The service provider’s view on FM

I’m glad to say that the last issue ‘A Consultant’s View on FM’ was well received, so for this issue, I thought it would be nice to provide readers with a similar subject that produces a sharp contrast. Hence, this issue will focus on the opinion of FM service providers. Let’s take a look.

In Buy into the future, Paul Crilly suggests that we are an industry that knows the cost of everything and the value of nothing, and therefore demonstrable value for money is critical for both customers and supplier alike. Paul touches upon items such as cost cutting, the industry’s arguments, new models to be adopted and a radical overhaul.

Ken Burkhalter has produced The shift from service provider to integrated alliance partner and Ken takes a detailed look at organisations, end-users and their relationships that are becoming more and more sophisticated. He takes a look at the drivers of business integration, integration tools, integrating project delivery services and proposes that information is the currency of integration.

What facilities service providers are talking about In this article Demitri Maldonado touches upon the domination by the larger facilities and property management companies and tackles leading current affairs such as the trouble with procurement, what it takes to be successful, having commitment to innovation, the importance of developing realistic business plans and an uncompromising commitment to quality.

Ron Segura has contributed Times are a changing which is an article that explores the increasing scope of service provision and the subsequent ‘catching up’ that clients have to do to develop robust and meaningful requests for proposals including all associated processes. Furthermore Ron provides some key pieces of advice for achieving this.

The last article of this issue is Total FM – a contract cleaning company view by Sandy Aird and in this piece, Sandy talks about his experience as a contractor in particular with regards to TFM. He also discusses the problems involved with matching needs with options available, reducing risk, expectations and realities, the potential alternatives and provides his view on the way ahead.

I hope you all enjoy these articles as much as I did and that I see you again for the next issue - Trends and developments.

Martijn Groen, Commissioning Editor, Bernard Williams Associates
Buy into the future

The images being presented to us across our media, on an almost daily basis, depict a world where chaos, in one form or another, is now the norm. From the Blackberry-transmitted Arab Spring to stark images of a five-year long austerity-fatigued Greek population, the images tell us all that the world is going through unprecedented and almost certainly irreversible change.

The recessionary pressure delivered globally by these austere times has impacted extremely negatively on the values and behaviours of procuring customers in the engagement of future supply chain partners and has seen them retreat to the behaviours of the 1990s where contracting was cost focused, adversarial and characterised by little value for customer or supplier communities. In what many call the ‘Information Age’ we appear to have learnt nothing.

We are an industry that knows the cost of everything and the value of nothing.

The aforementioned chaos has confirmed a long standing trend that the performance data for support organisations are now unequivocally measured in global terms but procured through parochial means with short sighted ambitions.

The rise of the cost-cutters

Too many procurement exercises are held for invalid or inappropriate reasons, carried out by direct and indirect agents with vested interests in outcomes which all too often defeat the strategic intent. Every low economic cycle will see a rise of independent ‘expert advisers’ or procurement specialists with a track record of reducing costs and invariably damaging business outcomes, souring relationships and undermining the very trust we all seek to foster. Too frequent are the stories of customer contactless projects, with inaccurate and scant information; outlandish risk transfer aspirations; site visits on roller skates; three weeks to bid. However, it is the rise of the web-based procurement exercise which has the most damaging effect on outcomes.

We are an industry involved in the management of customer assets and resources. We should be driving value through our customers’ core business, adding demonstrable value to their business outcomes. Is this transformation of inputs into efficient outputs achieved through the sophisticated method taught in management training programmes?

‘We should be adding demonstrable value to our customers’ business outcomes.’

Have we taken the inputs and transformed them incrementally into agreed outputs for our customers who are now operating on a global performance datum? Or are we merely doing as we are told?

We are practitioners of a management discipline, irrespective of its preacing noun, within which the values, behaviours and actions of our respective teams should be focused on the generation of management information from which sound management decisions are taken and value is demonstrated. How have these requirements been captured in recent procurement exercises? Is appropriate consumer time made available to discuss the achievement of new world outcomes?

The wrong argument

A huge amount of time is invested in the parochial arguments of how we should or should not bundle services in the achievement of value, or navel gazing into why our profession is not regarded more highly. If this effort was channelled into the appropriate definition and construction of procurement processes which would identify common objectives, risks and opportunities, the business outcomes for our customers would be transformed. The advent of mechanisms such as BS 11000 will undoubtedly help however, their introduction and immersion as the ‘standard’ is some way off, and it will take a very brave person to introduce such mechanisms against the current economic landscape.

And can we blame them?

Our industry has not demonstrated itself as a trusted partner. Indeed we must challenge whether we as an industry are ready to engage with our customers on these intellectual levels with the maturity and objectivity required for successful outcomes; or are we content to continue to play the abhorrent game of arbitrage?

