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August 2010

In Brief

If you're **in FM** you need to be on **i-FM**

'Catering for your needs'

In this Issue:

- News round-up:
How optimistic are we?
- FM Briefings:
Contract catering
- Editor's Choice:
Recent features
- Win an iPad
Complete our
trends survey
- Finalists in
the e-bus
award

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Welcome to i-FM in Brief

This edition brings you a summary of some of the things that have been happening on www.i-FM.net in recent months.

Also here you will find much of the content of our latest FM Briefing.

Each briefing brings together independent insights with supplier information to help practising FMs identify best-of-breed product and service providers, and understand their offers and their commitment to performance and innovation.

On the i-FM site, you will find past briefings on energy management, moves management, CAFM and cleaning. Our current focus is catering - and we're pleased to bring you here the views from some key players in the industry, plus the results of our own recent *30-second survey* looking at contract trends.

i-FM has grown into an unrivalled, award-winning news and information service for the whole FM sector. Established over 10 years ago to serve as the 'industry intranet', we're quite different to the traditional trade press. Our orientation is the market from a strategic point of view. We're not interested in products - there are plenty of places where you can find out about those. But if you are involved in FM as a key business-oriented discipline, we're here to help you understand the industry and thrive in it - whether you are a service provider, buyer or advisor.

There are plenty of resources provided on our site for free, but the full service including research, market audits, reports and daily news requires full licensed access.

Sign up today: £360 special discount!

David Emanuel - MD i-FM

News round-up: Q2 2010

News...



It's difficult to know quite how optimistic to be these days - or, sometimes, whether it's safe to be optimistic at all. Over the past couple of months, our news pages have carried plenty of good, positive reports; but there has been no shortage of stories with a negative slant, whether that's for individual companies or the broader industry.

Spring settled in with results from the latest survey of private equity investors from business advisors Grant Thornton. According to the firm, the investment market is hotting up and support services remains the first choice destination for new money. The attraction for financial backers is the blend of robust contracts and repeat business, said Grant Thornton.

Fittingly for spring, there was also news that research proves plants in the office are good for us. So, if you are looking for places to cut the budget, maybe landscaping shouldn't be first choice. According work at the University of Technology in Sydney, plants in the workplace can help reduce stress, anxiety, depression, anger, fatigue and confusion by as much as 60%.

Early in May another research study, this time from the British Security Industry Association, showed what a vital role facilities managers play in decisions about security. Over 70% of FMs reported that they are regularly involved in the purchase or specification of security solutions. Only 9% reported having no involvement in security procurement.

FM is in some ways a very well-researched market. Also in May a new study from the international firm Frost & Sullivan concluded that the integrated FM sector is growing, thanks to a belief amongst buyers that this approach to delivering services promises additional cost savings. F&S estimates the 2008 value of the market across Europe to be £9.9bn and projects growth to £14.5bn by 2015. (For more on issues like this, see *Workplace Futures 2011*.)

Plenty happening with the post-election UK government, of course. In mid-May, Prime Minister David Cameron declared that he wanted his to be the 'greenest government ever'. As proof of success, he'll be looking for a 10% reduction in central government carbon emissions by spring 2011.

MITIE, a potential supporting participant in that endeavour, seemed to share Cameron's positive approach. Revealing year-end figures that showed double-digit growth, the company said it was at 'an exciting stage' in its evolution and was facing an 'unprecedented level' of opportunity. Reinforcing that message a couple of weeks later, it announced the acquisition of Dalkia's Irish FM businesses.



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Not everyone was quite so positive, though. At the beginning of June, market researchers MBD published figures confirming the experience of many FMs: 2008 was a comparatively quiet year, and in 2009 market growth was just 1%. The firm projects the same performance for 2010, followed by a slow pick-up with annual rates of between 2% and 4% in the years to 2014.

Mid-June saw some of the perennial questions about FM-as-a-career get a good airing. At a well-attended Young Managers' Forum meeting, the debate and discussion ranged widely across issues including education and training, qualifications, institutional 'homes' and that old chestnut, chartership. RICS and BIFM seemed much in accord - but failed to convince on the extent of efforts to reach out to the wider marketplace.

Late in June, public sector services specialist Connaught issued a warning to the City that its performance would be hit by government spending cuts - a step that had both immediate effects (its share price plunged) and set the background for more bad news that would come later. Connaught can't be the only company that will be hurt, but it was unlucky enough to be the first to own up.

