

The Case for Facilities Management

By Martin Pickard CFM FBIFM

Introduction

Every building in every city in every corner of the world needs some degree of cleaning, maintenance, space planning and so forth. Some or all of the multiple activities covered by what we know as facilities management take place in each and every building. For this reason FM can be viewed as a universal reality.

However, although every building and workplace requires someone to service their needs, not every organisation embraces the concept of facilities management as a professional discipline. Anyone can organise a few cleaners or buy a bit of furniture. What sets FM apart as a profession is its ability to deliver a demonstrable contribution towards organisational goals.

When a facility manager begins to apply FM techniques to solve business problems, the case for facilities management is made. It is a simple matter of demonstrating a quantifiable return on the investment required. A successful facilities management operation consists of three key activities:

- 1 The achievement of a proper understanding of the needs, wants, drivers and goals of the organisation concerned and processes to ensure that this is continually reviewed to take account of changing circumstances.
- 2 The development of an effective facilities solution to support those needs and wants, properly address the drivers and contribute towards the achievement of goals both short and long term.
- 3 The consistent and reliable delivery of that solution in a managed, measurable and sustainable manner.

So what drives an organisation to first embrace the principles of professional facilities management and how can an individual manager capture the attention of the relevant decision making body? The answer to this will vary greatly between organisations. Influencing factors will include questions such as ownership, governance, sector, complexity and, perhaps of most significance, the size of the organisations' property portfolio.

CSR matters to major occupiers

Major occupiers obviously have the most to gain which is why FM is most firmly established in large corporate organisations and public bodies. With a massive property portfolio even the most marginal improvement in efficiency or effectiveness can be of great significance. Major property occupiers will already have a facilities department or individuals performing the FM function with another department like Property, Finance or Human Resources.

The challenge for facility managers in giant corporations is the difficulty of maintaining focus on the big issues when circumstances seem to drive them towards the creation of a bureaucratic empire for the management of trivia. Systems and processes must be developed to ensure reliable service delivery making use of the economies of scale, not suffering because of the size of the problem. This releases the facility managers time.

The Boards of big businesses are not interested in the day to day details of maintenance and security processes, at least not unless it affects them personally. However they are very interested in issues like business continuity, productivity and the Corporate Social Responsibility Agenda (Known as CSR)

CSR has many definitions but essentially it concerns a company's obligation to be sensitive to the needs of all of its stakeholders. A company's stakeholders being all those who are involved in or affected by a company's decisions and actions, both locally and globally. These include employees, customers, suppliers, communities, subsidiaries and affiliates, joint venture partners, investors, and shareholders and many more.

Investors, and increasingly governments and consumers, are becoming ever more insistent that businesses take into account not just financial and economic factors in corporate decision making but also the social, ethical and environmental consequences.

In reality much of this means facilities management. Issues like energy, waste, local employment and community affairs, supply chain management and sourcing are all elements of the FM contribution to the CSR agenda. So are the work life balance argument and the provision of an effective working environment that supports wellness, safety and security aspirations.

The facility manager who wants to capture the imagination of the board in a large organisation nowadays must be able to demonstrate an effective track record in the CSR arena and a positive forward programme for improvement.

Cost benefits count

On the other hand, the average sized business is more likely to be attracted to FM by the efficiency argument. Cost reduction is a key driver for all organisations and the medium sized player will benefit directly from a well co-ordinated facilities strategy.

Simple things like the development of centrally procured and managed stationery will deliver a 20% saving with very little effort. The procurement of furniture and other workplace related goods may not be the facility managers direct responsibility in many organisations but a proactive FM will find ways to influence policy in this regard and there are many role models to follow.

Far greater savings can be generated by taking a serious look at space. With the cost of renting or buying accommodation probably accounting for 60-70% of total occupancy costs, a tiny reduction can generate huge sums. A strategic

programme to release space (or to prevent the acquisition of more) can be the most significant thing any facility manager can undertake. And the opportunities are there; with between 40% and 60% of the workstations are unoccupied in most offices at any given moment in time. Reducing that by just 10% equates to big money that goes straight to the bottom line. Hence the focus given to solutions such as hot desking, home working and shared space.

The third area for obvious attention has to be that of sourcing. These days the outsourcing of facilities services has almost become a default position but it isn't always the best or the cheapest solution. In some circumstances it can be much more efficient to deliver certain services using in-house resources and avoiding the cost of management, overheads and profit that supply chain management inevitably brings.

However, a strategic approach to outsourcing cannot ignore the multitude of different contract models and approaches now available; bundling, service integration, use of purchasing power and a flexible workforce, and an expanded breadth and depth of the outsourcing paradigm can all bring efficiencies. The transfer of headcount and increased access to specialist expertise and systems also bring quantifiable value.

A universal offering

For those with a more modest property portfolio the performance of the facilities function is likely to be fragmented with no clear lines of ownership below the executive level. However there is still much that smaller businesses can gain from the adoption of the principles and techniques developed by professional facility managers. Increasingly there are opportunities to tap into the activities of larger players or to work in partnership with others to emulate their success.

While such organisations may never be able to justify the creation of a dedicated facilities management function there is no reason why the individual service owners should not benefit from the ever developing facilities management pool of good practice.

Meanwhile the continued expansion of the facilities service outsourcing market and the increasing trend towards a total FM model is stimulating a steady stream of new entrants, many of whom are targeting smaller businesses who wish to avail themselves of the benefits that good facilities management can bring.

Facilities outsourcing has a great deal of appeal to new and growing businesses that have no existing FM infrastructure and wish to avoid expenditure on what are seen as non-core activities. The development of supporting systems and processes has already been completed by the early adopters of FM as a management discipline and the emergence of a supply chain willing to apply them in any situation is meeting the needs of this growing market sector

The most significant barriers to universal adoption of FM principles in the management of buildings and workplaces are a limited general awareness of the opportunity on offer, inconsistent sharing of best practice examples and the shortage of appropriate skilled resource to implement them.

Conclusion

It is true therefore to say that there is a case to be made for the adoption of facilities management practices in all organisations to a greater or lesser degree. The benefits of intelligent procurement and the impact of a well designed workplace have been demonstrated by credible role models over three decades. The maturing facilities outsourcing sector is expanding to provide a wider range of solutions than ever before.

Facilities expenditure represents a significant percentage of any organisations cost base. Estimates of the total market size still vary wildly due to inconsistent sector definition but could constitute as much as 8% of the UK gross domestic product. Despite this there has been little in the way of government support for the increased development and adoption of facilities management as a professional discipline.

The growth of FM over the last thirty years has been led by major organisations seeking solutions to real issues and developed on a wider basis as a direct result of easily perceived financial savings. The increasing sophistication of the function and the economies of scale thus generated present the opportunity for universal benefit. However this will not be fully realised without adequate investment in knowledge sharing, skills enhancement and positive promotion of the business case for facilities management as a professional discipline.

Martin Pickard is a professional facility manager who has worked in the sector for nearly 35 years for major corporate bodies and as a facilities service provider. Martin is the Principal of The FMGuru Network who provide training and consultancy services to the facilities management sector. A Certified Facility Manager and a Fellow of the BIFM, Martin speaks at FM conferences and seminars around the world and was the recipient of the BIFM International Award for Excellence in FM Journalism 2005

Contact martin@fmguru.co.uk