

FACILITIES MANAGEMENT OUTSOURCING GUIDE

HOW IT WILL UNLOCK VALUE FOR YOUR BUSINESS



CONTENTS

1

What is facilities management services outsourcing?

2

Why outsource your facilities management?

3

Outsourcing health check: a step-by-step guide

4

Types of outsourced FM contract

5

Conclusion: facilities management that works for you





INTRODUCTION

The manufacturing and industrial sector is driven by quality, productivity and efficiency. Outsourcing your facilities management can enhance and support these ambitions – transforming your business and the way you operate. It opens the door to considerable cost savings, improves operational efficiency, reduces risks and provides greater flexibility in the way you manage your facilities and assets. It also improves the quality of asset and service management, while enhancing the skills of your own team.

In this guide to first-time outsourcing, we outline how facilities management can be delivered by an external provider, the practical arrangements for outsourcing, the cost models available and the benefits, both short and long term, for your organisation. We also offer practical advice on preparing your organisation to outsource its facilities management, and the steps you should take before approaching a potential FM provider.





WHAT IS FACILITIES MANAGEMENT (FM) SERVICES OUTSOURCING?

Facilities management is a professional management discipline focused on the efficient and effective delivery of support services for an organisation. It involves looking after all of the assets and services that keep your buildings running safely, comfortably and efficiently. It includes hard services and soft services, as shown below, but can also involve services to integrate energy, estate and utilities management.

Hard services: these are services that deal with physical structures or assets, such as plumbing, heating and ventilation systems, air conditioning, CCTV and access systems, mechanical and electrical services, and fire safety systems.

Soft services: these are services that are managed by people, such as cleaning, security, catering, grounds maintenance, pest control, waste management, mailroom and reception services.

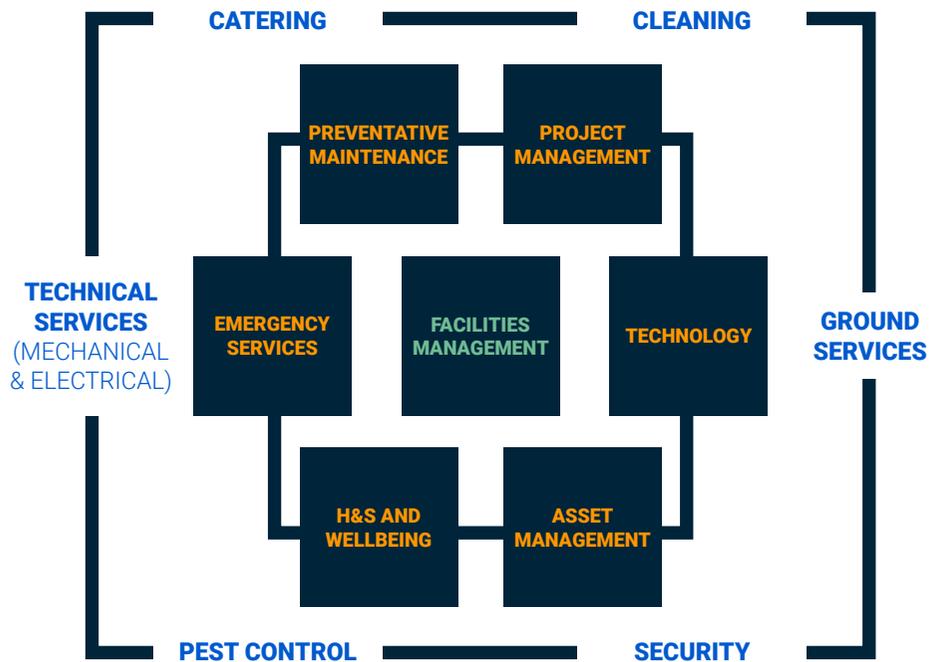
Any of these services can be outsourced individually. However, the greatest efficiencies and benefits are likely to be achieved by combining all appropriate service line requirements into a single outsourced arrangement with one FM provider, in the form of total facilities management or integrated facilities management.

An FM provider can devise a tailored contractual arrangement that addresses the specific requirements of your organisation, combining the most relevant services, support and technology to manage your facilities in the most effective and efficient way. A collaborative partnership that focuses on long-term joint objectives is the most beneficial arrangement.

Any outsourced FM contract will develop an agreed scope of work for which your FM partner is responsible. Demarcation of responsibilities will help the provider to deliver the best service for you, and enable your business to focus on your core activities.

For large sites, the arrangements are likely to involve staff from your FM partner being based permanently on your site. These are site-based teams. As well as attending site for the agreed hours, they can provide an on-call service for emergencies. If you have well-qualified staff on site who could work alongside the FM provider, it may be possible to transfer their employment to your FM provider under a TUPE arrangement. The purpose of TUPE – Transfer of Undertakings (Protection of Employment) Regulations – is to protect employees while legally transferring all liabilities from one employer to another.