Returning to the positive, Rentokil Initial moved back towards a broader service offering with the purchase of 'the 17th largest security services provider in the UK'. The group had sold its guarding business in 2006 but now believes the UK market is shifting towards greater demand for integrated service packages.

And finally, multi-service group PHS launched its new compliance business. Built up through recent acquisitions, PHS Compliance plans to offer national support across the key areas of electricity, gas, fire and lighting. With the regular introduction of new legislation, codes of practice et al, this looks like a growth area.

Win an iPad...
www.i-fm.net/ctsurvey2010

Give us a few minutes of your time, and we might give you a brand new iPad...

i-FM's latest market survey is online until 31st August. Take part and you could have the chance to win the latest Apple must-have, the iPad.

Join in our 2010 Contract Trends Survey and you'll be supporting important new research into UK facilities management - and you might be the lucky winner of our top prize!



Our latest market survey looks at contract preferences, how decisions are made and what drivers are shaping the trends of the future.

It only takes a few minutes, and all your answers are anonymous - even if you choose to enter the prize draw.

We have already had a strong response thanks to our unrivalled reach into the marketplace, but we would like to set a new record for the industry - help us by joining in now.

www.i-fm.net/ctsurvey2010



Shortlisted for the BIFM awards 2010 - it's simply that good.

Workplace Futures: strategic solutions - not commoditisation will take place 10th February 2011 at the Churchill War Rooms - London.

The 2011 programme will be unique. Aimed at service providers, strategic FM's and buyers, it will showcase the various solutions, comparing and contrasting the different FM business models from single service through to TFM.

The outcome of this event will be a better informed marketplace, contributing to the development of the intelligent client *and* the intelligent provider.

The conference will be marketed to almost 200,000 individuals in and around the FM sector. Sponsoring the event will provide the opportunity to market your brand to the widest possible FM audience - pre, during and post-event.

An independent White Paper will be a key output highlighting the value of professional FM - and explaining the various service delivery options available.

If you want to be involved, you need to act NOW. Contact David Emanuel to learn more: david@i-fm.net

www.workplace-futures.co.uk

FM Briefings: No such thing as a free lunch...?



Each FM Briefing looks at a key service line that can be delivered as part of a tailored package or individually - we aim to help you identify best-of-breed product and service providers, understand their offers and their commitment to performance and innovation, and obtain the information and knowledge you need to create facilities that contribute to greater efficiency and improved workplace well-being.

Despite facing the challenges of recession in both the UK and many other markets around the world, coupled with a growing consumer interest in food and nutrition issues, the contract catering industry remains basically upbeat and optimistic. However, some players concentrate on providing boutique services; others are aggressively expanding into integrated services, opening the challenge of how to position themselves - internally and externally - in terms of their service offering. FM is still an awkward term for many. Our recent briefing will help you understand some of the issues currently on the table. This In Brief is just providing you with a 'taster' - to fill your plate, visit the FM Briefings section of www.i-FM.net - FM's best read information source.

Andrew Barry writes: The shift in attitude towards workplace catering over the past quarter century has been immense: from a time when on-site catering was seen as a necessary evil, a cost with no tangible benefits to a company, to what is now seen as a 'perk of the job' and a real recruitment aid. Perhaps the change has come from companies placing employee welfare higher on their agendas or perhaps it is due to the changing culture of ever shortening and ever fewer lunch breaks; but without doubt, regardless of the reason, on-site catering is swiftly becoming a must-have.

The business & industry foodservice market is an extremely mature, highly competitive place which means that innovation in food is always at the fore of catering providers' minds. The outsourced market is dominated by the largest foodservice providers, which historically have been and continue

to be able to provide the best value and most diverse food offerings.

These large, international companies are also able to draw on the global innovation of their foreign counterparts and bring new trends to the workplace restaurant, ensuring that employees' meal offerings keep up with world-wide trends. In an office of just a few hundred, a deli or café as well as a restaurant serving several hot options would not be out of place. The options when these few hundred are increased to one thousand or more employees would put many a high street food court to shame.

Generation change

The development of the workplace eating destination is likely to be a generational trend. Today's younger employees have been brought up in a time when eating out is a regular occurrence; gone are the days when a visit to a restaurant was a one-off,

reserved for a special occasion. This generation is used to being able to frequent high street restaurants and enjoy a meal relatively cheaply and quickly, often without prior booking, making it an easy, everyday experience. This attitude of mind is reflected in their eating habits at work too: these employees tend not to bring in their own lunch and would rather enjoy the ease and convenience of buying a meal or freshly prepared sandwich on-site.

