2012 is nearly over, so you know it is that time of year again. Everybody is rushing to do their last minute shopping and similarly everyone in FM is pressing to get their work out of the way for the festivities. As a consequence, nearly everyone is ‘snowed under’. It makes you wonder if it would not be easier for the industry if things could just wait until January. But I suppose that holiday periods are just part of the challenge.

That being said, along with Christmas comes our topic of yearly tradition ‘Trends and Developments’. For those who are not familiar with this subject matter yet, in these issues we take an in-depth look at what has been going on in FM in the past but also look at predictions as to what will happen in the coming years. In short, it is always one of the most dynamic and diverse issues of the publication of the year. Let us have a look what we have on the agenda.

In TFM or not TFM, is that the question? Roger McConnell discusses the strategic implications of adopting the Total Facilities Management solution. He touches upon one of the major issues being the lack of common vocabulary in the industry and furthermore considers key aspects such as perceived benefits, risk transfer, contractor duration, optimised savings and securing best in class provision.

Following on, in The trend to increasing complexity in Facilities Management Derrick Tate takes a critical look at the main drivers that increase the complexity of the industry. He starts off with how outsourcing has played its role and reflects upon areas such as types of contracts for service delivery, the geographical scope, advances in technology and legal and commercial structures.

Our regular contributor Sezgin Kaya has produced Short lived, but hilarious 2012! In his article Sezgin continues to look at the developments that he discussed last year and how these continue to move further into 2013. The trends include mergers and acquisitions, customer-centric innovative service platforms and technology enabled connection.

Moving on to CAFM developments; this is an article by Mark Magee which reviews how the role, function and status of CAFM software has gone through a remarkable and fascinating period of change and how this change will continue to accelerate in 2013. Mark touches upon platform, scalability, visibility, reporting, client’s needs and requirements, architecture, and much more.

Sunil Shah, also a regular contributor to EFMR, has presented us with Resource efficiency, which is an article that contemplates the problems regarding the increasing burden on the world’s natural resources and habitats. Sunil poses some key data and continues to discuss what this really means, what it means for Facilities Managers in particular and how to develop a robust approach to resource efficiency.

These are the last articles for 2012 – I hope to see you again in 2013 and wish you a Merry Christmas and Happy New Year.

Martijn Groen, Commissioning Editor, Bernard Williams Associates
TFM or not TFM – is that the question?

The maxim of many outsourcing providers is a variation of ‘you look after your business and we’ll take care of the rest’. Having decided what that looks like, then hot on the heels following the decision to outsource some or all of its non-core services, comes the choice of which model of outsourcing will best meet the strategic needs of the business. This primarily comes down to the two most basic choices of whether to place single service contracts with a number of different suppliers, or a number of services with a single supplier.

Risk transfer

One significant benefit of outsourcing that can be incorporated into any service model, single or grouped is risk transfer which, in addition to employment of staff, might also include fixed price, specific performance, provision of materials, energy consumption, cost of repairs and asset renewals. Providing that the risk transfer is appropriate, quantifiable and allocated to the party best placed to manage it, greater cost certainty can be delivered on a robust value for money basis.

Contract duration

Another potential benefit is directly linked to contract duration: in order to secure a contractor’s investment in a project, whether that is intellectual, emotional, physical or financial, the length of any proposed contract will be a major influencer. Durations of less than 3 years do not allow a relationship to develop and mature, whereas contract durations of more than 10 years can lead to complacency. Durations of 7 years with option to extend by up to 3 years, or rolling annual contracts linked to specific performance indicators might offer a reasonable compromise.

Optimised savings

Cost reduction will always remain a key driver influencing many buyers of services, but cost certainty is of equal if not more importance. This must be delivered against a robust value for money framework that can flex over time to suit the needs of the stakeholders, which can be achieved in any service model that best fits the strategic objectives of the procuring organisation.

First time outsourcing should release significant initial savings, albeit that some may be clawed back as anomalies in the procurement process, or clarifications submitted in the small print of the tender manifest themselves. It is therefore only after the second or third cycle of outsourcing, that the true position can be ascertained, but by then the process may be regarded perhaps as commoditised, heavily price driven and the service delivery a little stale and lacking any innovation or further improvements.

It is perhaps at this point that the whole outsourcing strategy itself may be challenged, and with no further value being extracted, the temptation to in-source or introduce other models to refresh the approach and instigate change may be considered.

Lack of common vocabulary

Those working within or having a knowledge of the industry will have an understanding of the various sub-options that follow, and each will have their own preferences, but without further explanation or other reference, the lack of a common vocabulary and consensus to properly describe the myriad of delivery models that exist in the market, even the most experienced FM professionals will have a different understanding of the terminology used to describe the various models, as will each of the contractors providing such services.