In seeking to break the chicken/egg conundrum we must consider whether any customers are brave enough to embrace the challenges of structure and function, process and procedure and we must encourage them to ask, are we the best organisation to provide this function/outcome with these processes and procedures, and if not, how do we find the right organisation that is?

All too often the process of procurement is seen as the panacea to a wealth of organisational and procedural weaknesses that have resulted in inefficient and ineffective service and that have failed to be addressed by successive management teams hamstring by politics and tradition.
‘The future is not workplace, it is workforce; a multi-stakeholder, potentially shareholding, but very mobile workforce.’

New models

We must be clear that in the brave new world, governed by global competitiveness and exponentially increasing information demands, there is no place for these behaviours.

If you are a service provider waiting on change, the waft of air on your shoulders is those agile organisations that have realised this, sought to engage and challenge customers, breaking down barriers and transforming outcomes, as they run past you. They are not waiting for you.

Whilst the bulk of our industry is engaged in parochial bundling strategy discussions, some disruptive forward-thinking theories are being introduced. The advent of mutual organisations within mainstream contracting will present major challenges for businesses whose previous employee relations experience was more defensive than proactive, who struggled to consider them as a stakeholder and would never have considered them as shareholders.

‘Mutuals’ are not new and we have a lot to learn from this mature sector where total income is around £90bn annually. The combined service provider My CSP is a real example of the serious intent of the UK government to deploy this mechanism, and with a long-term funding challenge stretching years into the future this disruption is here to stay. No doubt other derivatives of these models will also be introduced as the private sector works out how to extract value from such concepts.

A notable feature in the aforementioned chaos is information transmission. In the future, these information technologies will revolutionise our industries.

Whilst the construction industry moves forward with the Building Information Modelling (BIM) initiatives which have seen over 50% of the industry adopt the technologies and processes, with over two thirds citing positive ROI, the FM sector appears to be going backwards. For a sector just starting to use its CAFM as slightly more than a helpdesk; and its BMS as no more than a time-clock, we have some evolving to do.

Data managing and manipulation is vital to accurate decision making over the short medium and longer term and it is those providers who can demonstrate a positive business impact through data manipulation who will succeed.

There is now little excuse for a lack of workforce connectivity and information availability, save for the one where the procurement managers seek to remove these investments ‘as a saving’. We must embrace game-changing technologies and embrace the personnel who use them instinctively for the betterment of the outcome. Too many people are only too willing to cite data protection or intellectual property rights as barriers to implementation. Whilst we must be closely mindful of adherence to this legislation, approached appropriately they are not barriers to achievement of real efficiencies. For those who wait, the internal financial stakeholders have some powerful tools at their disposal. Data analytical tools are already offering customers data mining capabilities unavailable only a few short years ago, and these will drive our behaviours going forward. As an industry we cannot wait for Auditor Co to tell your customer that Crilly Plumbing also does electrical work for you but you have coded it incorrectly.

In a world where traditionally the FM budget has been the default destination of unknown costs, or project completion gap funding, clarity is coming.

Radical overhaul

As we see our world evolving before us, we must rise to the challenge of maintaining our competitiveness against the new global datum. We must challenge the organisation and function of our customer as an entity and establish our rightful place within that organisation on equitable status.

We must start evaluating work as an output not a place and start to utilise emotional intelligence on a greater level.

It is difficult to see how we can achieve this without a radical overhaul of why, when and how we procure our services.

The future presents a world with greater customer/supplier/community interaction and integration, and we must learn these new ways. Enabling this will be widespread sharing technologies, and we must embrace these whilst attracting talented individuals for whom sharing is second nature.

As the use of technologies increases and greater transparency is created, this will in turn create the management platforms for decision making that will see building ownership profiles shorten considerably, building use profiles alter dramatically and the worker placed firmly as the focus of support wherever they are.

The future is not workplace, it is workforce; a multi-stakeholder, potentially shareholding, but very mobile workforce.

Paul Crilly, NJC Ltd
The shift from service provider to integrated alliance partner

As end users become more sophisticated in their operations they understand through experience the real advantages of optimising product delivery processes. It is natural that they should want to extend those advantages to key services, both provided and received. Supply Chain Management (SCM) is often thought of as a manufacturing discipline, which it indeed is. Today, however, SCM principles are being adapted to the services side of business as well, with rewards and dividends to both sides of the provider/end user relationship.

For many this is a fundamental change requiring acquisition of new skills, knowledge, and mind sets. These folks must learn to walk first, but getting up to ‘business speed’ cannot take too long. Others have the requisite skills and knowledge but need to extend it to new areas of their business. In both cases, overcoming ingrained cultures running counter to the initiative is paramount and something that should be thoughtfully done.

