the left is wearing a grey long-sleeved shirt, and the woman on the right is wearing a black and white striped long-sleeved shirt. They are standing in front of computer monitors. A modern lamp with a large, metallic, cylindrical shade is visible in the background. The overall tone is positive and collaborative.

Creating Memorable Moments Every Day:

The Facility Executive's Guide to Top Customer Experience Trends

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HOW FACILITY EXECUTIVES ARE IMPROVING OCCUPANT EXPERIENCE

Survey shows that there are many opportunities to use facilities to enhance occupant experience.

In the past few years, occupant experience has emerged as a new priority for facility executives. That's true whether the occupants are employees or tenants, students or shoppers, patients or travelers. All of these building occupants and users have many choices — where to work, which school to attend, whether to buy online or in a brick-and-mortar building — so, according to some experts, occupant satisfaction is no longer enough. The goal today is often to delight occupants. This focus shift brings both opportunities and challenges for facility executives.

This eBook reports on a new ABM/Building Operating Management survey of facility executives. The survey explores some of the issues facing facility executives and suggests strategies that can be employed to tackle these emerging challenges. Among the highlights of the survey:

The benefits of a good occupant experience have made this a growing priority for facility executives.

Despite the importance of providing a good occupant experience, many opportunities remain for facilities to improve in that critical area.

Cost looms as the biggest obstacle to efforts to improve occupant experience.



IMPORTANCE OF OCCUPANT EXPERIENCE

The survey data made two underlying points very clear. One is that organizations do in fact understand that the physical environment plays a critical role in determining occupant experience. Ninety seven percent of respondents said that their management considers it very important (81 percent) or important (16 percent) to provide a physical environment that delivers good occupant experience.

The second point follows logically from the first: Occupant experience is an increasing priority for facility executives. Two thirds of respondents said that occupant experience is more important to them now than it was five years ago.

There are solid business reasons for the new emphasis on occupant experience, the survey shows. A good occupant experience provides powerful benefits, including increased employee satisfaction (81 percent), improved customer satisfaction (72 percent), greater ability to attract and retain talent (71 percent), and enhanced productivity (68 percent), according to survey respondents.

BENEFITS OF A GOOD OCCUPANT EXPERIENCE

Increase employee satisfaction	81%
Increase customer satisfaction	72%
Attract and retain talent	71%
Enhance productivity	68%
Attract customers	51%
Improve health outcome	47%
Improve learning	41%
Reduce absenteeism	39%
Improve lease renewal rates	25%

(Total exceeds 100% because multiple
mentions were allowed)

HOW TO IMPROVE OCCUPANT EXPERIENCE

Clearly, occupant experience is rising to the top of facility management agenda. But for facility executives, the real question is, what are the steps to create a good occupant experience? To provide deeper insight into the drivers that achieve that result, the survey probed the impact of facility operations on the people who work, study, heal, shop, or carry out other important activities in buildings. Responses showed that the key for facility executives is to excel at the basics: A clean, comfortable workplace with a responsive facility team is at the heart of a good occupant experience. That's no surprise. Who wants to work in a stuffy office? Or sit in a cold classroom? Or walk into a restroom with paper towels on the floor?

Respondents were virtually unanimous about the top operational factors. Comfortable temperature, long the leading source of complaints in office space, was ranked either critical (48 percent) or important (52 percent) by all respondents. Ninety nine percent rated cleanliness as critical (56 percent) or important (43 percent). Close behind at 98 percent were good indoor air quality (55 percent critical and 43 percent important) and responsiveness (53 percent and 45 percent).

Given their importance, these operational factors deserve their place as FM priorities. But the survey implies that there's some room for operational improvement in a significant number of facilities. While the majority of respondents scored their performance as solid in all four areas, the survey suggests a gap between importance and execution. For example, asked about their ability to deliver comfortable temperatures, only 16 percent ranked themselves as exceptional, while 26 percent said their performance could be better. (See "Facility Operations: Room for Improvement?") Of the four top operational factors shaping occupant experience, responsiveness got the highest marks for achievement, with 35 percent scoring their performance as exceptional and 15 percent indicating that responsiveness could be better.



Facility Operations: Room for Improvement?

In operational areas deemed critical to occupants, survey responses show that the large majority of facilities do not deliver exceptional performance, with a significant minority reporting that "performance could be better."