The UK FM Audit published by i-FM offers the following definitions:

‘Bundled Services’, defined as 2 or 3 services being provided by a single supplier;

‘Integrated Services’, defined as a number of services delivered under a single lead;

‘Total FM’, defined as all services managed or delivered by a single contractor.

Interestingly, and consistent with its 2010 findings, 57% of respondents in the 2012 audit expressed a preference for single service procurement, with 21%, 9% and 13% preferring bundled, integrated or total respectively.

Perceived benefits

It is perhaps the perceived benefits mentioned in the audit for selecting the single service option that is most interesting, including: better control of services, greater flexibility to change, contractors take ownership and responsibility, easier to procure and manage, and ‘eggs are not all in one basket’, all of which can of course be secured in a properly constructed Bundled, Integrated or Total FM service contract.

Therefore, rather than focus on the relative merits of a particular model of delivery, it might perhaps be helpful to fully explore other key benefits of outsourcing not recognised in the survey and certainly not always properly realised, in an industry where there is no one size fits all definition or refined delivery model.

Securing best in class provision through a focus on strategic outcomes

As the outsourcing experience with any particular customer develops,
so relationships mature and trust builds, meaning that the focus may then shift to the outcome based contracts, and the securing of best in class provision to meet those outcomes.

Reliability, resilience, consistency may all be desirable and deliverable outcomes, as opposed to simply specifying a particular output, such as temperature, cleanliness or response times. Thus the longer the term of the contract, the greater the opportunity for a higher level of customer experience, and the introduction of other initiatives, such as energy led maintenance, which support the delivery of underwritten energy savings to fund capital investment in infrastructure upgrades and improvements.

So what is the question?

From a personal perspective, rather than focus on the delivery model and output requirements, it might be better to focus on the desired outcomes and cost drivers then source best in class solutions to meet those outcomes.

If a customer has a fixed affordability ceiling, then why not declare that, and seek to extract the best value from the market against that budget. That way the contractor knows that no matter what commercial position might be adopted to secure a contract, there is simply no more cash to be had, and by evaluating the qualitative response provided to meet the desired outcomes, the customer will know exactly what he is buying.

So perhaps the question should be ‘what will I get for my money to ensure my strategic outcomes are met?’

Roger McConnell, ETDE

The trend to increasing complexity in Facilities Management

FM used to be fairly straight forward. If you managed a building or another asset you needed facilities management services and you employed staff. You trained them, you provided them with equipment and you supervised and managed them. Sometimes you contracted with a specialist company for some services. In which case you would undertake a procurement; you would select a supplier, agree a contract and issue a purchase order. When the services had been provided you paid an invoice. FM was not a particularly complex business.

However, things have changed. Today, there is a real trend towards increasing complexity as the industry develops and increases in size. There are now a number of FM companies in the FTSE 100, and in the FTSE 250. Long term multi million pound deals have become commonplace. We now talk about FM using terms such as Integrated FM, Workplace Management, Supply Chain Partners and Global Integrators. FM is an increasingly complex global business.

The main driver of increasing complexity is changing customer requirements, due to changing macro-economic conditions. This manifests itself in increased contract values, longer contract terms and increased geographical coverage. Just to add to the complexity, we have also had technological developments, more sophisticated clients and more complex commercial structures.

We should no longer think of FM as just operating in offices. FM is key to many different sites including: transport infrastructure, manufacturing, health, leisure and entertainment, education, critical national infrastructure, scientific and research facilities and military installations.

Whatever your role in FM – an in-house manager, a supplier, a student, work in business development, engineering or account management – the industry is changing and we all need to respond to the changes.

Complexity in FM started to increase when outsourcing came along. Single services at first, for example cleaning or maintenance. Then bundled services, for example a Soft FM contract covering cleaning, catering and security. Perhaps a Managing Agent or a Managing Contractor was employed. Some organisations had Regional Primes. The industry continued to evolve and consequently FM has become more and more complex over the years.

Today, the complete bundling and integration of services, known as Total Facilities Management or Integrated FM, has added complexity through increases in service scope and a higher degree of management activity. Given this, the scope of FM services today can range anywhere from providing cut flowers to managing specialist equipment and services in Category 4 Laboratories.

Given the growth of FM, the volume of services provided under FM contracts has increased dramatically as a result of increased scope, the inclusion of management activity and greater geographical coverage. Whilst there are many common approaches and skills that FM can apply to any site, each of these has specialist requirements that the industry needs to understand and meet.