For smaller sites, or where the scope of works is limited, mobile teams from your FM provider can undertake all services, as required. It means no permanent outsourced staff will be based on site, but relevant activities will be delivered by a mobile team of specialists for all planned and reactive works.





WHY OUTSOURCE YOUR FACILITIES MANAGEMENT?

Outsourcing your facilities management unlocks a host of benefits for your business, from resource efficiencies and cost savings to productivity gains and service quality enhancements.

The benefits include:

1. Reduce risk

With an FM provider taking responsibility for all of your asset management, maintenance and repair, there is no risk of essential services being disrupted by staff absences, illnesses or departures. Your FM provider takes on this risk and ensures continuity of services at all times. This also reduces liability and insurance costs, as your FM provider takes on responsibility for maintaining your assets.

2. Compliance

Ensuring statutory compliance is part of the core purpose of FM. Your FM provider will have the professional expertise to maintain compliance for the agreed scope of the contract, minimising your risks and liabilities. These liabilities will sit with your FM provider, ensuring audit standards are upheld to achieve full regulatory compliance.

3. Save money

The overhead costs associated with many facilities support functions can be extremely high. Maintaining large plant such as HVAC systems and chillers requires a large team to conduct regular servicing and repairs. This involves significant HR, finance and other costs in managing and employing the necessary technical workforce. Outsourcing these functions to a specialist provider achieves significant cost savings. You also save costs on staff training and operational expenses, which are instead borne by your FM provider. Importantly, the energy, operational and resource efficiencies achieved by your FM provider will deliver ongoing cost savings for your business.

4. Enhance productivity

By handing over all facilities maintenance and servicing activities to an FM provider, your business will be able to focus more time, money and resources on core activities, such as production operations, marketing, strategic planning and business development – helping to increase your overall productivity. In addition, your own staff will be able to develop new skills by working alongside the outsourced FM specialists.

5. Increase agility

Outsourcing allows your operations and resources to be flexible in line with seasonal or cyclical demand, as well as business growth. Your outsourcing partner can bring in additional resources when they're needed to meet requirements. They will also ensure your business adapts to keep pace with operational, regulatory and other external changes that impact the way your facilities must be managed or maintained.

6. Assured service quality

Hiring experienced specialists to take over the operation of your assets and facilities ensures they will be operated at optimum efficiency, backed by reliable and effective service delivery. Your outsourced FM provider will operate to agreed standards, while bringing industry best practice, thought leadership and company expertise to your business. That gives you the assurance of guaranteed service quality and response times.

7. Greater innovation

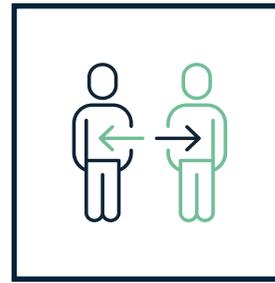
The right outsourcing partner will be able to help you address your business challenges, upgrade your facilities and assets, and introduce ongoing improvements and innovations to optimise all aspects of your facilities management. FM specialists keep up to date with the latest trends in the industry, enabling them to constantly adapt your services to deliver the best possible outcomes for your business.



OUTSOURCING HEALTH CHECK: A STEP-BY-STEP GUIDE

Before you approach any potential outsourced FM partner, it will pay dividends in the long term if you consider a few elements to make procurement more straightforward. That means gathering as much information as you can about your current facilities operations and assets, to help determine your strategy and objectives for facilities management.

Here are four checks to help you better assess your outsourcing needs:



1. Understand your assets

The more information you can provide about your existing assets, the better. Start by gathering information on all the assets associated with your premises that you want to outsource, such as boilers, chillers, air-conditioning units (ACU), sprinklers and pumps. Collate any existing datasets on your assets, including when they were last inspected, their warranty status and compliance levels. It's also helpful to provide information on the access equipment at your sites.

Examples of assets:

- ▶ HVAC systems
- ▶ Water systems and drainage
- ▶ Lighting systems
- ▶ Security, CCTV
- ▶ Switchboards

2. Assess your in-house resources and skill sets

The switch to outsourced facilities management can lead to cultural and behavioural shifts for your in-house team. That change can be daunting, and working closely with your FM partner is essential to success. A good FM provider can help you to assess the current roles and responsibilities of your own employees, and the skill sets they offer. Some of these specialist staff may be able to transfer to the employment of the FM provider (TUPE) to create an integrated facilities team. Information on staff skills and resources will help your FM provider to plan appropriate inductions, training and upskilling programmes to increase self-delivery of the relevant services.

3. Understand your strategy

It's important for any FM provider to understand the strategic direction of your business. For example, do you have plans to expand, add new premises or invest in new assets? What are your strategic imperatives? For example, are you looking to achieve net zero carbon? Do you want to improve energy efficiency? Is there capital expenditure available to enhance your facilities?