The high street parallel also extends to employees' expectation to eat and drink branded offerings in a branded restaurant, deli or café. Employees are increasingly brand-conscious and, particularly following the coffee shop boom of the 1990s, appreciate being able to buy a good cup of coffee in their workplace, effectively experiencing the high street within their office building.

This demand for brands, value and variety goes a long way to explaining

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why much of the marketplace is outsourced, and particularly to large organisations with the resource to innovate and economies of scale which bring down cost.

Cost considerations

Although convenience is still king, the recession has prompted customers to reconsider their outgoings, including money spent on eating at work. Customers have not shied away from their high street coffee and hot meals in their workplace but have looked to cut costs where possible. This challenging economic climate has meant that for many customers, value for money has been top of mind, value meals which are priced at or below the critical price point of £2.50 and meal deals have prevailed and are viewed as a way of reducing costs while maintaining the convenience of on-site eating.

The recession has also provided many companies with an opportunity to cast a magnifying glass over their costs and to discern where savings can be made, drawing value from every service. Workplace catering has not been viewed as a service which can be sacrificed – it is too ingrained as a fundamental service and an important employee benefit – but there has been a growing tendency to look to foodservice providers to bundle additional soft and hard services, thus rationalising suppliers and reducing costs.

It is clear that the skills required within foodservice go hand in hand with many soft services; as an example, cleaning requirements match the high levels of cleaning required in the kitchen and front-of-house reception and security evolves from the customer service mindset and can-do attitude required in hospitality. This multi-service tendency is one reason why larger companies have been able to better ride the storm of the recession, helping their clients to reduce costs and their customers to make savings.

Value issues

Today there is a delicate balance between value and values. While some employees look to buy the cheapest option at their workplace eatery, to others values are more important: choosing ethically traded, sustainably sourced or locally produced food. This tends to mirror employees' high street behaviour.

Contract caterers need to echo this choice within the workplace, catering for those for whom price is a deciding factor as well as for those whose values take precedence. Although for many employees, sustainable, ethical or local sourcing will not influence what they buy on a daily basis, the choice must be available every day of the week and contract caterers must be seen to align their offers with widely available high street offers. Similarly, while vegetarian meals typically only account for 8 to 10% of sales, it is today taken for granted that a workplace caterer will offer vegetarian options on a daily basis.

Foodservice providers' attention to health and nutrition and also to sustainable, ethical and local sourcing is often seen as a way of assisting companies to achieve their corporate responsibility (CR) targets. Caterers are expected to facilitate CR initiatives including gaining Marine Stewardship Council Chain of Custody, supporting ethical organisations such as the Fairtrade Foundation and Rainforest Alliance, and supporting British and local farmers, growers and producers.

Changing demand

Gathering insights from clients through tailored research is fundamental to aligning the catering offer with their needs, ascertaining, for example, whether provenance, value or sustainability is the top priority for a company. Research among consumers is equally important so that the daily menus can be tailored to employees' wants and needs.

Research conducted by Compass Group UK & Ireland shows the clear presence of an 'indulgence curve' where spend and indulgence increase throughout the week. The start of the week, often following a fairly expensive and somewhat indulgent weekend, is when employees are at their most thrifty and healthy. Later in the week, employees feel justified to reward themselves for their hard work and begin the weekend early with a treat or two and more premium options - thus workplace caterers' menus must reflect this.

Similarly, research shows that there is a growing tendency to 'graze' throughout the day. As people's working days are longer, busier and more flexible, employees reach more for snacks throughout the day to top up their energy levels. This trend has blurred the traditional eating times of the day and, as such, a variety of healthy and indulgent snacks must be widely available on site.

In addition to all of the challenges involved in providing a workplace catering offer which rivals the high street in terms of variety, value and food trends, attracting top chefs can present a hurdle. But what can be mistaken as an unglamorous sister of the world of restaurant dining offers chefs a work-life balance which would be inconceivable in the 24/7 hotel environment. Contract catering certainly requires highly skilled, innovative chefs; and menu development requires wide variety and high standards on a daily basis.

Meeting all the expectations of a discerning and critical crowd of employees is essential. They will eat on-site only if it remains a better offer than the high street – and that is undeniably a challenge for even the biggest catering provider.

Andrew Barry is Managing Director, Foodservices, at Eurest Services.