With ‘core FM’ services such as maintenance, grounds maintenance, space planning and moves, security, cleaning, catering and associated
The industry is changing and we all need to respond to the changes

management activities, integration has opened FM up to sometimes include other ‘optional’ services. This includes Computer Aided Facilities Management (CAFM) systems, 24-7 helpdesks, minor projects, energy management, estates management, reception, reprographics, records management, pest control, laundry, fleet management and health and safety amongst others. Some of these are more strategic than others, but all add complexity to the contractual, commercial and management structures and processes that are required to control and operate the services effectively. The interface between the supplier and the client has become critical to the successful operation of the services.

Integrated FM contracts typically include a higher level of management activity than single service or bundled services. The supplier manages the inputs to meet the outputs specified by the client. In effect, the client no longer needs FM managers, as this activity transfers to the supplier. Instead, a contract management function is established instead, often referred to as the thin client or intelligent client. This function is not undertaking FM management activities but rather is setting strategic direction, monitoring contract performance, managing the contract and the supplier relationship and acting as the interface between the client and the supplier.

The geographical scope of contracts has increased dramatically. In the past FM tended to be managed on a building by building basis. Other than for smaller organisations, this is rarely the case today. There has been a transition from local contracts, to regional contracts, to national contracts and on to pan-national and global contracts. The supply market has responded to this as suppliers are increasingly able to offer national, EMEA and even global contracts. Clients often have high expectations of the benefits that they will get from global integration. But translating integration into real benefits across boundaries is challenging and adds to the complexity of these contracts.

With increased volume comes increased financial value. As the financial value of FM contracts has risen, so has the importance of the contracts to both clients and suppliers. FM suppliers have become more reliant on a smaller number of large clients, and clients become reliant on one supplier whom they trust to deliver services to the required standard to allow their business to operate effectively. As a consequence, complex performance mechanisms have evolved to provide clients with some control over the standard of services delivered.

Advances in technology and greater application of systems and technology in FM is also adding complexity. CAFM systems are now routinely used to manage FM operations and are often provided by suppliers. Issues around hosting, interfaces, data protection, and ownership of data need to be addressed. Other tools and applications are also becoming common place and in some cases changing how some services are delivered. The use of mobile devices, GPS technology, remote monitoring and predictive maintenance systems are having a profound effect on the delivery of maintenance services.

In the public sector there is a trend towards collaborative procurement. This adds another dimension as suppliers have to meet the requirements of multiple clients under the one contract. Collaborative procurement can deliver real benefits to clients, but it adds an extra layer of complexity in terms of supplier relationship management, contractual and commercial management and operations. This has an impact on clients, as they have to work with co-clients as well as the supplier.

Hand in hand with increased financial value is risk ownership. As FM contracts cover a greater part of an organisation’s support functions, clients have increasingly asked suppliers to manage and take ownership of risk. For example, by entering into a fixed price contract a supplier is taking ownership of price risk including inflation.

Risk ownership can have a profound effect on commercial terms and the client supplier relationship. If this is thought about in terms of inflation for example, neither supplier nor client has any control over inflation in the economy. So commercial terms must reflect this, suppliers will have to include a premium for this risk and may want to put boundaries around it, eg only accepting risk for inflationary rises up to a cap. Clients can get cost stability but have to budget for the additional costs that this may incur.

Client organisations are increasingly reflecting the increased level of sophistication in the industry, with higher standards of professionalism and use this to their advantage in order to press a hard bargain. Clients ask for and get ‘more for less’. This is partly as a result of clients upping their skills base, but it is also the result of greater use of professional advisers such as consultants and lawyers.

Consequently, the procurement function has become increasingly professionalised, for example, Category Management can add real value for a client. Professional procurement is much more than just purchasing, though be warned, there is a risk that procurement may try to treat FM as a commodity. There are also more and more organisations that have outsourced the procurement functions to specialist procurement companies or as part of business processing outsourcing contracts. In fact there is also a trend for FM companies to move into business process outsourcing (BPO), with FM just one of the in-scope services, typically alongside HR, Finance, Payroll and IT.

All of this complexity is reflected in the legal and commercial structures that result. Particularly for the larger FM deals, we are seeing more and more complex structures which are necessary to meet the requirements of the customer and the commercial needs of the suppliers. Tax and accounting considerations also need to be taken into account; for example: VAT, corporation tax, revenue recognition and on/off balance sheet.

These structures can range from straightforward contracts for services, through to special purpose vehicles with transfer of property assets.

The trend towards increasing complexity means that FM is no longer about cleaning offices or replacing light bulbs. Instead FM has become big business, with an increasingly important strategic role to play in maintaining the national infrastructure and contributing to the UK economy.