Across industries and market sectors, companies are looking for service providers who want to partner with them at new levels. Whether the end product is machinery, financial services, a new building, or operational in nature; optimising the delivery process is now a holistic agenda that encompasses all required resources.

What is driving business integration?

For starters, better educated and more demanding customers. As organisations improve internal management systems and mechanisms they develop new intelligence about themselves, their competition, customers and yes, service providers. Business intelligence is a greater differentiator now than ever before. Process improvement, Six Sigma, metrics programs and other initiatives of their ilk are changing the way we understand and organise our work. As that intelligence matures it begins to ask new questions, test new ideas, and probe for new advantages. Extending that intelligence beyond the boundaries of your own organisation by challenging business partners to match it in their domains and align their processes with yours is a natural next step.

Competitive intensity has increased in recent years, partially the result of economic stress. Focused by the need to survive, some companies have pared away non-core businesses, reduced or expanded offerings, or taken advantage of opportunities to expand and grow. Behind all of these strategies is a single imperative – succeed when others do not. The oft-quoted exhortation, ‘Never let a good crisis go to waste’ has been taken to heart. These activities amount to a reshaping of business, each incidence an opportunity to streamline processes and eliminate friction. Many companies have gone after these opportunities with zeal and more often than not they challenge their business partners to match them stride for stride.

Customers seek to minimise the number of business relationships they must manage. Their goal is to lower the amount of management friction that is applied to the business of doing business. As a result, strategic business alliances often form in which multiple businesses collaborate in competition against other alliances. It’s not just your company competing for business anymore, it is your alliance competing against other alliances. That means each alliance partner has a vested interest in each partner’s business performance; and it motivates alliance partners to plan, act, measure, and communicate in similar fashion. You cannot do that when your processes, standards, and tools are different.

Fulfilment of customer requirements has always been the primary business purpose – it has not always been the primary business activity. Although SCM began as a manufacturing discipline, business in general is moving from a production-based model to a fulfilment-based model, improving business speed and alignment. The foundational principle at work here is that of connectivity, creating networks of entities that share business intelligence and act together in synchronised fashion. As this model moves further down the chain, efficiencies and advantages are increased to the advantage of all in the network. Inherent in this model is the recognition that individual firms depend upon resources controlled by others in the network.

Integration tools

Deployment of secure and integrated information technologies across the customer – provider alliance enterprise enables process synchronisation and speeds the flow of information. In classic terms, such seamless operating protocols make pulling resources vs pushing them possible, thereby avoiding stranded investments for inventory, space, and management systems at each level of the alliance.

Common measurements and language are critical elements. Each partner in the alliance may elect to retain measurements they feel are uniquely important to them but which are not relevant to other partners; all partners, however, should adopt common measurements and language for tracking and reporting enterprise activity. If, for example, the customer’s five most important Key Performance Indicators (KPIs) are expressed as cost per end unit or cost per revenue unit, then the alliance partners providing support services to the customer should provide measures of their business that feed into the customer’s metrics in similar fashion and language.

The human part of the equation requires specific attention. The degree of transparency required can be a challenge. Sharing business intelligence and allowing visibility and integration of key processes may be a new dynamic for some. Employing managers who have a collaboration orientation, are comfortable working with a range of technology systems, and who understand process design should be a priority for any firm engaged in an alliance business model. Linking compensation to alliance performance strengthens the leverage towards implementation of cross-enterprise best practices.
Integrating Project Delivery services

The adoption of the Integrated Project Delivery (IPD) methodology for constructing and operationalising new facilities is one example of the integration trend finding its way into FM. The IPD model requires behaviours, collaboration, and alignment of project incentives and risks at a level rarely seen in traditional project delivery systems. IPD is a holistic approach to project delivery that seeks to improve project speed, cost, and quality. Successful projects exhibit a common set of characteristics which can be viewed as guidelines to forming your own project environment.

- IPD project structure supports integration: Project structure is possibly the single most important component of IPD. Establishing the project team early on and bringing them together with common goals, incentives and risks is critical. This activity equates to the formation of the project alliance, and requires selection of alliance members long before the project is designed and bid documents are available. By introducing transparency in control and decision making, the group adopts collaboration and consensus as key behaviours, jointly agreeing on incentive/risk sharing and project targets. This is not to say that the owner relinquishes its rights. The owner establishes primary project outcomes and deliverables, including the budget and schedule. How these targets are reached, however, becomes a much more ‘engagement centric’ exercise than traditional projects experience.

- IPD contracts serve as an alignment tool: Traditional project structures and contracts create three distinct and often competing agendas where separate project teams each have their own set of requirements and definitions of a successful project. IPD contracts bring the owner, architect and contractor together in one agreement with one set of project definitions and goals. A key element of this alignment equation is the formation of risk and reward pools which are shared among all alliance members. Decisions to access either must be taken by the group as a whole, which has the effect of unifying partners around a common set of principles. Instead of encouraging an ‘I win, you lose’ mentality this mechanism fosters a ‘we win or we lose’ perspective.

