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“Not Normal”: Facility Management Goes For New Approaches

Report on the EFMC 2009 – THE European Facility Management Conference
16th and 17th June 2009, Okura Hotel, Amsterdam, The Netherlands

- FM chances and challenges
- Parameters for sourcing strategies
- Transformation from Facility Manager to Sustainability Manager
- Impact of technology and “productive resignation”

Duesseldorf/Amsterdam, June 2009. The facility management (FM) industry’s ambition for 2015 and beyond is to reverse the supply chain. “The new order will be social – virtual – physical,” summarized Wim Pullen (Center for People and Buildings, The Netherlands) and David Martinez (3G-Office, Spain) at the “EFMC – European Facility Management Conference 2009” on 16th and 17th June in Amsterdam. Almost 500 attendees from 40 countries discussed current and future challenges such as sustainability, energy management, demographics, business paradigms and the economic downturn as well as space use and space levels. Most of the delegates came from the Netherlands, Scandinavia, the United Kingdom and German-speaking countries, but there were also FM professionals from Africa, Asia, North America and down under. Hosted by the International Facility Management Association (IFMA) and the European Facility Management Network (EuroFM), the EFMC featured a Business Conference and Research Symposium integrated into one event. Programme highlights were the vivid and controversial “FM Debate of the Year” on sourcing strategies, the key note speeches by Slovenian Cultural Ambassador Miha Pogačnik and Dutch trend analyst Rob Creemers as well as the European FM Award Ceremony and the Student Poster Session.

Being the chair of the Scientific Committee, Wim Pullen conceptualized three crucial questions with regard to the future FM knowledge demands: “Do we know? Does it matter? And: How much does it cost to be cheap?” Joint forces of business and research plus long-term knowledge investment programmes were the FM knowledge base being set on the agenda of the EFMC 2010 in Madrid. “The new role of the Facility

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Manager could be that of a Corporate Sustainability Manager,” Pullen stated. David Martinez alluded to the option of a Chief Facility Management Officer (CFMO).

“FM nirvana” and sourcing strategies

Magnus Kuchler (Ernst & Young, Sweden) designed the “FM dream”. The “nirvana” was a proactive FM organisation with continuous new solutions and knowledge about quality and cost. True partnerships with suppliers, true green FM and new technology distinguished this organisation which had full responsibility of workplaces, delivered standardised as well as individualised services, was able to measure the value created and had “happy customers”. Kuchler identified three sourcing strategies: “The options are in-house delivery, outsourcing and a hybrid solution of in-house delivery and out-tasking.” The parameters of these strategies were location and geography, size of the respective sites, the type of core business and the maturity of the FM market. Jelle van der Kluit (Twynstra Gudde, The Netherlands) explained the maturity classification of FM markets with pioneer (UK, Netherlands and Denmark), developed (Western and Southern European countries), emerging (Central European countries) and pre-emerging (Eastern European countries) markets.

Strategy depends on core business and core values

Gianmaurizio Cazzaroli (Tetra Pak, Italy) said that all the points of the “FM nirvana” could be reached by a hybrid strategy that combined all the service advantages and allowed for flexibility. The challenge with a hybrid strategy was to avoid disappointing the FM in-house staff: “They have to be proud to work for the company, but they have to be even prouder to work together with the service provider.” EuroFM’s Vice Chairman Wayne Tantrum (Interserve FM, UK) also referred to the importance of social responsibility and value added when out-tasking. The “FM Debate of the Year” showed that emphasis lay on control with an in-house strategy, a hybrid strategy emphasised flexibility and an outsourcing strategy focused on the core business of the company. The sourcing strategy, however, depended not only on the core business but on the corporate core values. Cazzaroli affirmed this and pointed to intercultural values: “We try to benefit from the corporate culture of a Swedish mother company as well as from the national culture at the Italian site.” Leif Møllebjerg (Lego Systems, Denmark) found the corporate culture more important than the culture of the country.

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Outsourcing only in long-term perspective cheaper

Walter Verdonk (Sodexo Altys, The Netherlands) explicated that in a short-term perspective outsourcing was more expensive due to the transition investment. "But in a long-term perspective outsourcing is cheaper," he said. Verdonk recommended outsourcing only when the needs and expectations related to that strategy were clear: "The organisation has to be ready for outsourcing." Hybrid solutions were always a compromise, and the strategy had to be the best for the organisation. Gianmaurizio Cazzarolli pointed out that the organisation's role had to be defined before the decision on the sourcing strategy could be taken. Values and goals affected the strategy as well as the availability of the desired service quality. Besides, transparency was significant.

