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In Brief

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Welcome to i-FM in Brief

The theme of this edition of i-FM In Brief, and of the complementary FM Briefing now available on our website, is mechanical & electrical services.

Is M&E the most important service in the FM portfolio? It might be - after all, if a building is unsafe or if the work environment is uncomfortable, it can spell disaster for normal operations.

M&E can be highly technical; but the point at which it delivers, the point at which it impacts people, is highly personal. Too hot, too cold, not enough fresh air, poor lighting - these are amongst the complaints FMs hear most frequently. And when such issues begin to have a negative effect on morale and productivity, there's a price to be paid that goes well beyond the cost of a good engineer.

But just as important these days is energy efficiency within the workplace. Eliminating waste and shrinking the carbon footprint have become the twin objectives for virtually every organisation when it appoints an M&E service provider.

The feature articles highlighted within this edition of i-FM In Brief - and please remember that in each case the full article is on our website - outline some of the issues that client organisations face and point to some of the most effective solutions. And we have also highlighted some recent research that provides highly relevant insights into what makes for success in client/contractor relationships.

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 and with it - whether you are a service provider, buyer or advisor.

David Emanuel
MD i-FM.net

Trust me, I'm a contractor

New research confirms that successful client/contractor relationships are based on a fine balance of 'chemistry' and hard-headedness.

The results of i-FM's 2011 UK FM Market Audit survey reveal the top factors that buyers and suppliers regard as critical to effective working relationships. They also reveal what too often goes wrong - and what needs to be done to prevent problems developing.

In the survey, we asked respondents - a large and representative sample from across the UK - to rank a series of factors according to how critical they are to a successful client/contractor relationship. The results are shown below.

It's clear that buyers favour a supplier they feel they can work with, one that brings good people who demonstrate an understanding of needs and expectations, and who can deliver - and it's also clear that suppliers know this.

Rank Order	Success Factors
1st	Trust
2nd	Competitive pricing
3rd	Quality of staff
4th	Understanding of my business
5th	Cultural alignment
6th	Mutual respect
7th	Flexibility

But in spite of the consistency in views on what it takes to build success, success is not always achieved of course. To find out why, we asked buyers and suppliers to name one thing that the other side should do to improve the situation.

Effective communication is the key

Emerging from the hundreds of comments focusing on buyer behaviour were a handful of themes:

- Be clear
- Be honest
- Be realistic
- Communicate
- Listen.

Suggestions aimed at suppliers were remarkably similar. Though there was somewhat less emphasis on 'communicate' and somewhat more on 'listen', the broad message was the same - complete with repeated calls for honesty and greater understanding.

Fundamentally, the message to both sides is - communicate more and communicate better.

The full UK FM Market Audit report will be published on i-FM in October 2011.

For research insights on the relationships between clients and M&E contractors specifically, see the editors choice stories.

Room to improve for M&E outsourcers.

BSRIA research into client satisfaction with the performance of M&E maintenance providers suggests there's plenty of scope for more progress.

The building services group starts from the principle that maintenance is essential to the functioning of a business. In today's environment, BSRIA says, managers are searching for any edge that can provide them with success, and outsourcing is one approach that is perceived to lead to greater effectiveness.

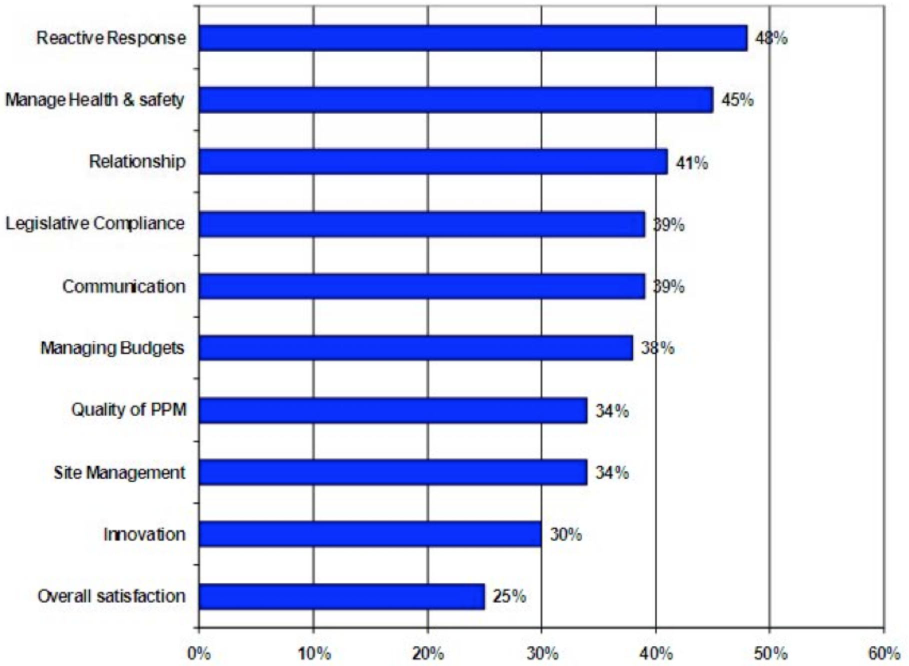
In this context, client organisations know that service providers can bring them best practice, but understandably they like to see year-on-year improvement demonstrated. Consequently, defining and measuring KPIs is an important part of monitoring provider performance.