4. Consult your internal departments

Bring together finance, HR, procurement and other departments to determine the approval and governance processes for appointing and working with an outsourced FM provider. This will ensure the process runs as smoothly as possible when it comes to liaising with potential providers, assessing their proposals and agreeing contractual terms.

PROCUREMENT PROCESS



Once you have completed your internal assessment and decided what you want from outsourcing, the process of appointing the right provider for your business can begin. Whatever procurement path you choose, consider five golden rules for a successful tender process.



DETERMINE COMMUNICATION APPROACH

Establishing a mutual understanding of what you want out of your procurement process will improve the quality of offer you receive from potential FM providers. Setting clear and realistic timelines that allow providers to develop solutions may add more time in the short term, but the results will be more tailored to your requirements.

We highly recommend setting up mid-bid check meetings to iron out any assumptions made and create a level playing field. It will also help you better understand the providers and get a feel for potential future relationships.

DESIGNATED CONTACTS

Agree who in your team will be the key contact for engagement with the suppliers. If there are too many communication lines, important facts could be missed, and your key messages can be diluted. The same goes for the bidder. Reinforce who is talking to whom.

SITE VISITS

These visits can bring more insights to the bid process. They enhance the bidders' understanding of your sites and challenges, and allow them to meet some of the people who will be affected by any changes. The key is to arrange site visits early in the procurement process, ideally linked with the kick-off meeting. That way, further clarifications can be discussed, and ideas can be integrated into the bidders' solutions in a timely manner.

INFORMATION DEADLINES

To ensure the given information and conversations are embedded into all responses, a cut-off date for any further information or data should be given. It takes time to analyse information, integrate it into the solutions and follow internal governance processes, so having a cut-off date after which no further information is provided helps to achieve more rounded, well-considered responses. Furthermore, it allows a fairer comparison of the tenders submitted.

EVALUATION MECHANISM

Use the internal assessment you have undertaken to determine what evaluation mechanism works for you. It should be based on your key objectives and the data you have available. Make it clear to FM providers how and what is being evaluated, so you get the best outcomes that are aligned to your drivers.



TYPES OF OUTSOURCED FM CONTRACT

Here is an outline of three broad cost models for outsourced facilities management:

1. Comprehensive: all maintenance and repairs of plant and equipment are included for an agreed fixed price, with no extra charges for reactive repairs.

A comprehensive proposal might include:

- ▶ Repairs to all known existing, compliant, maintained assets within all properties covered by the contract, up to an agreed value.
- ▶ All labour, materials and specialist supplier support required. All works relating to maintaining the building environment, including temperature controls and associated readjustment or recalibration of heating and cooling setpoints.
- ▶ All emergency call-outs on a 24/7 basis, including those involving sub-contractors.

A comprehensive commercial model is only appropriate if there is extensive asset data available, high levels of asset compliance and valid warranties in place.

2. Semi-comprehensive: most repairs and maintenance are included in the agreed price, although there will be a set limit for plant and equipment repair costs. For example, repairs costed at more than £500 may be charged to the customer. These charging limits can be customised for different assets, based on their age and efficiency, and the overall value of the contract.

3. Cost plus: this involves a fixed fee for planned preventative maintenance services, but excludes any call-outs, reactive repair work or ad-hoc projects. Any additional work is charged according to an agreed schedule of rates.

TYPE OF CONTRACT

BENEFITS



COMPREHENSIVE

All responsibility sits with the FM provider to deliver any level of asset management needed.



SEMI-COMPREHENSIVE

Depending on the age of your assets, this can be useful as you do not have to deal with any replacement or repairs up to a certain level.



COST PLUS

Low risk and high level of transparency when there is a lack of data. Drives open book policy and accounting.

CONCLUSION: FACILITIES MANAGEMENT THAT WORKS FOR YOU



The FM outsourcing arrangements available for manufacturing or industrial businesses are extremely flexible. There are many different service delivery options, partnership working opportunities and commercial models, all of which can be adapted and customised to suit the specific needs of your business, its services and facilities.

At EQUANS, we consider the entire scope of facilities management delivery from the perspective of your business and its objectives. Our comprehensive approach is about far more than simply operating your existing assets and services in the most efficient way. We take on a true partnership mindset, helping to drive investments and improvements across all areas of facilities and estate management and development, including programmes to achieve the ultimate objectives of net zero carbon, digitalising your business and transforming your services.

By taking a long-term view of your facilities and estate management, an outsourcing arrangement with EQUANS enables your business to achieve lasting cost savings and efficiency gains, alongside productivity, profitability and sustainability enhancements.

To find out how EQUANS can support your facilities management requirements, please visit:



www.equans.co.uk



anna.hoesel@equans.com



john.dearing@equans.com