



Outsourcing Facility Services: Have You Only Solved Half Your Problem?

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Executive Summary

Let's talk about the most pressing facility services issues facing commercial and corporate real estate property owners. But, let's not discuss cost first. Cost concerns are a given. They are right up there on the critical-needs ladder with consistency, quality, reliability and sustainability. Not a short list — no wonder headaches ensue! With all these factors to consider, dealing with facility services is even more difficult if you have multiple properties.

In addition to managing your facilities, you've got a primary job to do: running your business. Outsourcing has long been the solution that allows you to focus on your core business issues while leaving the facility services to an expert. You can outsource anything from one service to all services that relate to running your facility. If you're already outsourcing some services, you've taken the right step. However, chances are, not all your problems have disappeared — and you might not realize that there's a better way.

Traditional Outsourcing Options and Their Inherent Limitations

Service-by-service: If you opt for "out-tasking" individual services (e.g., electrical, energy, facilities engineering, HVAC/mechanical, janitorial, landscaping or parking) from several providers, you'll have the advantage of turning these tasks over to specialists. Having done that, you'll still have other services to deal with yourself, or you'll have several provider relationships to manage. This would include having several contracts to manage, several bills to pay, risk and diversity issues to work through, etc. A better option would be to look for a provider who can handle more than one or all services, and preferably under one contract with one point of contact.



Facility Management (FM) or Integrated Facility Management (IFM): One option is to hire a facility management company. Normally, this would mean you'd have a contract with a provider, and that provider would subcontract out most or all of the services. A problem inherent with this model is the lack of control over subcontracted services, including fees added onto the subcontracts by the facility management company. This option can present the façade that your facility problems are solved, but underneath, this model can create a mishmash of different providers with different work standards, values and cultures that might not match your own and separate reporting systems and billing. Ultimately, you'll find inefficient use of human resources and an inability or difficulty creating teamwork, because the workers assigned to a site will be working in silos performing only the services they each have to execute. It's very difficult for you to know what's going on, especially if the facility management firm doesn't have the technology to pull together all the disparate data, giving transparency related to all operations to the client.

The Ultimate Solution: Integrated Facility Services (IFS) and Self-Performance

The ultimate solution is IFS, a rather new concept but one that is working well in many facility types for many different industries — locally, nationally and globally. An IFS provider strategically directs all your facility operations, self-performing most services. By eliminating or greatly minimizing subcontractors, efficiencies abound, quality standards are met across the board, and your job gets a whole lot easier. You're still in the driver's seat: You set the standards; you see reports from consolidated, comprehensive data; you know who's working in your facilities.

Advantages of IFS

An IFS provider will have the infrastructure in place to offer:

- One purpose/vision that matches your culture/goals for all services in your facilities
- Deep expertise across all services provided
- Consistent training and processes according to industry best practices
- Flexibility to adapt staffing to your business needs and cycles
- Proactive initiatives, anticipating your needs and preventing problems
- Sustainable, compliant practices across the board
- Quality standards, accurate and benchmarked data with detailed key performance indicators (KPIs)
- One technology platform: Consolidated data, transparency, improved forecasting
- Business continuity planning

Sustainability is an important part of any corporate program these days and with IFS, it will be embedded holistically. LEED qualification will be easier to obtain and maintain. Cost also matters, and when business cycles dictate, the IFS provider will be able to manage costs down during a downturn and ramp up efficiently when your business is booming. Staffing and services are scaled to the needs of the business over time and extended or contracted geographically as required.



Advantages of Self-Performance

Quality at Lower Cost: And now it's time to discuss cost. When nearly all services are self-performed, an IFS provider spends more of your dollars on quality labor — an approach that is more efficient and delivers better quality.

1. Cutting out the middleman saves you money. Labor accounts for 70%+ of the cost of delivering facilities services. By managing its own people, the IFS provider keeps labor costs down. Fewer of your maintenance dollars go toward overhead and fees.
2. You benefit by having well-paid people who can be deployed at the most efficient level at the point of service with the most appropriate qualifications. The IFS provider doesn't attempt to drive down costs by purchasing low-bid services from subcontractors. Better pay means a higher caliber workforce, giving you higher quality service at a reduced cost.

Multi-function employees: Your IFS facility manager will be a subject matter expert of multiple functions, eliminating duplication of management. Yet cross utilization isn't just at the management level, but at all levels — from the janitorial staff to maintenance staff and to all other services' personnel. This allows for the most efficient use of the most valuable resource: humans.

Being served by well-managed people in the right jobs — feeling good about their contributions and growth opportunities — an IFS client will benefit in many ways from a “one team” culture:

- Higher quality work
- Ease of communication
- Increased productivity and reliability
- Professional interaction with occupants
- Reduced turnover, more familiar faces

Subcontracting only when necessary: In those areas where the IFS provider doesn't have an established regional or branch office or local service expertise — or when diversity spend is one of your goals — they will subcontract through affiliated service partners. Those partners will have undergone a screening process to ensure they have appropriate insurance and licensing, and background checks as required on their IFS provider's own employees. The IFS expert will have established sophisticated purchasing and subcontract management systems that enable the company to procure necessary services, manage service partners effectively and save customers money without sacrificing quality. The performance of subcontracted services will be monitored by the IFS team to ensure that contractual requirement and standards of timeliness, quality, service and cost-effectiveness are maintained at your facility.

Diversity: A company with sophisticated IFS capabilities will make it a common practice to look for ways to include their diversity partners whenever practical or when the client's plan blends the IFS company's self-performed work with subcontracted services. They will identify opportunities for MWDBE firms to participate and will have already formed such alliances with many minority businesses, woman-owned businesses, Historically Underutilized Businesses Zone (HUBZone) and disadvantaged business enterprises.

Summary

Demands have increased for top quality, efficiently run commercial and corporate real estate. Therefore, it has become even more important to know that your properties are being run well to your standards in a cost-effective way. From the parking lot to the rooftop, can you say — with confidence — that every square foot is properly cared for?

The right IFS partner will build service programs tailored to your goals and will maximize your facility's appeal, functionality and value. You'll be assured consistent quality, reliability and sustainability in all areas touched by the IFS provider.

Look for an IFS provider that has a national or global presence but services your facility through offices close to your locations. That way, you'll have local expertise and local resources coupled with the advantages of a large national provider.

You might call IFS the cure for all your facilities-related frustrating distractions. To an IFS expert, facility problems are fascinating puzzles to solve. Looking at your facilities holistically, an IFS expert can build value for you by reducing your operating costs while keeping your properties clean, comfortable and energy efficient. If you have multiple locations, the right IFS provider can handle them all. Look for a provider that can become your strategic partner, one that self-performs and fits right into your team and one that can adapt as your business changes. Indeed, when it comes to your facility, the right IFS expert will know what you need before you do.



About ABM

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