Derrick Tate, Assistant Director in Real Estate Advisory, PwC
This time last year, I had mentioned here 3 key events that were starting to shape the way we work in facilities. The first was market dynamics on mergers and acquisitions in integrated facilities management services. I gave G4S’s failed attempt to takeover ISS as a key milestone for the formidable scale of acquisitions in the FM world. The second was technological advancement and use of technology in facilities practice backed up by institution-level recognition. Examples were RICS papers on the Cloud Computing in Commercial Property, and Facilities Data and Information Management, which I have authored. The third was Cisco’s research on demographics in the international workplace, where a young workforce clearly denied working for companies that ban social media.

This year we saw repercussions of these key events and expect to see the trend continue to move further into 2013.

**Market dynamics: mergers and acquisitions:**

According to Mergers Alliance, a group of corporate finance specialists who provide advice on international mergers and acquisitions (M&A), in 2012, worldwide facilities management M&A deals were up by 40%. This is mainly driven by multinationals entering domestic markets by acquiring their local single service providers in emerging markets. For example OCS has made a number of FM acquisitions in India since April 2012. Compass has acquired India-based Vipul Facility Management and Turkey’s catering group, Sofra early 2012.

In 2013, the report predicts that this first wave of acquiring single service partners in emerging markets will continue to be a trend. Especially given the two-thirds of worldwide spending on infrastructure in the next two decades is expected to be in those markets, it will prove to be a lucrative one too.

Alongside deals in emerging markets, we saw the Australian firm, UGL completing its acquisition of DTZ, immediately after DTZ had been placed into administration in the UK. Again, the acquisition was intended to broaden the existing capabilities of UGL's property services offering and enhance the geographical footprint.

What all this, and likely developments in the years to come, means is that when there is growth, market players tend to acquire capabilities from the existing pool of domestic or established workforces; not for example, by creating a joint venture or collaborative model together with those. In other words, multinationals prefer to buy rather than dealing with development of the acquired suppliers or pushing them into a franchised model. This creates an excellent ‘short term’ business opportunity for community’s small and medium size enterprises, provided they can manage to offer a set of niche services, a recurring cashflow, and a platform of clients attractive for the big fish to bite.

**Customer-centric innovative service platforms**

The facilities management industry has a story of bitter rivalries: Compass, Sodexo, Aramark on food services; Mitie, Interserve, Carillion and a number of others on technical services; JLL, CBRE and C&W in the integrated market. But the rivalries shaping the market today are becoming even richer and more complicated than in the past, not least because they aspire for a growing their share in the marketplace, but to be seen as innovative and trend-setting as possible by their clients and customers. As a result, the competitors are crossing swords in becoming more innovative to produce the ‘first of a kind’ service sets, with never ending efforts to shape and change the environment they operate.

But to what extent is this competition reflected in their offerings to customers? CoreNet’s recent research presented by Barry Varcoe in this September’s conference re-emphasised how shallow we are when it comes to producing stretch visions as an industry. Moreover, in dealing with innovation, clients surrender to their suppliers in expecting to see innovative ideas will cruise into their operations together with all skills and capabilities promised to come at the earliest stages of their commercial dialogues.

At the heart of these false expectations lies the plethora of outsourcing deals taken place since the 1990s, which has resulted in an unprecedented evacuation of clients’ skills. Those that are eventually left to manage the operations of complex facilities management process and systems such that the remaining skills can hardly manage to cope with competitive platforms let alone turning the industry into a formidable innovative construct as they once imagined. So the trend is left for suppliers to play with innovation in their own way and shape the marketplace. A unique position to be...

And perhaps, not as inexpedient as it seems... At the end, that is what IT giants, like Apple, Google, Facebook and Amazon, have been doing. They, too, have been in fierce competition by expanding into unknown territories via acquisition of new skills from established ones, as well as influencing their customers’ purchase decisions and showing them trends in the industry. The key difference they pose is in the formation of their value proposition for end users. Unlike Facilities, those IT giants provide a service platform, or what they call: ‘the internet of things’ (IoT), that provide anyone with a number of choices for adapting their needs within a service-scape they accepted to pay.

In contrast, Facilities tend to set up the offering around a corporate business-to-business commercial deal backed-up by heavy contractual clauses that make the relationship bound with ‘a set of rules of things’ mainly pushed by compliance, health and safety, governance and regulations. Least paid attention to how relationships are built between services and service recipients.

Innocent, a successful juice producer in the UK, sells its products under the motto to make it easy for people to do themselves some
CAFM developments

The role, function and status of CAFM software are going through a remarkable and fascinating period of change. This looks set to accelerate in 2013 as CAFM’s value to the business is realised by users beyond the core FM world, and it is being driven by some important trends: CAFM’s developing role as a portal to an increasingly integrated and rich set of business data, its functionality as a real-time reporting tool, and its ability to automate a comprehensive range of processes that impact directly on an organisation’s productivity and profitability.