- Transparency increases trust and collaboration: It is through these two channels that some of the most rewarding changes come. Instead of compromising to protect their particular interests in a project all participants must adopt the project’s success as their goal. While the financial incentive of the shared reward pool is certainly a motivator, the importance and benefits of working together in close collaboration should not be under-valued in this sense.

- Togtherness breeds togetherness: IPD teams are real teams. Staff from multiple entities work together in the same space, they share the same technology, they huddle on an ad-hoc basis to discuss and solve problems, they are invested in each other’s success. The barriers to this type of synergy are purposely removed by co-locating team members to speed communication and decision making while improving transparency and agility. It also builds accountability and trust. There is no hiding. While some may initially feel vulnerable in this environment the rewards of successful integration quickly build enthusiasm. But it does not ‘just happen’. The work of socialisation is real work, and it pays real dividends.

- Technical synergies enhance collaboration and outcomes: Technologies such as Building Information Modelling (BIM) and protocols like Lean Design and Construction are perfect bedfellows with IPD. They accelerate projects while minimising risk and improving quality. It is no accident that most IPD projects are fast-tracked. These tools and strategies are designed to do exactly that.

Greater visibility of design evolution and increased constructability input contribute to early identification of design conflicts or other issues and improve velocity. Lean Construction accepts time sensitive inputs and prioritises design and decision making.

Information is the currency of integration

While IPD is a good example of integrated services being used to deliver a new facility, the bulk of FM is devoted to other pursuits such as operating, sustaining, and optimising the use and benefit of property and intellectual assets. In these areas too, service chain integration is playing a larger and more important role.

In manufacturing, the chain exists mainly to deliver the right parts. Integrating and managing the chain seeks to assure that the right part shows up at the right place, at the right time. In a services environment the physical part is exchanged for information, and the goal of integration is to speed information to the point of need exactly when needed. The opportunity to integrate services to the level discussed here is enabled primarily by technology and information systems. Information becomes knowledge, and knowledge becomes wisdom. Wisdom, when acted upon correctly and speedily, becomes advantage.

Condition-based service management systems proliferate today. I get an email from the car dealership with an appointment date and time when it is time for an oil change in my vehicle; not based on distance driven or elapsed time but on the actual condition of the oil and operating conditions of the engine, and on my appointment time preference history. Sensors communicate automatically when set parameters are reached, triggering a process that results in my pulling into a service bay. In building management an exact parallel occurs when an outsourced HVAC maintenance provider is dispatched to service a unit by automated sensors linked to intelligent building systems. This model can be applied at multiple levels, even to stocking paper for copiers. The fact that cloud computing largely eliminates the cost of deploying these technologies is speeding their adoption. Service vendors lower inventories, redeploy capacity, and reduce costs. Customers have greater visibility, can forecast more accurately, and have more control over cash flow.

The philosophies behind the IPD example and the condition-based service example are the same – deep integration of business processes by alliance members who are invested in each other’s success, who are intensely customer-centric, who trust each other and accept accountability, who are driven by a desire to achieve process excellence, and who share business intelligence willingly. Those traits can and should be applied to any area of FM.

Ken Burkhalter, the RAND Corporation
What facilities service providers are talking about

When recently asked: ‘What are your views of the UK facilities management market from the perspective of a service provider?’ I needed to consider the more topical issues of providing quality services at a time when cost is dominant.

The facilities management market today is large, complex and mature, certainly when compared to Europe. A process of polarisation over the past few years means it tends to be dominated by larger facilities and property management companies, who have grown through strategic acquisitions to the point where they can compete on every kind of contract. Small and medium-sized businesses have been restricted to more limited contracts and niche services, and indeed few are now left in the market.

This process has been accelerated by the changing needs of the market, which has led to procurement processes and criteria becoming more exacting and stringent. Those without a full range of services have found it hard to compete.

The trouble with procurement

We have entered an era which I can only describe as ‘procurement chaos’. Decisions and terms of reference change from one procurement exercise to the next, even within the same organisation, and nothing is predictable. Times are difficult and challenging, and as a result more facilities management services are being procured through procurement specialists rather than by traditional estates or property management professionals.

Senior managers in client organisations are under pressure to cut costs wherever possible. Their procurers have been driving down costs through the commoditisation of goods and now facilities management services – sometimes to the detriment of service quality. At the same time, facilities management providers have often allowed their own growth targets to cloud their better judgment when it comes to pricing contracts.

