

## Service Delivery – The Real Asset

**Tony Angel, managing director of Edifice, takes a look at the way in which service delivery has responded to change in the noughties. Are client drivers different, and if they're not, shouldn't they be? And has the supply side genuinely identified the challenges they face, and risen to those the challenges? The truth is that the jury is probably out.**

A couple of years ago, I wrote an article for this publication in which I considered the challenges facing the FM industry and the way in which it needed to respond. "Needed", because it came at a time when a lot of pundits were sounding the death knell for FM as we knew it, and the supply side (in my opinion) was doing very little in terms of response. In that article, I finished by providing some examples of the direction in which we all needed to be heading if, as an industry, we were going to address the changing needs of the corporate client. These included

- Enhanced staff training in the areas of communication, customer care and creative thinking.
- Provision of a broader suite of people-centric, non-traditional services – pushing out the traditional boundaries of FM.
- Higher levels of collaboration, with management teams integrating client, service provider and supply chain.
- Contractual arrangements that recognise and encourage flexibility and exceptional performance.

This article is not going to address how far we've come in all these areas, and in any event I'm sure that views would differ substantially across the industry sectors and from client to client, service provider to service provider. But I would like to look at the way in which corporate life, and corporate priorities, have changed over the last few years, and then consider how service delivery must adapt as a response. It seems to me that one of the points referred to above might just be particularly important in this respect.

### A new paradigm?

Before sitting down to put my thoughts onto paper, I noticed that a particular Times Supplement had devoted a sidebar on one of its pages to the issue of work/life balance. Now, this is a subject close to my heart, as it was one of the primary reasons that I decided to embrace the risks that go hand in hand with self-employment. I think it's a hugely underrated issue within most large organisations, and so I was particularly interested in the opening paragraph.



*“Imagine a corporate world of happy employees who feel valued and cared for no matter where in the organisation they work...”*

Not that many years ago, it would have been quite normal for organisations to view the envelope in which they worked, the bricks and mortar, as their primary asset. I’m sure some still do, but more and more there’s a recognition and understanding that it’s the people within an organisation that will often be that organisation’s key differentiator. These days, we hear more and more frequently that it really is the people that are considered to be the main asset a business has. Yes, process is always going to be important, but people, and the knowledge vested in those people, is key.

Peter Drucker coined the term “Knowledge Worker” as long ago as 1959, but it seems only now that it has become important to understand what that term means. This is what he said on the subject much more recently:

*“Fewer and fewer people are subordinates – even in fairly low-level jobs. Increasingly they are knowledge workers. Knowledge workers cannot be managed as subordinates; they are associates... [and] this difference is more than cosmetic. Once beyond the apprentice stage, knowledge workers must know more about their jobs than their boss does – or what good are they? The very definition of a knowledge worker is one who knows more about his or her job than anyone else in the organisation.”* (Peter Drucker, Management’s New Paradigms. Forbes, October 1998)

I could regale you with definition after definition of “knowledge worker”, but all suggest the same thing, and it is an unambiguous and clear message. In business today, in the changing commercial landscape in which the large corporates are pitted against each other in close competition, the people within an organisation are its’ most important assets.

#### **A reality check**

The 2006 FM Audit conducted by i-FM was certainly interesting in confirming the corporate view on the importance of its people. Of course, it confirmed – as you would expect – that cost reduction will always be a driver, often the main driver, in sourcing and managing facilities services, but there were some other responses that raise some questions, if not some eyebrows.

- **Client priorities** – Creating an environment to attract staff was ranked second only to cost reduction. (Let’s ignore any potential conflicts of interest there for now.)
- **Tools used for sourcing new suppliers** – 80% of respondents cited word of mouth recommendation, compared to less than 5% who cited approved lists/suppliers. An



amazing statistic, but one that suggests that client/service provider relationships are hugely important.

- **Preferred selection criteria** – cultural fit was second, again only to price competitiveness. Of course, there are plenty of examples in the market of a winning bidder being second on price but first on cultural fit.
- **Preferred evaluation methods** – I’m tempted to ignore the fact that cost as a percentage of revenue topped this list, simply because I so rarely see the connection made in reality. But even so, employee satisfaction was ranked second, behind that and SLA achievement.
- **Satisfaction drivers** – 3<sup>rd</sup> and 4<sup>th</sup> ranked drivers were flexibility to adapt with the client business and integration with the client company (read “culture”?) Understanding of the client business also featured prominently.

