

The F Word - Why Facilities Matter

By Martin Pickard

Leaders of businesses and organisations don't want to talk about Facilities. It's a dirty word associated with cleaning, maintenance and other “non-core” activities. The common view seems to be that facility managers should be neither seen nor heard. In this series of articles originally published in PFM Magazine Martin Pickard highlights six reasons why this should not be the case. Each article provides sound arguments demonstrating the contribution that good facilities management can make to assist the achievement of organisational goals.

This month the focus is on the FM contribution to the compliance challenge.

The size of the problem

Whatever the size or nature of your organisation, the array of regulation, legislation, policy and code with which you must comply is increasingly complex and more and more intrusive. Failure to ensure proper compliance may damage reputations, could have financial implications and might just result in criminal prosecution. This is a problem that is getting bigger every year.

In a study conducted by Sir Peter Gershon, Head of the Office of Government Commerce in 2003, he concluded that around £12 billion is spent annually in the UK on policy making, regulation and inspection of public and private sector activities. Meanwhile, in new research published in April 06, The British Chambers of Commerce estimated that the cumulative cost to business of new regulations introduced since 1998 has now reached over £50bn.

What is remarkable is just how much of this red tape relates to or has an impact on facilities management. There are the obvious property related areas like fire, safety, disabled access, planning and building regulations. Facility managers also get involved with many employment issues from welfare and working time to criminal record checks and discrimination. The corporate social responsibility arena also concerns the FM with topics like energy, waste and work life balance. Even governance issues like fair trading, environmental reporting and data protection have their facilities implications.

Intelligent business people understand that compliance is not just about avoiding penalties. Most of these controls have been introduced for good reasons and failure to follow good practice can have serious financial implications. Business disruption through accident or incident can be huge, the new compensation culture means that liability must be avoided and damage from fire or flood can cripple a companies finances.

However, new rules on corporate killing, stiffer penalties and new trends in prosecution have sharpened many peoples attention. In 2004/5 the average

fine imposed following a successful prosecution by the Health and safety executive was up 31% on the previous year to £18,765. The HSE are now successful in 95% of the cases they bring. Nearly £13m was imposed in fines including one massive penalty of £2m on a railway company. As well as imposing fines, the courts can imprison offenders. Five people have been sent to prison for health and safety offences since January 1996. Of course, if convicted of manslaughter or culpable homicide, offenders are clearly likely to receive a prison sentence.

Protecting the business

The facility manager who knows their way around compliance and can protect their organisation from such calamities is a valuable resource. If there is one set of knowledge that every facility manager needs, it is a thorough grounding in workplace related compliance matters. Of course no one can expect to be an expert in the thousands of little pieces of legislation, regulation and code that crop up in FM. However some training in health and safety supplemented by reliable access to competent sources of expertise and information is an absolute must.

Facility managers, like everybody else, must ensure that their own operations meet the minimum levels required by law. In itself this is a big task. Under the Health and Safety Act of 1974 every employee has a duty to take reasonable care for their own health and safety and that of others who may be affected by what they do or do not do. Most facility managers are responsible for a host of hazardous things like air conditioning and food, lifts and ladders, electricity, furniture, building works and a hundred others. The list of people who may be affected by the FMs work is about as long as you can get.

A host of new environmental legislation has been introduced in recent years covering everything from air and energy to waste and water. It is not surprising that many of the new rules, like the disposal of electronic goods and energy efficiency within buildings, have gone largely unnoticed by the business community. A recent survey conducted by the Institute of Directors (IoD) suggests that businesses lack of awareness of these new rules is of serious concern. With 71 per cent of company directors admitting to being uninformed about key environmental regulations only the informed facility manager can provide effective business protection.

Employment legislation has undergone a similar explosion of activity. Facility managers are called upon to manage the impact of everything from the Working Time regulations to the new Passive Smoking rules. Discrimination, Flexible Working and the Use of Temporary Workers all sound like HR issues but have an enormous impact on the facilities management function.

As the facilities sector continues its longstanding love affair with outsourcing no facility manager can afford to be ignorant of the need to act in a responsible manner in the marketplace. While business to business transactions don't get anywhere near the same protection as consumers do,

the Office of Fair Trading still takes an extremely dim view of anti competitive activities like cartels and unfair contract terms.