Catering in a changing marketplace

As much as any support service, perhaps even more than most, catering providers face a tough market: cost sensitive but also shaped by consumer trends originating, in this case, well beyond the workplace.

Most service buyers want a specialist. That's one conclusion from our recent *30-second survey*.

When we asked FM practitioners how catering services were delivered the overwhelming response was via a single-service contract. Slightly over three-quarters of survey respondents (76%) are involved in single-service deals. 12% see their catering services bundled with other service lines, with 7% operating larger, integrated contracts. A handful of respondents, just 5%, reported catering as part of a TFM package.

When these services are bundled, respondents say it is most often with cleaning or with reception/front-of-house. Integrated services contracts typically add security and maintenance to the catering, cleaning and reception menu.

So what are the three most important factors in choosing a catering contractor?

Ranked first in our quick survey was 'fit to my organisational culture'. Ranked both second and third was 'competitive price' – it's clear how important those two factors are, then.

A little more analysis shows that other criteria are also near the top of buyers' minds as they make selection decisions. 'Service tailored to my needs' came a close second to the top choices for both first and second priority. 'Quality of personnel' was also high on the list of considerations.

Looked at from the other direction, the lowest priorities when selecting

a contractor appear to be certificates and awards, and somewhat surprisingly, recommendations from colleagues.

Once the decision on an appointment is made, what is the typical length of a catering contract?

There's not a great deal of variation here. Three years plus an option to extend was reported by 44% of our respondents. 28% see three-year deals as most common, with 22% citing contracts of shorter duration. Very much the exception, reported by just 6%, is a base contract of longer than three years.

And the majority of practitioners don't see much scope for future change. Almost two-thirds (64%) said they anticipated contract lengths would remain the same. About a fifth (21%) see terms getting shorter; and again the smallest proportion – 15% this time – see deals getting longer.

Typical contract value, on the other hand, does look a little volatile. Perhaps not surprisingly, there has been a downward trend in this market over the past two years: the largest proportion of respondents, 37%, see contract values falling. But it is not a case of a sea-change: 35% report values remaining about the same. 28% report increasing contract values.

What does the future hold for values?

Our respondents seem cautiously optimistic about the near term. 33% expect contract values to increase, with 29% expecting a decrease. But given wider market circumstances, perhaps the fact that the largest proportion of respondents, 38%, expect no change in values over the next two years should be taken as a sign for the industry that is more positive than negative.



2010 e-business award: finalists announced!

The i-FM e-business Award is a well-established feature in the annual PFM Partnership Awards held in November at the Brewery in the City of London.

At its inception in 2004, Aqumen sponsored the first award, followed by Mowlem and for the past several years Carillion. Some of you will note this wasn't so much a change in sponsor, more a change in branding and ownership!

This is a great sponsorship opportunity to promote your brand and be associated with both i-FM and the P&FM industry awards dinner.

We are seeking a new sponsor - get in touch if you are interested. Please contact David Emanuel.

Judging of the Finalists takes place in early September. On the shortlist are:

- IFPI
- Eurest Services
- Atkins

For more information on this award and previous winners: www.i-FM.net/ebus-awards/



For a round-up of all industry award winners since 1999, visit: <http://www.i-fm.net/awards/>

Features...



Readers tell us that one of the most valued benefits of i-FM is the feature articles we carry on a regular basis. These are free to access for all visitors and, whether contributed, commissioned or researched and written by our own team, always focus on current topics relevant to FM strategy and practice.

We aim to bring both practitioners and their colleagues in related disciplines more information on the issues shaping the industry, insights into trends and emerging developments, and analysis of needs and opportunities across the multiple aspects of this diverse market sector. And our ongoing series of interviews with senior figures in the industry adds both depth and colour.

The paragraphs below are extracts from features we have published over the past couple of months. In each case, you will find the full article on www.i-FM.net.

Make the CRC Work For You

Georgina Perkins, Director of Sustainability at Mace

Can you make the latest carbon reduction obligation work in support of your CSR policies and your profitability? Yes, you can.

Many of the articles published recently about the Carbon Reduction Commitment Energy Efficiency Scheme - the CRC - have focused solely on meeting

requirements and ensuring conformity. However, this approach misses a real opportunity for businesses to engage staff and create in-house targets within their CSR commitments. Rather than simply asking 'How do we comply?', we should be asking 'What can the CRC do that will enhance our organisation's corporate social responsibility, reputation and profitability?'