As a platform, the CAFM system has come a long way from its traditional model as a client/server application hardwired into the server on a local area network, with a Windows interface. Today, it is a scalable and flexible proposition, optimised for web and mobile access, and deliverable as a service that offers abundant opportunities for FM providers to add value and extend the relevance of the application deep into the heart of their customers’ businesses.

Telekom has introduced its machine to machine (M2M) technology, where two or more devices can share data between each other. Millions of vending machines, printers, smoke alarms, cameras, and gates can now automatically share information to create a platform of ‘networked things’. And for a glimpse of what is possible through a smarter approach consider what it will mean to facilities management proposition, and how it will force the industry offerings to be formed in the near future.

But it is yet to become a service offering. Sometimes trends in other sectors, especially IT, can delay in penetrating into facilities domain. I will leave the reasons to another time to discuss, but in either case, the ability to use technology and data embedded in facilities have never been greater.

Intelligence that technology can now bring started to resolve the myth of ‘Intelligent Client’ to become a core function within its host organisations, where smarter technologies are increasingly seen as a source of competitive advantage. Whether it is to transform facilities services delivery or meeting energy and environmental targets the main purpose is to align operations to corporate goals.

We may seem to be putting the cart before the horse on facilities technology, and the reality is, market grasps it as an autonomous evolutionary process. Like any big shift, either leave or live it in 2013, the question is: are you ready to take advantage of it?

Happy 2013!

Sezgin Kaya

1 http://www.mergers-alliance.com/uploads/nutrientcms_documents/00ccce1f1be1a9cf0b606e34a23a7c66a.pdf.
3 Facilis from Latin, meaning facile, ease. It also means convenient, easy to manage, or favouruable. A root word for ‘facility’, once Prof. Jan Brochner brought to my attention, when describing facilities management.
dashboard access to a data set populated by feeds from an integrated suite of software applications is a very attractive proposition. CAFM has become a viable repository for live business information and a portal to a real-time picture of business performance in relation to key functions such as finance and compliance, as well as FM itself.

As a portal, CAFM provides visibility in a way that a traditional paper report is simply unable to do. Users have instant, intuitive access to the call log, the PPM book or an up-to-the-minute snapshot of the day-to-day requirements of the FM function and their status, without the need for any expensive or complex software training.

Contract managers can see at a glance how efficiently their terms and conditions are being met, and they can tailor their reports to any desired permutation. This model comes into its own in extended FM environments where a system might be deployed centrally, with a help desk that interfaces with hundreds of locations around the country – each of which can access information about services and call status via its own, customised portal.

The revolution in end-user devices is having a significant influence on demand for this portal-style access to CAFM applications. The rise of the smart phone and the prevailing trend of Bring Your Own Device (BYOD) to the corporate network mean that mobile CAFM has moved beyond its traditional interface on a ruggedised PDA. It is no longer traditional blue collar territory.

Today’s users expect to interact directly with business systems and information through their tablets, smart phones, net books and laptops, on the go and with dynamic, easily-understood interfaces – regardless of the device they happen to be on. They want an infinite variety of alerts, reports, project plans and supplier/contractor management tools at their fingertips, and instant access to a live representation of contract performance going into a meeting.

This trend, in turn, is an important influence on CAFM software developers as they look to make their applications truly cross-platform for 21st-century corporate environments where mobility is taken for granted. The blurred distinction between business and consumer technology has raised user expectations and encouraged businesses to demand integrated, cross-platform functionality from their applications.

For an FM service provider, that means being able to accommodate a client’s choice of devices – often a glorious mix of i-phones, i-pads, Blackberries and Android smart phones – without compromising the terms and conditions of service delivery. And they want to be able to provide this out of the box, with simple tweaks to the system and the ability to take local variations into account without breaking the main process flow.

FM providers increasingly find themselves under pressure to mimic the speed at which technology is evolving through their own services. They need to have confidence in a solid CAFM platform which will allow them to deliver mobility and visibility. But they also need the system to be flexible enough for them to extend its basic functionality – modifying workflows in specific circumstances, for example – without having to undertake complex core production work in the software. In other words, a successful CAFM implementation will support the business and mould itself to the business process.

For the software developer, this means getting closer to the client and understanding exactly what is required of a CAFM platform in 2013. FSI invests a lot of time on active client engagement, nurturing a proactive user group with a wide membership that reflects the many different environments and models in which modern CAFM systems are deployed. These users experience and exploit CAFM at the coalface and their reactions and reports are vital influences on the future development of Concept™.