The BSRIA survey tests client satisfaction on 10 key measures. A scale of 1 to 10 is used to score each, with 1 being the lowest (total dissatisfaction) and 10 the highest (total satisfaction). A score of 8 is considered good.

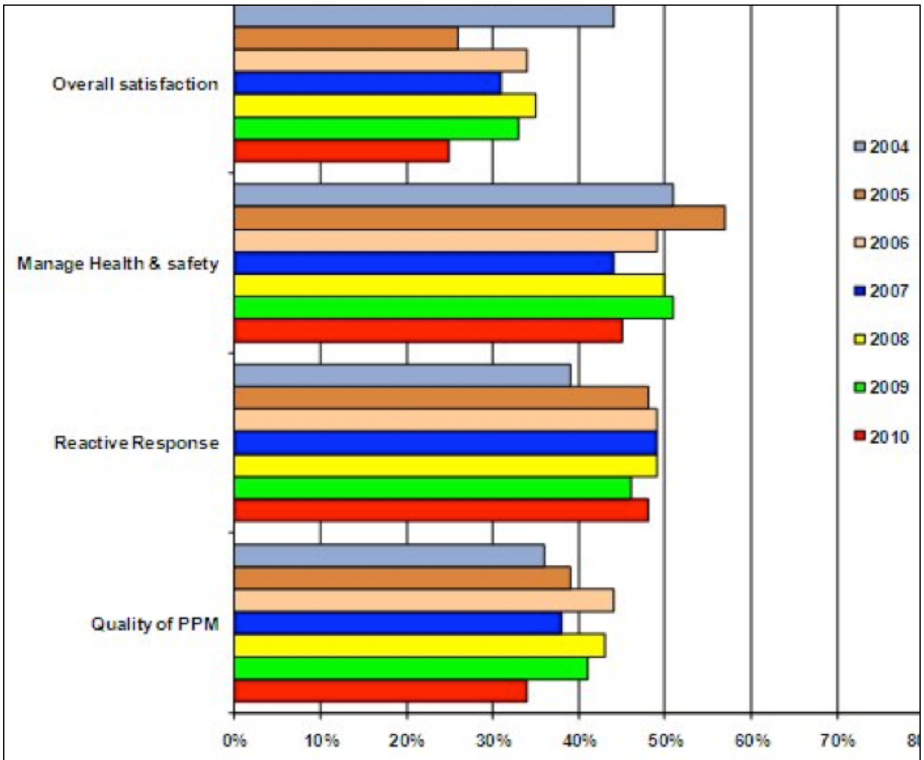
None of the indicators managed to break the 50% level with the respondent group; and the fact that only 25% rated overall satisfaction highly is very worrying.

A second analysis by BSRIA shows composite satisfaction scores for four KPIs that have been studied since 2004. The results show that overall satisfaction has been on the decline for the past few years - and in 2010 it was at an all time low.

BSRIA attributes this decline to tough market conditions that have seen budgets being squeezed, impacting on M&E contractors' ability to deliver a satisfactory quality of service.



The table above shows the satisfaction levels for providers ranked 'good' by clients - and the key message is there is plenty of room for improvement, even for the best performers.