EPCs Set to Bite

Marc Blomfield, Managing Director of The National EPC Company

From December this year the second cast of the Energy Performance of Buildings Directive (the EPBD), the EU legislation, will be introduced. It is likely to state that all property marketing brochures, including commercial, must display the EPC graph. This will lead to a huge uptake in commercial EPCs as they can no longer be swept under the carpet.

The significant level of emissions produced by commercial property in the UK, coupled with an increasing number of businesses and organisations looking to maximise their corporate and social responsibility programmes, will mean the commercial EPC will play an increasingly important role moving forward.

Finding the Intelligent Client

Dave Wilson, Director at Agents4FM
Because the client role is so

fundamental to the long-term success of the services for the buyer organisation (and thus to their ultimate success as well), and because finding the right balance and combination of responsibilities is critical to success for all parties, it is surprising that so little time is taken to understand these issues.

I believe that there is a real need for buyer organisations to be clearer about how the roles relate to each other and to articulate that clearly during the tender process. Senior corporate engagement in this is crucial, and gaining that commitment is an opportunity which internal FM teams must take if they are to elevate the role of FM in their organisation.

That possibility is one that good facilities managers will grasp in order to fulfil their personal and professional potential, and to benefit their organisation.

Thinking and Doing

Elliott Chase interviewed Paul Crilly, Deputy Chairman at Reliance FM

So what is Crilly's view of the current FM marketplace? "There is opportunity," he says, "but you have to be very, very selective. You have to do two things: you have to apply clear selection criteria, and you have to learn quickly from mistakes if you make them."

But the consultant in him has more to say than that. You also have to be sure you have the right people in place throughout your organisation, he adds, citing examples of companies where strategies failed to fully deliver because they failed to follow through on the people management front. And, he goes on, you have to remember the importance of culture and behaviour, ensuring these are aligned with client needs and expectations - and again he offers examples.

i-FM - your online resource

i-FM is the only online resource an FM ever needs. If you haven't spent some time on the site recently, plan to come back soon. There's a lot there, and much of it is freely available to everyone. However, we also provide the industry with premium content, including market analysis, reports and commentary - that you can't get anywhere else - plus our daily news updates, which are often imitated, but never equalled!

Licences start at a special discount rate of £360 + vat. Our licence holders are the best informed, commanding the highest and best paid positions in the industry.

- Research - current and archived studies tailored to major issues in the UK market
- Features - written by our team, or commissioned by us, plus important articles sourced from other leading publications
- Comment - regular insights, views and opinions from experienced practitioners and market observers
- The Top 50 - our pioneering benchmark tracking the top players in UK FM
- News - we update our news pages five days a week. If you want to know what's happening in FM, i-FM is the place to find out.
- FM Briefings - an ongoing series,

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26/07/2010	Facilities Manager (AUS)	Canberra	The British Foreign and Commonwealth Office
22/07/2010	Operations manager	Essex	Cerebra International Limited
22/07/2010	Operations manager	Romford	Cerebra International Limited
22/07/2010	Senior FM Account Manager	South East	Linear Recruitment
22/07/2010	Technical Estimator / Bid Manager / Bid Writer	London	Cerebra International Limited
21/07/2010	Health and Safety Manager	Poland OR Hungary OR Czech Republic	Cerebra International Limited
20/07/2010	H&S Advisor	South West	Mace Macro Limited
19/07/2010	Facilities Manager	Bangkok	Foreign and Commonwealth Office
15/07/2010	Facilities Manager	Frankfurt	Cerebra International Limited
06/07/2010	Assistant Facilities Manager	LONDON	Spencer Marshall
01/07/2010	Senior Facilities Manager	London	Randstad CPE
01/07/2010	Facilities Manager	London	Randstad CPE
30/06/2010	Contracts Maintenance Supervisor	Bristol	Randstad CPE
30/06/2010	M+E Maintenance Engineer	Bristol	Randstad CPE

each targeting a specific service area to ensure practising FM's have the information and knowledge they need to make efficient and effective decisions

- i-FM Jobs - listings of the current opportunities, plus advice and support for jobseekers (see above)
- And much more - including background on the FM market, our unique 10-year news and feature archive plus insights into how FM has grown and developed over the

decade, links to training providers, our industry events calendar, a round-up of awards and winners, links to relevant organisations and information sources... and much much more.

Don't just take our word for it, talk to any FMA corporate member. The industry's trade association places such importance on our service that it provides a licence to each of its members as part of its benefits package. Or take a look at the testimonials on the 'About Us' page.

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