This shift to a partnership rather than a conventional client/supplier model is a notable trend in the CAFM market. One of its most notable consequences has been the emphasis on integration between CAFM and other corporate systems.

As a matter of course, software developers are now using open architecture, middleware and the web to provide clients and their users with a scalable, accessible set of services. Standards-based input tools allow the CAFM system to accept information from a myriad of other systems and business partners. Integrated access to data that might previously have been locked in to proprietary silos means that service providers can add value and tailor client access to a merged set of data held in a single repository.

This also has implications for CAFM vendors with local and regional expertise. For example, FSI sells Concept™ around the world with a combination of regional offices and business partners who can resell the system while adding their own tools and services. Their ability to add value through integration and an intimate knowledge of their clients’ businesses is an important differentiator. It means they must be able to take the CAFM solution off the shelf and develop aspects specific to their requirements. And the system must be flexible enough to support their vision rather than limiting their business development.

Developing a partner network of this calibre is a cost-effective way for vendors to expand their sphere of influence and the appeal of their platform on a global basis. It also feeds back into the development of the product as more is learnt about customer requirements and deployments. A reseller partner can become the advocate and champion of a tier-one CAFM supplier while developing their skills through local deployment and maintaining control over their own client base.

But in terms of implementation and delivery, perhaps the most important trend has been the evolution and adoption of the Software as a Service (SaaS) model. This has enabled FM customers to forge even more dynamic relationships with system suppliers. The hosted model, epitomised by platforms such as FSI Cloud, allows customers to outsource the complete CAFM service, from hardware and software to reliability, disaster recovery and backup, for minimal overheads.

A number of larger corporate customers who were previously reluctant to outsource the hosting of a business-critical application now recognise that there are economies of scale to be made on the CAFM front. By handing the responsibility to deploy and manage a suite of applications to an organisation like FSI, or one of its partners, which has the skill and processes to support the software and hardware, while enabling appropriate client access and guaranteeing a speed of response, a business can generate important cost-savings.

The cloud model means that in the event of a problem or sudden requirement for system changes, the supplier has instant access to the customer’s application in real time. There won’t be potentially business-damaging delays while the customer backs up its system and analyses the problem before giving the supplier the necessary access. Whether the client wants a pure SaaS implementation, perhaps paying a monthly fee and being able to scale the system up or down according to demand, or prefers to outsource their entire infrastructure to a hosted private cloud, the flexibility of today’s leading CAFM offerings is without question.
Resource efficiency

Recent headlines on mine closures in South Africa and China coupled with legislation on waste and higher purchase costs are raising the profile of our continued use of materials. A recent survey by Sustainable Business Magazine has highlighted that resource efficiency is one of the major cost savings that organisations can achieve. FM’s role to procure, manage, and co-ordinate is fundamental to embedding the necessary change in behaviour and approach. This article looks at trends in this area and some examples of good practice to move FMs along this line.

One of the most noticeable results of CAFM’s move into the business application space – the rise of electronic documentation – is also having a notable impact on system vendors. The cloud model allows them to extend their services to include value-added elements such as data backup and off-site storage – a departure that reveals just how far CAFM has penetrated mainstream business applications.

About FSI:

Founded in 1990, FSI is a global-leader in FM software, with Headquarters in the UK, offices in Australia and Dubai, and an international partner network.

Concept Evolution™ provides a total platform for the design, development and implementation of FM strategies to those responsible for the provision of building services and asset management.

Mark Magee

Is there really a problem?

Consumer demand is placing an increasing burden on the world’s natural resources and habitats. The Worldwatch Institute has classified the ‘consumer class’, epitomised by large cars, plentiful diets and an abundance of waste, and it now encompasses almost a quarter of humanity. Since 1960 the amount spent on household goods and services has increased fourfold, with the developing world beginning to copy the trends of the richer nations. China and India are now home to a larger consumer class than that in all of Western Europe. Resources include all material and natural resources, from food, timber, and biodiversity in the widest sense, to energy, metals, soil, water, minerals, our atmosphere and land.

The rising consumption globally is more than the planet can bear; with forests, wetlands and other natural places shrinking to make way for people and their homes, farms, shopping malls and factories. There is also a growing scarcity of key materials that we require including copper and lead, pushing up prices for their procurement but also limiting their availability to many nations.

Overall, humanity’s Ecological Footprint has doubled since 1966, largely attributable to the carbon footprint, which has increased 11-fold since 1961 and by just over one-third since 1998. However, not everybody has an equal footprint and there are enormous differences between countries, particularly those at different economic levels and levels of development. In 2007, humanity’s Footprint was 18 billion global hectares (gha), or 2.7gha per person. However, the Earth’s biocapacity was only 11.9 billion gha, or 1.8gha per person. This represents an ecological overshoot of 50 per cent. This means people used the equivalent of 1.5 planets in 2007 to support their activities.