	Critical to Occupants	Able to Deliver Exceptional Performance	Performance Could Be Better
Clean workspace	56%	24%	13%
Good IAQ	55%	22%	20%
Quick responses to occupant requests and concerns	53%	35%	15%
Temperatures	48%	13%	26%



BIGGEST OPPORTUNITY: FACILITY DESIGN

Facility design represents another key opportunity to improve occupant experience. In fact, while 35 percent of respondents ranked facility operations as the biggest opportunity, 40 percent put facility design at the top of the list. The remaining 25 percent identified technology as the number one opportunity.

Comments from survey respondents show why design is considered so important:

"You have the most flexibility in design to improve occupant experience."

"The overall design of the facility is crucial to streamlined operations and effectiveness of installed technology."

"Improvements start in design."

"Design of space creates productivity."

"Get it right the first time."

The number one design priority for occupants, according to respondents, is a smart, connected workplace, with 93 percent ranking that as critical (39 percent) or important (54 percent). If function is at the head of the agenda, form is in a virtual tie, with 18 percent calling aesthetics critical and 75 percent scoring it as important, for a total of 93 percent. Convenient parking at 84 percent (18 percent critical, 68 percent important), a flexible physical environment at 83 percent (18 percent and 65 percent), energy efficiency at 83 percent (17 percent and 66 percent) round out the top five.

While most respondents gave themselves fairly high marks on facility operations, they were somewhat less satisfied with the design features in their buildings. Twenty six percent indicated that the design could be better or was poor in terms of offering a smart, connected workplace. Thirty one percent said that aesthetics and space flexibility could be better, and 39 percent saw room for improvement with energy efficient design.





Facility Design: Room for Improvement?

For the design factors ranked as most critical to occupants, a significant number of respondents ranked the performance of their facilities as “could be better” or “poor.”

	Critical to Occupants	Performance Could be Better or is poor
Smart, connected workplace	39%	26%
Aesthetics	18%	31%
Convenient parking	18%	25%
Flexible physical environment	18%	31%
Energy efficiency	17%	39%

It's clear that occupant experience is influencing design. As just one example, consider the comfy couches and overstuffed chairs starting to turn up in commercial and institutional settings. It's fair to say that savvy facility executives are trying to apply residential or hospitality touches to the design of spaces ranging from offices to hospitals to schools.



ROLE OF TECHNOLOGY

As noted above, facility executives responding to the survey ranked technology behind design and operations as the biggest opportunity to improve occupant experience. Nevertheless, the survey data contains abundant evidence that facility executives understand the value of technology and are very interested in applying new technology to improve occupant experience.

The past few years have produced a wave of technological innovation in building products and systems. These advances have touched almost every element of the building, including HVAC, lighting, controls, fire/life safety, roofing, and windows. But the biggest changes have come in the area of digital technologies. Familiar products like rooftop units have become smarter, controls have gained new capabilities, and a range of new Building Internet of Things (B-IoT) devices and platforms have emerged to gather and analyze data about everything from energy use to occupant experience.

Respondents indicated that they had implemented or planned to implement a range of emerging technologies:

- **B-IoT tools and platforms for gathering and analyzing information on energy consumption:** 44 percent
- **Data analytics:** 42 percent
- **Tunable LEDs:** 42 percent
- **Technologies that provide occupants with greater control over temperature and lighting:** 35 percent
- **B-IoT tools and platforms for gathering and analyzing information on occupant use of space:** 35 percent

The survey also asked respondents to name the one thing they would like to do that would have the biggest impact on occupant experience. Of facility executives who responded to the question, the largest number identified digital technologies as the most promising way to improve occupant experience. Responses run the gamut of digital technologies, as these examples show:

"Better real-time information and connectivity from facility systems"

"Updated lighting and temp controls"

"Mobile conference room reservation capability"

"Install cameras and speakers on each building that are remotely monitored by security professionals"

"More building automation"

"Window treatments that follow the level of the sun"

"Upgrade WiFi and building appearance"

These answers, combined with the data showing that respondents see design as having the biggest impact on occupant experience, suggest that facility executives may see technology as a key opportunity in existing buildings, and design as the biggest factor in new space.