Strategic factors: quality versus cost

The great majority of the audience agreed with Cazzarolli that quality was the most important strategic factor when considering make-or-buy. Verdonk considered costs the essential factor. Leif Møllebjerg gave the key stakeholders top priority: "At Lego, these are the children." Møllebjerg declared that value add was everything around employees and facilities: "It's not only about money, but about quality measurement." For a "proactive FM", the alignment of the customers' expectations was crucial. David Martinez (3G-Office, Spain) confirmed that FM offers had to be adapted to the customers' needs. "FM requires flexible, scalable quality services at the right cost," defined Møllebjerg and presented the "value add equation" comprising volume, quality, flexibility and costs as the basic elements of service provision.

Knowledge of customer's core business and supply chain

Magnus Kuchler summed up that the sourcing strategy had to be tailor-made for each organisation. He addressed new ways of working and new technology as an enabler. According to Kuchler, the highest improvement potential could be realised by centralizing FM globally for all sites and services. "Much of the improvement potential has not been realised due to a decentralised approach," he remarked. Mike Liddle (Business and Facilities LLP, UK) showed that by reducing the number of FM suppliers cost savings and more service flexibility could be obtained. "Understanding the supply chain of the client is critically important," he made clear. Gianmaurizio Cazzarolli also stressed the importance of knowing the customer's core business. Liddle brought up the cultural fit depending on "the care of what you do and the respect towards the

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providers". He explained that partnership meant growing together and argued for innovation. Jelle van der Kluit (Twynstra Gudde, The Netherlands) agreed that innovations in FM were necessary to prepare for the changed demands of organisations in the future. Liddle concluded: "Everybody can save money, but setting good standards in an international portfolio is much more difficult to do."

Cultural competence decisive

Prof. Keith Alexander (University of Salford, UK) advocated investing in people and developing new business models. "The increasingly global FM business requires competent, mobile, culturally aware and internationally experienced FM professionals," declared Verena Hotter (Kufstein University of Applied Science, Austria). Students had to be prepared for the "real world" by international education programmes dealing with similar content and different cultures. Cultural understanding, passion and empathy were expected from both students and employees. David Martinez also advised not to underestimate cultural differences: "A facility manager has to provide services in several different countries."

Future FM tasks: energy management and sustainability

Dutch information industry trend watcher Rob Creemers stated that technology forced people to think globally. The internet made distances disappear and borders fade away; "mobile penetration" was proceeding with one million mobile phones being sold per day. "Technology will determine the future of the human race," Creemers pointed out. He went into information technology, nanotechnology and biotechnology and expressed a warning: "A globalised world cannot be regulated or controlled. Everybody is connected, but nobody is in charge." As future trends, he named ageing, globalisation, pollution and resources, and he predicted severe problems. "We need another mindset," claimed Creemers. Considering the environment first had to lead to society concerns and not till then to economy issues. "The core message for facility managers is: We have to use less energy," Creemers proclaimed. "It's all about sustainability." In five years, the facility manager could have become a sustainability manager. The trend watcher exposed: "There are three questions everyone has to answer concerning his job: Will there be a demand in the future? Can someone in Asia do it cheaper? Can a computer do it faster?" Creemers encouraged the audience to keep learning and to be creative: "You have to be able to change. Adaptability matters. Try something new!"

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Interface between art and business

To be “awake and creative” was also the appeal by Slovenian Cultural Ambassador Miha Pogačnik. The concert violinist and entrepreneur decomposed a musical masterpiece to illustrate business processes and visualised his explanation by drawing. “The first step on the way towards a target has to be right,” Pogačnik said. He addressed the “bottom line of life”: “Productive resignation is the precondition for quality change” because concepts were questioned then. If nothing was changed after having reached the bottom line, people and organisations would become “normal”. Pogačnik argued for a “peripheral leadership style” using input, questions and power from the periphery: “Chaos is the first step of integration.” The result was “capital”, which was not money but “capability”. EuroFM’s Vice Chairman Wayne Tantrum referred to Pogačnik’s postulate not to be “normal” and called out to the attendees: “Let’s make the difference!”

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