What does overshoot really mean?

How can humanity be using the capacity of 1.5 Earths, when there is only one? Just as it is easy to withdraw more money from a bank account than the interest this money generates, it is possible to harvest renewable resources faster than they are being generated. More wood can be taken from a forest each year than re-grows, and more fish can be harvested than are replenished each year. But doing so is only possible for a limited time, as the resource will eventually be depleted. Similarly, CO2 emissions can exceed the rate at which forests and other ecosystems are able to absorb them, meaning additional Earths would be required to fully sequester these emissions.

Fossil fuels are being depleted 100,000 times faster than they are formed; each person in the UK consumes 60 to 80 tonnes of material each year on average, and uses roughly 11 tonnes of raw materials to produce one tonne of product. The world’s forests are still being destroyed mainly from the conversion of forests to agricultural land. The numbers measure net loss, taking into account forest growth from new planting and natural expansion. An average 7.3 million hectares was lost annually over the last five years, down from 8.9 million hectares (22 million acres) a year between 1990 and 2000.

What does this mean – ultimately the over use of resources will lead to a shortage of materials resulting in either a move towards alternatives, to resource efficiency or a reduction in consumption. It is likely that more than one of these factors will take place for many materials largely due to the cost of supply.
What does this mean for Facilities Managers?

All businesses can save money by using resources such as water, energy and raw materials more efficiently. It is estimated 2% of UK business profits per year may be lost through inefficient use of resources. UK businesses could save around £23bn per year by making simple changes to use resources more efficiently and help protect the environment and natural environment. Making processes more sustainable can improve businesses’ bottom line by driving down costs, opening up new markets through innovation, and enhancing reputations and brand value. Businesses that don’t use resources more efficiently will miss out on potential commercial opportunities and will lose out as prices for scarce commodities rise.

### EU Resource Efficiency Roadmap

Targets have been set based upon the objective to provide more value with fewer inputs and to decouple economic growth from resource use and its environmental impact. The 2020 targets are:

- **Consumption**: incentives to encourage people and public authorities to buy the most resource efficient product and service, with minimum environmental standards;
- **Business Support**: reduce reliance on imported materials with incentives to reward efficiency;
- **Waste**: to be managed as a resource with recycling and reuse financially attractive and developed infrastructure / markets;
- **Natural Capital**: ecosystem services to be properly valued and accounted for by public authorities and businesses e.g. fertile soil, clean water, pollination;
- **R&D**: promote innovation to build a green and low carbon economy focused on how we understand, manage, reuse, recycle, substitute, safeguard and value resources;
- **Price Signals**: phase out subsidies with potential negative impacts on the environment e.g. fossil fuels, transport, water;
- **Taxation**: move away from the taxation of labour to the environment;
- **Biodiversity**: halt biodiversity loss and the degradation of ecosystem services in the EU;
- **Built Environment**: move to zero energy and high material efficient new build and renovation of buildings and infrastructure.

### Legislation

The EU Resource Efficiency Roadmap (see text box) sets out the longer term trend for legislation and fiscal measures, placing a higher regulatory burden on more polluting activities and in the worst cases removing them altogether through minimum performance standards.

To avoid the regulatory and financial impacts, the use of materials classified as hazardous or polluting should be reduced through identifying alternatives. Typical areas include cleaning chemicals, refrigerant gases, uncertified wood and paper products and building and construction materials.

### Commodity costs

Costs for materials and goods are continuing to increase as they become scarcer. Energy and food prices have increased by more than 10% this winter alone and are projected to continue to rise. The reduction in waste at the front end, better use and looking to re-use or recycle materials will significantly reduce the amount of resources consumed and therefore the costs to business. The greatest impact will be through supply chain risks related to the goods and services procured.

Key areas for facility managers to look at include reducing unnecessary packaging; reducing paper use and encouraging its collection for reuse and recycling; growing produce on or near site; and encouraging more travel by walking or cycling.

### Brand value

There is a greater recognition by business and consumers for environmentally conscious goods and services, leading to a level of mainstreaming in some sectors and an increase in sales overall (see Business Benefits text box). Many organisations differentiate their services by being resource efficient, and so care to avoid greenwashing claims is important.

The same will apply to FM providers themselves, whether in-house or as an outsourced activity – the potential to provide services as a resource efficient organisation can help to differentiate services through a lower cost model. However, much depends upon the client organisation for the site based activities.