The rise of the procurement professional in the facilities management procurement sector has created its own problems. These professionals hail from a range of market sectors, and many are more experienced at sourcing goods than facilities. They attempt to apply the same approach to facilities management, which has had the effect of commoditising facilities services.

Historically, the law of supply and demand generally succeeded in satisfying needs. However, procurers today tend to focus on getting the process right at the expense of more subjective criteria such as added value, management quality or cultural fit. This is particularly true of those under pressure from senior managers demanding less risk, and more service for less cost.

There is frequently a mismatch in the way procurement professionals and service providers understand each other’s role. Procurement professionals do not always have a good understanding of facilities management businesses, and what makes one company stronger and better able to add value than another. Sometimes the extra time and effort needed to make a business successful is ignored or discounted during the procurement process.

In order to drive down costs, procurement managers are often supported by virtual procurement teams comprised of disparate representatives from various parts of the organisation. Depending on what is being procured and who is seconded to the team, each procurement exercise tends to throw up different outcomes as there may well be different drivers and decision-making criteria, and even a different ethos, from one project to the next.

For their part, facilities management companies need to spend time trying to understand the underlying needs of the client, without losing sight of what is important to the procurement team. It is also important that companies are honest about what they can deliver.

In my view procurement professionals and facilities management providers need to engage earlier, in the understanding that it is not
just a race to the bottom line, but that factors such as added value and quality of leadership should influence the decision-making process.

Asset lifecycle management is a case in point. Where contracts are let for a relatively short length of time, short-term asset strategies tend to be adopted. While this may have financial advantages in the short term, in the long term it leads to misalignment with the organisation’s property strategy as well as higher costs. It is now widely accepted that a whole lifecycle approach, taking account of such issues as ongoing maintenance costs and the value of the asset to the organisation, is the most efficient and cost-effective way to manage assets. The advent of building information modelling (BIM) should facilitate this process. But this is a complex subject, and with BIM still in its infancy, it is all the more important that a service provider is chosen not just for its willingness to cut costs, but its ability to provide expertise and leadership.

So what does it take to be successful in today’s facilities management market?

Nobody has been impervious to the economic downturn of the past four years. Some organisations, however, have learnt to be more resilient.

The challenge is not just about surviving but thriving. Mere survival should not be good enough for the facilities management provider. To survive, one cuts costs and drives income growth. Thriving is more encompassing: it’s about developing the business through an uncompromising commitment to quality, anticipating clients’ needs while engaging with them to develop new services, and adapting and aligning existing services through dynamic leadership. In short, it is the companies who succeed in adding value to facilities management services that will thrive.

In my experience, the most successful companies are those who, in simplistic terms, have aligned their business to that of their clients at two basic levels: strategically and tactically. At the strategic level the facilities management company ensures it is seen to be engaging with the latest topics and issues, fully utilising every media channel. Such companies are high-profile and ubiquitous. At the tactical level, the work tends to take place behind the scenes, where the company’s efforts pay off in terms of high client satisfaction and the establishment of long-term partnerships. This information is usually shared through word of mouth.

Commitment to innovation

Innovation is an overused word, but there is no doubt that genuine willingness to innovate is crucial in differentiating a facilities management business. Companies able to exploit their capabilities to fill the small but crucial gaps (interstices) in the operation of a normal business can develop a unique position in the marketplace. Facilities service providers are already working on solutions in the fields of energy management, sustainability, lifecycle management and information technology, often assigning a dedicated director to prove their commitment. But what really matters is how the company’s ingenuity and expertise is deployed, not merely to impress, but to enhance actual service delivery and the customer experience.

Developing a realistic business plan

Facilities management companies need to make sure they have a realistic and honest business plan to thrive in current market conditions. Such a plan should:

- Set realistic growth and profit targets to ensure short-term issues are not pushed to the long term
- Focus on what the company does best and not attempt to do the unachievable
- Stick to the company’s chosen and defined market sectors
- Take a realistic approach to capacity planning, ie understand the capacity and skills of staff and how they can be utilised to its maximum without overstretching capabilities, leading to poor quality service
- Promote the development of technologies that improve efficiency and add value through better customer care
- Seek opportunities to create new wants and needs from the client base, such as critical engineering or energy management
- Plan for the development of sustainable solutions.

Uncompromising commitment to quality

At its core, facilities management is about the co-ordinated management of all assets including the physical item, the environment it sits in and the people who act as custodians. This needs to be carried out in a way that supports the organisation’s corporate strategy.

Succeeding as a facilities management provider is about understanding the obstacles to be overcome; anticipating organisations’ needs; taking an honest look at our own businesses; and uncompromising commitment to quality. It is about having the chutzpah to walk away when a proposal does not fit our strategic plans. It is about anticipating and adapting the business to genuinely meet the challenges of our clients and sell the value that we can bring to market.

