

Asset Management, or Just Good Business?

At a time when insourcing is being mentioned in hushed voices and people increasingly talk of the “third wave of FM”, Tony Angel considers what the industry needs to do now in order to position itself for the challenges that no doubt lie ahead.

Anyone who’s had the opportunity to study the history of facilities management, particularly in the UK, will appreciate that development has been constant over the last ten years or so. Indeed, it can quite legitimately be argued that our model, and the capabilities that are available through the very broad range of service providers available to the UK market, is world leading.

Certainly, whilst the concept of facilities management originated in the United States (remember Ross Perot?), in that part of the world it remains relatively narrow in scope; most practitioners are focused on plant and equipment performance, or perhaps space planning and utilisation. There’s a fascination with metrics relating to these two specialisms, and consequently FM remains a largely technical role as opposed to growing into a holistic management discipline.

That’s certainly not the case in the domestic market, although performance metrics are clearly important. Pundits and academics often refer to the “third wave” when discussing the FM market today, following chronologically the initial outsourcing of single service contracts and then the progression to bundled services and TFM-style delivery models.

So, how might we characterise this third wave? The pessimists amongst us talk about things going full circle, and use examples of “insourcing” that follow the expiry of contracts to outsourced service providers that are deemed to have failed in some way. They suggest the death of FM, perhaps giving us a hint of reprieve by referring to “enterprise management” or “infrastructure management” as the future saviours of our livelihoods.

Whether such argument has merit is perhaps for another article, but my own interpretation of the third wave is slightly different. It’s based on some common characteristics that have been reinforced both by personal experience and anecdotal evidence, including:

- An “Intelligent Client Function” that is, at last, intelligent! This is the consequence of experience and learning; in-house management teams have been through the mill once and often more than once, and have in many cases been reinforced by personnel that started life on the supply side (the “poacher turned gamekeeper”?).
- A general raising of the stakes, whereby mediocre performance is no longer acceptable. Levels of expectation have risen, not just amongst client management teams but also on



the part of end users. The baseline for performance is being defined by words such as “excellence”.

- An understanding of the importance of management information. The way in which such information is presented, its timeliness (and now a requirement that it be, effectively, delivered in “real time”), accessibility, and general relevance all point to a much more accountable and transparent delivery model.
- A balance between client-side ability and supply-side maturity. Until relatively recently, unscrupulous service providers have had it easy, very often running rings around their clients and, in doing so, generating revenues that were never meant to be part of the contractual bargain. The scales are far more even now, and this means that relationships can be more open, with commercial objectives not just tacitly accepted but frankly discussed.
- A supply chain beyond the FM service provider that now understands the relationship required from and with a “subcontractor”, and can itself add value if given the chance to do so. It isn’t necessary to have a direct contractual relationship with the ultimate client in order to play a part in the process of adding value, identifying innovation and opportunity, and driving continuous improvement.

If that’s a relatively accurate description of the current state of play, then it begs a question; **as an industry, where do we go from here?**

Many of the changes that need to be promoted are already happening, partly enabled by better technology and partly as a response to higher and higher client expectations and demands. For example, I mentioned performance metrics earlier and this has to be the cornerstone for demonstrating the added value that professional FM brings to the table.

However, we have to continue to guide our customers in this area, and ensure that management information is tailored to provide the data each organisation requires to aide the decision-making process, to satisfy any internal reporting responsibilities, and of course to prove that service levels have been achieved. However, such data must be meaningful, accurate and auditable; too much time and money has been spent in the past (on both the client and the supply side) collating, analysing and producing data that simply isn’t required or that is virtually impossible to measure and/or verify.

Accessibility of data has become an increasingly important key performance indicator in its own right, and there is little doubt that web-enablement, and on-line interrogation of MI, is the benchmark that is now expected. This requires investment in IT infrastructure and systems, but it pays its way ultimately as the return on investment is increased efficiency, improved client retention and higher conversion rates in bidding for new business.

As another example, the way that service providers interact with their supply chain partners has to become more refined and more collaborative. This is easier said than done, as it requires a team approach that inevitably results in territorial boundaries being broken



down, cross-functionality across service lines and every element of the supply chain being clearly focused on what the client needs.

My experience is that the more intelligent suppliers will be more than happy to participate in this process, but genuine partnership requires more than just lip service; it requires commitment, openness and trust, and all of these qualities need to be reinforced by a willingness to genuinely share rewards as well as risk, because ultimately we're all driven by commercial reality. The days of simply driving margin lower and lower should be consigned to history, as we continuously seek the "win/win" formula that makes the relationship sustainable.

All of this – as with the other examples I could give – is common sense, and certainly not rocket science. But I believe that we have to be more aware than this, and aware in particular of the changing commercial landscape in which business is being conducted. In order to meet the expectations of the more enlightened organisations, it is increasingly apparent that the philosophy and culture that we bring to the table is often key to achieving – and sustaining – a meaningful and beneficial relationship between client and service provider.

This culture and philosophy needs to recognise the changes that have taken place in recent years, and the way in which an organisation's most important assets have been redefined as "knowledge workers" begin to proliferate; it needs to result in an all embracing approach to service provision that recognises the importance of people as well as the envelope in which they work. It must enable a work/life balance to be achieved; extend the traditional boundary of the built environment; empower staff to achieve optimum performance; encourage customers to define service need; and go beyond process to achieve real partnership.

There are tangibles things we can aim for as we move towards this philosophical enlightenment. Some of them include:

- Staff at both management and operational level whose training and development reflects the focus on communication, customer care and creative thinking. Behaviours are clearly defined and become an integral part of our offering.
- The development of a far broader suite of services throughout the supply chain that push out the boundaries of traditional facilities management, and help to optimise productivity by enabling staff to focus on their work.
- Higher and higher levels of collaboration, from service delivery structures that provide cross-functionality to steering groups and management boards comprising not only lead suppliers' and client-side management teams, but also key supply chain partners and end users.





- Contractual arrangements that provide flexibility throughout the supply chain, that promote the principal of recognition of achievement, and that reward exceptional performance.

This really is just the start; service providers need to respond to change, but change is continuous. As a result, the industry needs to be constantly asking itself what it can do better, how it can be more efficient, and where it can add value. Let's face it, our customers are asking the same questions of us anyway, so why not be one step ahead of the game?

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