### Business benefits

InterfaceFLOR is the modular flooring division of Interface Inc, with a Mission Zero to become ecologically sustainable by 2020. One of the main goals is to develop a closed loop system where carpet tiles are made from recycled materials and used carpet tiles are converted into raw material for new products. Several practices have been developed as part of this goal:

- 88% reduction in waste to landfill per unit of production since 1996;
- 44% of total raw materials are bio-based or use recycled materials;
- Using less material through dematerialisation saves on materials costs, and reduces raw material extraction, energy use, emissions, transportation costs and waste. Some tiles use 50% less yarn than in a conventional carpet, without sacrificing performance;
- Actual reduction of Interface Global GHG emissions by 34% from 1996 baseline;
- Working with third sector organisations as take back partners to divert carpet tiles from landfill for re-use where possible, providing affordable flooring for low income households, plus employment and training opportunities to individuals excluded from the job market.

### Developing a robust approach to resource efficiency

In order to effectively build in behaviour change around the Knowledge – Empowerment – Feedback framework, the following measures are necessary:

- Need to make it easier for people to be involved and to support – any complexities will result in individuals finding reasons to not be engaged;
Resource efficiency

Tailor the feedback to be comparative, and location specific to those who are being targeted. However, feedback on performance alone is likely to provide a short term change, perhaps lasting a few months but will not deliver a longer lasting change;

How to build resource efficiency into the organisation's culture is critical – the provision of information will not change the culture in itself;

A competitive element utilising incentives, which is fun, will help to get people engaged as part of an overarching programme, with a number of activities taking place; and

Make the default option for the sustainability option eg delayed opening on lift doors to encourage walking which has a greater impact.

To develop an effective programme for the business to deliver on resource efficiency targets, a simple five-stage approach is provided below. Critically, this must have the support from senior management to join in with the programme. Such an approach can be dovetailed into existing management system programmes such as ISO14001 as an objective and target thereby reducing the burden and helping to re-focus the intent.

1 **Know Your Baseline** – understanding your current performance and consumption profile can be based upon existing information on energy, waste, materials procurement and travel information. By understanding your profile, you’ll be noticing when and where unusual consumption occurs.

2 **Create a Compelling Message** – successful programmes start with a compelling message. It has to be more than just ‘saving money’ or ‘reducing carbon’, which will have little appeal and make everyone feel guilty. Consider something aspirational like five to ten year target, a commitment to ISO 14001 or a Green Policy commitment to your customers.

3 **Behaviour is Everything** – the challenge is to engage and empower staff. Use focus groups and feedback sessions to gain commitment from staff and to also get their involvement in developing and agreeing how the targets can be met. For some organisations, you may need to demonstrate willingness by implementing a number of key changes that are visual.

4 **Communicate Success** - Many small behaviour changes and actions, will quickly amass to create the savings targeted. To acknowledge the contribution from staff, a clear and frequent communication strategy is required with information displayed on notice boards, through staff magazines, cascaded down from the business or via the intranet.

5 **Keep it Clear and Simple** – talking about CO2, M3, kVA will not engage or keep anyone’s interest. When you’re discussing resource efficiency, keep language and targets simple.

Resource efficiency is not a new concept, but it is one that is having a greater impact on all organisations through increased costs to operate and regulatory pressures. It can also provide a means to generate greater income in new markets and deliver on significant cost savings through the implementation of resource efficiency programme. The EU Roadmap has identified a long term target for all businesses to follow – early engagement will help to reduce costs and risks to your business.

Sunil Shah, Managing Director, Acclaro Advisory Ltd

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2 UN Food and Agricultural Organisation
BIFM Training Calendar

Please see our programme below for Jan-Feb 2013. If you would like any further information such as speaker articles and photos please do not hesitate to contact us. For more details please visit www.bifm-training.com. Please note the BIFM Training programme is managed by Quadrilect Ltd. BIFM members get 20% off courses.

January

16-17  Creating & Sustaining Modern Workplaces Central London
22-24  Understanding FM Foundation - (optional) ILM Level 3 Award or Certificate in FM Central London
28-1   IOSH Managing Safely in Practice certificate Central London

February

5-6    Managing Relocation, Fit-Out & Move Central London
6      Financial Management 1: The Essentials Central London
7      Financial Management 2: Getting Results Central London
12-14  Understanding FM Foundation - (optional) ILM Level 3 Award or Certificate in FM Central London
13     Customer Focused FM Central London
13-14  Disaster Recovery & Business Continuity Central London
19-21  The Professional FM 1 [Intermediate] Central London
19     The Tender Process Central London
20     Contract Management Central London
20I    OSH Managing Safely Refresher Central London
21     Negotiating to Win Central London
27-28  Health & Safety Regulations, Responsibilities & Risk Assessments Central London

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Info bank

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