Demitri Maldonado, VINCI Facilities
Total FM – a contract cleaning company view

Big organisations with considerable property portfolios and cost have to consider all the options and Total FM may seem an attractive one. All risk is transferred to the external FM provider who is often also guaranteeing cost reductions. It is difficult to argue against Total FM on that basis but my experience as a contractor working for FM organisations is that the pressure on costs and resources exerted by them makes it increasingly difficult to provide a decent service.

If I had a choice I would always prefer to deal with an in-house FM rather than an outsourced one. This is not just because of cost pressure but also because it is always easier to deal with the end user of the service provided rather than a middle man, which is the part the FM organisation often plays.

It would be wrong to suggest that all service providers think the same way about Total FM and this depends on whether the FM organisation is considered an opportunity or threat to the individual contractor. No two organisations are the same, whether on the demand or supply side of FM.

Matching defined needs with evaluated options

Under a Total FM arrangement, the responsibility for providing services and for managing the facilities are placed in the hands of a single provider. The challenge is to match defined needs with evaluated options. I would argue that an in-house FM team are going to do a better job at this than an outsourced one just because they already know the culture and quirks of their organisation.

Two common reasons why service contracts fall short are failure to identify the correct requirements and to understand how different arrangements work. Total FM organisations are faced with this challenge for a large number of property needs and often have to rely on subcontracted service providers to provide the answers. The central issue, as always, is ‘what is the best way to deliver those services at the most cost effective rates?’

I understand the economics of, for example, a huge multi-national business with large numbers of buildings buying multiple services from one provider to shave the price through bulk buying and simultaneously having one place for the ‘buck to stop’. But in reality cost reduction benefits may be outweighed by a loss of direct control and reductions in service.

If an FM company ‘buys in’ contract cleaning, catering, security and building maintenance from several organisations and packages them together where is the efficiency in that? Surely an in-house FM team can do an equally good job whilst avoiding the added mark up that an FM company will have to charge.

Reducing risk

Total FM has been promoted over the years as the one-stop shop for FM – the epitome of integrated service provision – one tender competition to conduct, one contract to sign and one organisation responsible. In theory management, supervision and administration costs are gone, so property occupiers really can focus on their core business.

The standing of Total FM is further elevated because risk shifts from the occupier to the FM provider. If only it were that simple. Overlooking responsibility for managing the arrangement is just the first oversight. Others might include performance measurement and payment, as well as managing change.

The management of FM contractors is different from the supervision of directly employed FM personnel but in practice which demands a greater level of resources? The management of an FM organisation may require the creation of a totally new layer of management within the occupiers business in order to audit what is going on. Inevitably, some personnel will have to be retained where the occupier has opted for Total FM involving the transfer of employment.

Total FM can provide a sound solution, but only if the occupier is prepared to spend time in identifying the right basis for the arrangement and then in selecting the right contractor. Striving for the best possible service in each case can become like the search for the Holy Grail, only to end up with a poisoned chalice.

Expectations and reality

In practice, things may not go as expected. Reasons include the FM contractor’s relationship with subcontractors, who might be undertaking almost all the work. During the contract, the FM contractor may decide to change subcontractors. These decisions are not always made to improve performance and may arise because the contractor is seeking to increase margins through use of a cheaper subcontractor.

As with any change, newly appointed subcontractors will undergo a learning process, thereby exposing the occupier to risk. The procedure for assigning or subcontracting should give occupiers the right to prior approval. The Total FM contractor cannot be good at everything and therefore expect to satisfy all-comers equally. Occupiers will source from whoever offers the best deal and that might mean foregoing the convenience (and other attractions) of the one-stop shop in favour of individual or bundled services at the lowest practicable cost.

Economics are, of course, just part of the picture. Occupiers might contemplate Total FM because they do not have the competence or wish to manage services themselves. Since Total FM also shifts some
risks on to the supplier, it might prove advantageous when times are tough economically.

The dream team is a myth and, as we see all too often in sports, the winning side is generally the one that plays as a team. Of course, the Total FM contractor could make a poor job of managing different skills and competences, but responsibility does not fall in the occupier’s lap unless the contractor fails.

At the end of the day, Total FM is a label that covers a particular type of arrangement – single-point responsibility – and one that has been inappropriately applied by many occupiers. The idea of a one-stop shop to suit every occupier’s needs is a tall order.

FM companies sell their service based on increased efficiency all round including cost reductions. In simple terms by operating ‘smarter’ and putting pressure on the service providers to reduce cost.

What are the alternatives?

Settling for something less than optimal such as retaining in-house facilities but having a ‘bundled service’ contract (one supplier provides all the services except for the FM function) might be more realistic.