OVERCOMING OBSTACLES

Like other business leaders, facility executives are judged by their ability to deliver results. For example, given the amount of money organizations invest to build and operate facilities, facility executives must focus on budgets and cost control. At the same time, delays in a construction project can have significant business impacts, so adherence to schedule is essential. What's more, considering the amount of time that people spend indoors, and the impact of building performance on occupant experience, facility executives are also expected to respond promptly to complaints.

The importance of occupant experience is reflected in the criteria by which facility executives are evaluated. Fifty six percent of respondents said that addressing occupant complaints was a critical factor in the way that the facility department is evaluated. And 50 percent called cleanliness of buildings and grounds critical. Surprisingly, those two factors scored even higher than performance to budget, which was ranked as critical by 44 percent of respondents. And only 24 percent said that meeting schedules was a critical factor.

Even though occupant experience is clearly important to top management when it evaluates facility department performance, the survey data shows that one key facility-related factor is often overlooked. A growing body of evidence shows that the physical environment has a major impact on a wide variety of occupant outcomes, such as productivity, patient health, satisfaction, and student learning. Nevertheless, only 29 percent of respondents said that support for key occupant outcomes was critical to the way their department is evaluated.

Despite the importance of occupant experience, budgets loom large as facility executives seek to improve on that measure. Seventy seven percent identified tight budgets one of the biggest obstacles respondents faced in efforts to improve occupant experience, making costs by far the most commonly identified barrier. Thirty seven percent put length of budget review cycles on the list of barriers.

The second biggest factor, as shown by the number of responses, was conflicting priorities, at 57 percent. Time pressures were also widely cited, with 38 percent calling lack of time an obstacle.



OUTSOURCING: LOOKING TO THE FUTURE

The survey data shows that outsourcing will continue to be an important strategy for facility executives. Almost half of respondents — 47 percent — expect to increase their use of outsourcing in the future. That result is in line with data from BOM's annual Facility Pulse survey, which suggests a slow but steady increase in outsourcing. The Facility Pulse outsourcing results have remained consistent for the past 10 years regardless of the economy: 7 to 10 percent indicate decreases in outsourcing; 16 to 20 percent indicate increases; 71 to 75 percent report staying about the same. In other words, approximately twice as many respondents indicate increases as decreases — a difference that would lead to a significant increase in outsourcing over time.

The ABM/BOM survey showed that the largest numbers of respondents would consider outsourcing HVAC and mechanical (73 percent), janitorial (68 percent), and landscape and turf (68 percent) services.

In conversations within the industry, it is sometimes said that facility service outsourcing contracts ultimately go to the low bidder. The survey data shows that, while price is indeed a major consideration, most facility executives take a nuanced approach that balances both cost and quality. The largest number of respondents (45 percent) agreed that, while costs are important, they put a lot of emphasis on quality in the final decision. And another 11 percent said that they focus very heavily on quality.

On the opposite side of the coin, 27 percent said that, while they talked about quality, the final choice really comes down to cost. Only 17 percent said that they focus heavily on reducing costs.



SUMMARY

Organizations today clearly understand both the importance of occupant experience and the central role that facilities play in improving that experience. Facility executives look to design, operations, and technology to provide a better experience for occupants. But challenges remain, especially tight budgets and conflicting priorities.



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ABOUT THE SURVEY

The survey audience was drawn from subscribers to Building Operating Management magazine.

The survey was sent out via e-mail to 7,600 subscribers on April 24, 2019. A follow-up survey reminder was emailed to non-respondents on April 29, 2019. The survey closed for responses on May 2, 2019, with 135 qualified questionnaires returned by that date. The overall estimated margin of error for this study is ± 8.43 percent at the 95 percent confidence level.

ABOUT ABM

ABM (NYSE: ABM) is a leading provider of facility services in the United States and various international locations. ABM's comprehensive capabilities include janitorial, electrical & lighting, energy solutions, facilities engineering, HVAC & mechanical, landscape & turf, mission critical solutions and parking, provided through stand-alone or integrated solutions. ABM provides custom facility solutions in urban, suburban and rural areas to properties of all sizes - from schools and commercial buildings to hospitals, data centers, manufacturing plants and airports. ABM Industries Incorporated, which operates through its subsidiaries, was founded in 1909. For more information, visit [ABM.com](https://www.abm.com).

