

## The Strategic Role of Facilities Management

The BSA with associate member, Deloitte, recently held an event to discuss the strategic role of FM with high profile experts from across the sector.

Facilities management (FM) has developed into a major, thriving business sector and, as a discipline, continues to grow across the world. Well-managed sites and buildings enable organisations to function at their most efficient and effective level, achieving collaborations and offering real added value to the organisation's core business.

The range of services covered within the remit of FM has become more complex, as FM has moved into the operational functions of client organisations. It is therefore necessary for service providers and their customers to acknowledge the role of facilities management in the organisation's strategic operations.

Earlier this year, the BSA and Deloitte held an event to discuss the strategic role of FM. Speakers included high profile experts from across the sector: Oliver Hemming, Consulting Partner, Deloitte; Johnny Dunford, Global Commercial Property Director, RICS; Professor Michael Pitt, Professor of Facilities Management Innovation, UCL; Guy Palmer, Director, Deloitte; Martin Boden, Director, UK Corporate Services and international Large Accounts, Sodexo; and Caroline Durkin, Senior Supplier Relationship Manager, AstraZeneca.

### Soft FM services include:

- Cleaning and hygiene
- Reception
- Catering and hospitality
- Office services
- Grounds maintenance

### Hard FM services include:

- Mechanical & electrical maintenance
- Property maintenance
- Electrical testing
- Fire alarm maintenance

Discussions focused on why a strategic approach is necessary and beneficial in FM, the barriers to strategic relationships and FM as a career.

### Why strategy is necessary and beneficial in FM

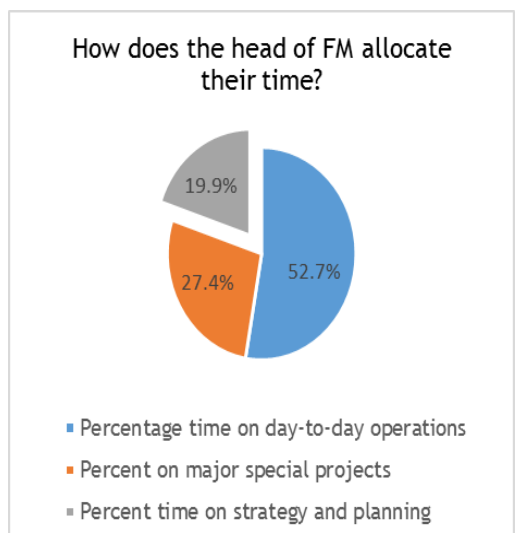
During presentations from the speakers it was continually emphasised that strategy resonates throughout all organisations, affecting everything from how and what raw materials are purchased, to how an organisation provides customers with access to resources and support.

In the RICS *Raising the Bar: Enhancing the Strategic Role of Facilities Management report*, 'strategic' is defined as, "helping the business achieve competitive advantage by aligning real estate (space) and facilities services more closely with business imperatives, operational capabilities, and organisational performance."<sup>1</sup>

The audience heard that, from the panel members' experience, FM is generally more strategic when:

- The service provider takes an 'outside' view on how things are done. Their methods and operations are based on what the client and customer want rather than what they do.
- The service provider is proactive and allows the client to differentiate from their competitors through quality, security and value.
- The provider is able to offer the right support infrastructure to the client.
- The entire organisation is aligned and committed to the process, not just a single department.
- A good relationship between a client and a provider is essential to reaching wider objectives.

Johnny Dunford noted that when RICS questioned facilities professionals as to whether the FM function has, or should have, a significant strategic impact, over 75 per cent agreed. However when questioned about the time they spend acting strategically the percentage was below 20 per cent, showing that Heads of Facilities are still buried in day-to-day operational concerns. FM, real estate and, IT all share similar goals and should be brought together to achieve fully integrated strategic FM.