In some situations there is a case for maintaining the status quo internally and using an independent FM consultant to assess the client’s selected service providers and knock the delivery into shape. It takes the specialist work off the in-house FM team and allows them to continue with the day to day routine.

The third and in my mind the best option is to employ a professional in-house FM team who report directly to the board and select independent specialist contractors for the various services.

In-house FM using single service suppliers is the way ahead

I know that I’m going against the grain and trends over the last 20 years but isn’t it better to maintain direct control of the services which support the successful operation of your premises? If you accept this, then offloading all non core business activities to an FM company is the wrong thing to do. Instead you will have a directly employed facilities team who buy specialist services individually and select the best business for each job. I said earlier, what goes around comes around and I don’t know any of our own corporate clients who would put all their eggs in one basket by outsourcing all facilities services to a single external business.

Our clients tell us that the reason for this is because they are looking for relationships with each professional service supplier – cleaning, catering, security, maintenance etc. It gives them a level of comfort that they are talking directly to a professional service provider rather than an FM contractors regional manager, who usually knows one aspect of FM services very well but has a superficial knowledge of all the other ones.

Single service suppliers leave the client in no doubt about who to call at whatever time of night something has gone wrong. There is no excuse like ‘we couldn’t make contact with the cleaning contractor, but will try again in the morning’. A good SME contractor will be available 24/7 and must be seen regularly on site.

Yes, there is a place for multi-service providers and always will be but corporates and large estate management companies must stop their obsession for taking the ‘discount route’. Everything you receive in life has to be paid for and if you want something doing really well you will find that service comes with a price tag.

There is a simple well known saying which applies to many FM organisations more than most other professions and it goes like this: ‘Jack of all trades...’

– you know the rest. Long live in-house facilities managers and the specialist, qualified, single service provider.

Sandy Aird, Enhance Office Cleaning Ltd

Times are a changing

FM providers have changed and its time for RFPs to change as well

Once upon a time a janitorial company was a janitorial company. Firms in those days didn't think to venture into integrated pest management or landscaping services. But today it’s a different story. And comprehensive facility management (FM) is the name of today’s game.

Clients now expect FM contractors to bundle services, such as landscaping, integrated pest management, sustainability, HVAC services, general repair work, and more.

A cleaning company that doesn’t want to grow continues offering a narrower scope of services. But FM service providers with an eye toward the future uncover ways to provide multiple services either in-house or through strategic alliances with other service providers. By partnering with a pest management company or an HVAC firm, FM contractors can offer multiple services and pass on cost savings and efficiencies to their customers.

While FM contractors are providing more services than ever before, RFPs from clients have yet to catch up. Often RFPs include specs cut and pasted from RFPs the client found on the internet. Sometimes these specifications include outdated information or processes that are cost prohibitive to provide. These poorly thought out RFPs box the contractor in, making it difficult or even impossible to provide the services the customer really wants.
Too many well-intended managers are pressed for time and put together RFP’s based on what they believe to be a “universal” standard -- the cut and paste approach,’ says Richard M. Fineo, MCR director of development at DTZ-a UGL Company.

He continues, ‘Often times an old bid, or even a neighbor/colleagues bid, will appear to save the responsible party time in the preparation of the RFP and seem sufficient. The problem with this is that the specifications, which should be drive the costing, become an “approximation” of what is called for -- a sort of “wink and nod” at what is really needed.’

There’s little continuity when RFPs are put together this way. There may even be contradictions within the specifications themselves. For instance, the RFP might specify monthly stripping and waxing, but the industry doesn’t strip and wax anymore, it strips and finishes (or coats) the floors. This is also no longer done on a monthly basis because it’s not cost effective and there’s no need to with today’s more effective products. Those issuing the RFP falsely believe that in order for floors to look good, they need to be stripped and refinished each month, but what they really require is a solid floor maintenance program.

If FM contractors try to adhere to these RFPs, their cost estimates may be higher than the client wants. Or they may cut corners to come into at a lower price, and then the client isn’t getting the services he really needs.

‘If there was EVER a good time to bring in a consultant, it is during the critical RFP preparation stage,’ Fineo adds. ‘Adherence to the RFP will become the strongest evaluation tool, and if it does not truly reflect the needs, wants and expectations of the person issuing the RFP and ultimately the award of service, then the entire process is flawed.’

There clearly is a need to change the entire RFP process and to reduce the window of time needed to move through to the end where a bid is awarded.

A few years ago Stanford University revamped its RFP process with extremely positive results.

The first step of its process was to prequalify service providers to narrow the field of qualified bidders to a list of 10. This list should include companies with solid reputations and weed out those with less than stellar ones. Once these companies have been identified, the bidding agency should send out correspondence stating their intent to submit bids, there are only three and these companies are prequalified to do the work.