The Corporate Steward

Supply chain management is an excellent example of the second group of compliance topics. The facility manager, like everyone else within the organisation, has to ensure compliance with company policy whether it is a voluntary code or in response to regulation.

For example, if the organisation has signed up to the DTI inspired Better Payment Practice Group code (BPPG www.payontime.co.uk) then suppliers will expect to get paid on time and it could be very embarrassing to appear in the league table of bad payers published by the BPPG and the Credit Management Research Centre at www.creditscorer.com. It is interesting to note that there are a few familiar FM service provider names high in that name and shame league table.

Company policies, values and the like are an increasingly important factor of modern corporate life. An exploration of the websites of most big organisations now reveals a substantial “What we stand for” section with publicly stated policies on Workplace, Marketplace, Environment, Community, Diversity and Business Principles. The facility manager must understand and follow these rules as carefully as those laid down by Parliament or the European Union

In many instances the FM team will actually find themselves acting as some kind of corporate enforcement officer. Ensuring the proper application of company policies like Clear Desk or Space Standards can be an unpopular but essential role. Effectively representing authority requires robust backing by an appropriate senior figurehead. In turn this gives the FM increased boardroom access which can be used to influence and inform.

Beyond Compliance

The traditional approach to compliance, especially with regard to health and safety, is to enthusiastically embrace each and every aspect of new legislation. This is made worse by the usual array of embellishments and exaggerations we have come to expect from consultants and scaremongering media looking for a good story. The end result is an enforcement programme which brings normal operations to a standstill almost as effectively as a major disaster.

A facility manager who is focused on contributing to business success eschews this approach preferring to use their expertise to help the operation to gain the benefits of the new legislation while minimising any disruption to business. By working with those affected by the new rules to properly

understand their activities a wise FM will use their knowledge and professional skill to develop an approach that works for the business.

This kind of tailored approach is at the heart of successful facilities management and is so much more effective than taking a standard solution off the shelf and hoping it fits. Developing solutions that add value is the quickest way to gain recognition for the benefits of employing professional facility managers.

Even more effective is to take the discipline far beyond compliance to find solutions to real business problems. Consider these examples:

- Pioneer Technology decided that mere compliance with Waste Regulations wasn't enough. By targeting their waste streams, engaging with their supply chain and employees and through a new focus on recycling they reduced their spend on waste by 75% over 4 years and generated as much again by changing soldering materials to a recyclable alternative.
- The Operations Manager at Huntsman Petrochemicals launched a campaign to reduce "near misses" by improving safety behaviour. The initiative led to a £250,000 saving in energy consumption through reduced steam leakage and a 32% reduction in insurance premiums
- The team at the Port of London Authority increased their occupational health focus and improved workplace quality leading to a 70% drop in sick absence rates over a 4 year period
- British Energy and Eurest Managed Services worked in partnership to reduce support service costs by £2m while achieving all health & safety objectives
- The FM team at a major high street store went beyond DDA compliance to really improve access and increased sales to the disabled, young mothers and the elderly by over 80% in 2 years.

Genuine Contribution

Good practice in facilities management and its application to genuine business problems leads to competitive advantage, commercial gains and the avoidance of the penalties of non-compliance.

Professionally managed FM is not a back room function to be neither seen nor heard. It is a strategic discipline tackling boardroom issues and contributing to organisational success.

All that is required to achieve this position is a focussed, informed and confident facilities team who understand their business and the environment within which it operates. Compliance is about protecting the business and society in general but delivering a contribution by going beyond compliance will really make a difference.

Martin Pickard CFM FBIFM is the Immediate Past President of the UK Chapter of the IFMA. Martin is a trainer, consultant and journalist specialising

Article for PFM Magazine – The F Word on Compliance by Martin Pickard

in facilities management. He was awarded the 2005 BIFM International Award for Excellence in FM Journalism and has over 30 years experience in all aspects of the profession. For more information see his personal pages at www.denton-house.com or Martin can be contacted on martin@fmguru.co.uk

For more information on **PFM Magazine** see www.pfmonthenet.net

The six areas to be considered in this series are:

- 1 Talent
- 2 Compliance
- 3 Efficiency
- 4 Reputation
- 5 Risk
- 6 Productivity

Next Month - Efficiency