## Barriers to strategic relationships

During presentations from the speakers it was highlighted that there are a number of barriers to driving forward strategic relationships, and these barriers can limit a business's ability to achieve a competitive advantage. Improving commissioning and contract management skills have long been cited as major barriers to partnership working and include:

### Pre-procurement engagement

There have been long-standing concerns about a tendency to risk aversion and a reluctance to engage with the private sector during the pre-procurement phase. Commissioners are missing out on vital insight by not engaging with the market prior to procurement. Speaking to providers from all sectors and exploring how services are delivered in other areas can highlight different and innovative approaches to service delivery.

### Award criteria

Those who participated commented that commissioners need to shift the degree to which issues other than price are taken into account in the procurement process. Austerity is likely to continue putting pressure on all organisations, particularly those in the public sector, to find new ways of working and therefore service providers need to clearly show the added benefits they can offer. But, to enable this, procurers should look to award contracts on overall value, rather than lowest cost.

### Invest in capabilities

Concerns were raised about the scaling back of high quality (and highly paid) commissioning and contract management staff as a result of budgetary pressures. The National Audit Office has indicated that gaps in capability contribute to failures in contract management.<sup>2</sup> This is not a new problem - in 2009 a review by the Office for Government Commerce found that strong commercial leadership was lacking in 50% of departments analysed.<sup>3</sup>

## Delivery models and joint working

There are several challenges to overcome if new delivery models and joint working are to become successful. In particular both parties need to acknowledge and understand the aims, objectives, constraints and ethos of the other. Mutuals, joint ventures and shared service arrangements to prime contractor models and partnership approaches, have much productive potential and must be part of the story about how the contractors can collaborate more effectively with other actors to support growth and create better social outcomes for service users

### Contract management

It was suggested at the event that there needs to be a debate on how we measure performance but that it perhaps should be measured against core business output. "The most commonly used FM performance measures are focused on financial performance and cost reduction; and over 50% of facilities functional groups are either part of a shared services infrastructure organisation, or they report to a head of CRE or to the CFO."<sup>4</sup>

### FM as a career

During both the panel presentations and discussions it was noted that FM as a career choice offers an interesting and diverse working life with many opportunities for career development. It is challenging, interesting, has a vital importance in keeping the client operating effectively on a day to day level and providing a safe, enjoyable and efficient working environment.

Having skilled, motivated employees is essential to being able to offer a strategic relationship. Senior FM professionals need to develop multi-disciplinary skills that go well beyond the current scope.

These include focusing on collaboration, interpersonal relationships, delegation, strategy formulation and implementation, and managing service providers.

It was highlighted during audience discussions at the event that there are a number of questions about how to ensure that talented people enter the market and stay within it. People are the ones who deliver services and therefore retaining quality staff is vital within FM. People do not enter industry wanting to be an FM leader and there is currently no clear route through FM. Certain standards need to be achieved in FM alongside creating an opportunity for individuals to flourish.

Further to this, it was highlighted that there is currently little being done to entice school leavers to enter the market. There needs to be more focus on targeting different levels to entry. This could be done through an ambassadorial scheme to enter educational establishments and workplaces, to market the industry as a whole and to show the opportunities that exist in the FM sector. There also needs to be greater recognition of the individuals within FM.

In Germany, companies placed a large amount of money in raising the reputation of the FM sector.

Universities also need to play a key role in achieving higher educational and research standards within the industry. "In 2012 there are unfortunately few FM-oriented academic programs at either university or the executive education level that even recognise these changing skill requirements, let alone prepare their students for the much more complex world they face moving forward." Therefore courses need to reflect what is needed in the FM market.

<sup>1</sup> [http://www.joinricsineurope.eu/uploads/files/17503RICSRaisingtheBarReport1\\_1.pdf](http://www.joinricsineurope.eu/uploads/files/17503RICSRaisingtheBarReport1_1.pdf)

<sup>2</sup> National Audit Office - Memorandum on managing major government suppliers - November 2013.

<sup>3</sup> National Audit Office - Commercial skills for complex government projects - November, 2009.

<sup>4</sup> [http://www.joinricsineurope.eu/uploads/files/17503RICSRaisingtheBarReport1\\_1.pdf](http://www.joinricsineurope.eu/uploads/files/17503RICSRaisingtheBarReport1_1.pdf)