What these responses are telling us is that softer issues – people issues – are becoming more important, firstly in terms of supplier selection but secondly in terms of relationship development and service provider assessment. And so they should, but not because of some need to demonstrate benevolence towards employees (although that’s fine too). More because of the need to recognise that bottom line is impacted in a very direct way by productivity. Make people more productive, and one can assume that there will be an improvement in terms of output, turnover and profit.

#### **The service provider role**

Think about the above in these terms – how many times in the course of a week do we (and our colleagues) lose an hour of our working day because we’re chasing someone, something – just trying to get something done – by telephone or on the Internet? Not necessarily anything that’s work-related either, because we all have lives outside of the office, and to assume that one never encroaches on the other is simply unrealistic. And if one assumes, say, an eight-hour working day, one hour represents 12½% of an employee’s potential productivity. Doesn’t that seem frightening? I think it should do.

So my message to the service providers who are looking to stay ahead of the game is simple; think people, not buildings. Think of the ways in which you can make people more productive, and in doing so challenge the traditional boundaries that determine the services you make available to your clients. In other words, respond to the drivers for change:

- The need for the FM solution to be fully integrated across the corporate environment
- The recognition by many organisations of people as their primary asset



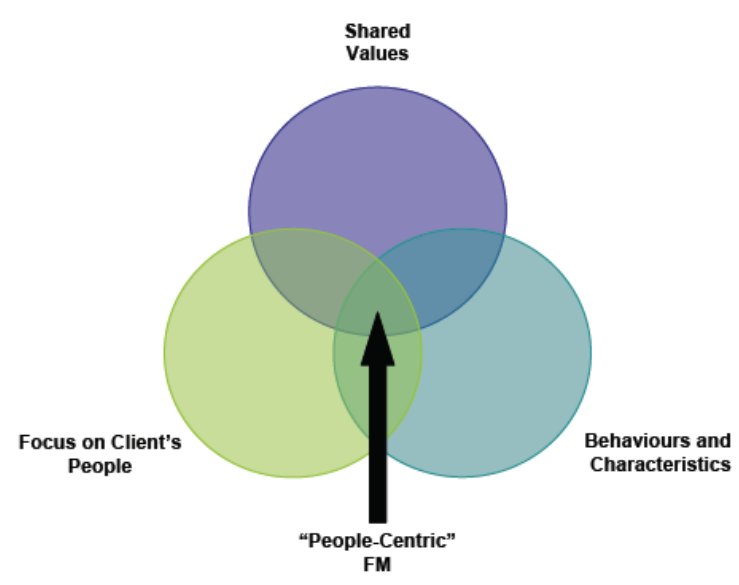


- The increasing significance, recognition and impact of the “knowledge worker”
- The need for services to be increasingly flexible to meet changing working environments
- The absolute recognition that staff who are properly supported will be more productive

What does this mean in practice? Well, part of it is easy, in as much as the “normal” scope of services could be re-defined in such a way as to make time in the office more efficient, and less stressful, than it is at present. Services that may well be intended for, or delivered to, the employee’s home, or in any event that relate to activity outside of the workplace.

Examples of the former might be house maintenance or house sitting, gardening, cleaning and window cleaning, and so on... the things that take up our time when we have a specific need or an issue to resolve; the latter might include dry cleaning, shopping, tickets for a variety of leisure activities etc. I suspect that the corporate FM model could take a leaf out of the hotelier’s book, where the concierge is an integral part of the delivery mechanism, and a proven one.

But – scope of services aside – being “people-centric” is also about approach, and attitude. It really is simple, and it can be expressed in a simple way, perhaps along the following lines.



I won’t expand on the above, because it’s open to interpretation – but it’s clear that the emphasis is on the “soft” side of service delivery. It’s about creating a relationship with people, not with buildings, and about becoming one with the culture of the client organisation. And it’s about partnership.



The benefits to the client will be felt across the business, in terms of productivity, brand enhancement, staff retention, innovation, efficiency, sustainability... and excellence. And I do believe that there are service providers who understand this, and who are preparing to steal a march on their competitors. They are prepared to look beyond process, and understand the needs of the real assets of the modern organisation. To understand its people.

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