Before providing the narrowed field of FM providers with an RFP, the RFP team will have reviewed its specifications and adjusted them as needed. The specifications will provide adequate information on building statistics and cleaning frequencies and reflect whether or not there will be a need for green or sustainable services. Stanford’s team combed through its existing specifications and found that its current provider was not addressing some areas. These areas had been an issue on an ongoing basis and a cause for complaints. They adjusted their RFP to address these issues to better reflect the services Stanford required.

RFPs must be specific. If there are sustainability concerns, for example, the specification should list the goals the agency wishes to reach. Do they want to be LEED certified? Do they hope to use greener chemicals and cleaning processes? Is recycling important? How much do they hope to divert from the waste stream? Is saving water or energy a goal?

‘Any good RFP also allows for input on the part of the bidder, an opportunity for the responsible bidder to go beyond the RFP and advise as to new methodologies and efficiencies that could potentially save money and improve performance,’ adds Fineo. ‘This is an opportunity for free advice. Why wouldn’t you ask for it? It can be an indicator of whether or not your RFP respondent will become a true “partner” or just a contracted service provider.’

And herein is another advantage of working with fewer bidders in the RFP process. There is an opportunity to work with them more closely to ask for advice and pick the brains of these experts. A good service provider will seize this opportunity to point out concerns within the specs, such as the need to strip and wax floors monthly.

Ask tough questions of those applying for the job, adds Fineo. ‘I welcome RFPs that include questions about recent losses. What have YOU (the vendor) lost recently, what was the reason and what did you learn from the experience?’ he says. ‘I’ve landed more than a few contracts by being able to articulate the lesson, albeit painful, of an account that ended with a cancellation and how our approach in the future would include the lesson learned.’

Price is important but not the only thing, Fineo stresses. ‘Very often the responses to an RFP will be reduced to a matrix of the financial piece -- and little else,’ says Fineo. ‘If the one and only goal of the company providing the bid is saving money, an unfortunate position to be sure, this should be made clear from the onset. If instead, the bids are honestly going to be evaluated for value that includes experience, innovation, sustainability, and of course financial value, etc, you can see the special importance attached to an RFP that reflects these desires and concerns.’

If companies truly desire FM contractors to bundle services, their RFPs need to reflect that. Developing a bidding process similar to the one used by Stanford can help companies get the services they desire at a price they can afford.

Ron Segura, Segura & Associates
# BIFM Training Calendar

Please see our programme below for Nov 2012 to Jan 2013. If any of these could be listed in your diary pages or calendar of events we would be grateful for your support. If you would like any further information such as speaker articles and photos please do not hesitate to contact me. For more details please visit www.bifm-training.com. Please note the BIFM Training programme is managed by Quadrilect Ltd. If you are not the correct person to receive the information please could you let me know and give me contact details for the person responsible. If you would like to be removed from this mailing list please send me a reply with the word “remove” in the body of the message. Thank you in anticipation for your support.

## November

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<td>BIFM Executive Programme – Strategic Financial Management</td>
<td>Central London</td>
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<tr>
<td>6-7</td>
<td>The Essentials of Property Management</td>
<td>Central London</td>
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<td>6-8</td>
<td>The Professional FM 1 (Intermediate)</td>
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<td>7</td>
<td>Cutting Costs but Maintaining Services</td>
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<td>8</td>
<td>IOSH Safety for Senior Executives</td>
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<td>13</td>
<td>Managing Building Maintenance</td>
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<td>13-15</td>
<td>Team Leading - ILM Level 2 Award in Team Leading</td>
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<td>14-15</td>
<td>Understanding &amp; Managing Building Services</td>
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<td>19-23</td>
<td>Management Development - ILM Level 3 Award in First Line Management</td>
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<td>20-22</td>
<td>Understanding FM Foundation - (optional) ILM Level 3 Award or Certificate in FM</td>
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<td>Display Screen Regulations &amp; Risk Assessments</td>
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<td>The FM Business School [Advanced]</td>
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<td>28-29</td>
<td>Making Catering Contracts Work</td>
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<tr>
<td>3-7</td>
<td>IOSH Managing Safetly certificate</td>
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<tr>
<td>4-6</td>
<td>The Professional FM 2 (Intermediate)</td>
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<td>5</td>
<td>NEW - Advancing Sustainability</td>
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<td>The Tender Process</td>
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<td>11-12</td>
<td>Health &amp; Safety Regulations, Responsibilities &amp; Risk Assessments</td>
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<td>Presentation Skills</td>
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<td>Negotiating to Win</td>
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<td>14</td>
<td>NEW - FM Governance and Risk (BIFM Executive Programme)</td>
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<td>16-17</td>
<td>Creating &amp; Sustaining Modern Workplaces</td>
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<td>28-1</td>
<td>IOSH Managing Safety certificate</td>
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