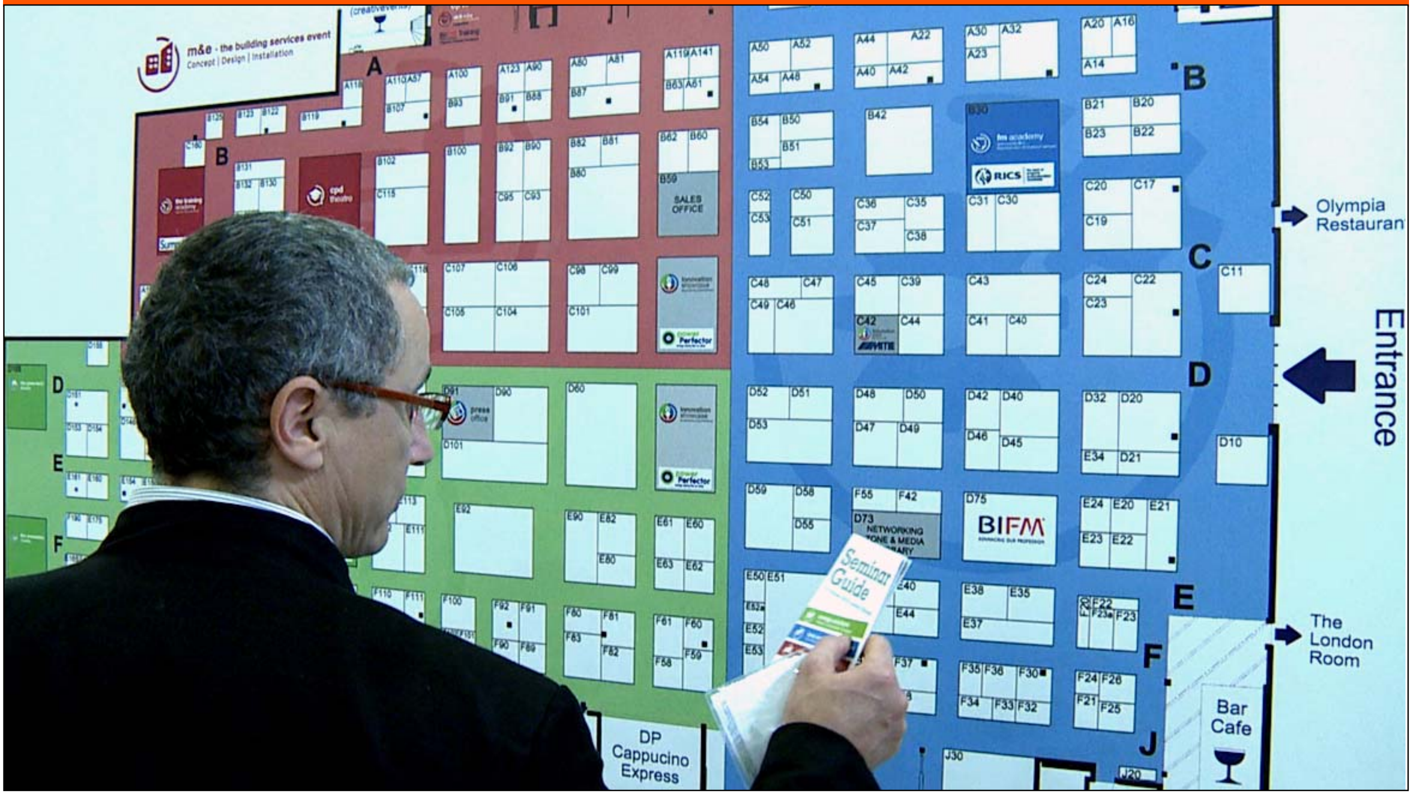


The table above shows us that overall satisfaction has been on the decline for the past few years - and in 2010 it was at an all time low.

Data from the 2011 survey is currently being analysed and a report is due in the autumn. With market conditions generally not expected to show much improvement before next year, the question of whether client satisfaction will show any improvement must be very much an open one.

Show Time:

The role of exhibitions in FM



Do trade shows bring any real value to the facilities management industry? Elliott Chase explores some of the factors that shape the answer to this perennial question.

There are two events in the facilities management year that could claim to be 'FM trade shows' - the Facilities Show, held in the spring in Birmingham, and Total Workplace Management, held in the autumn in London. The Facilities Show describes itself as 'the ideal place to meet face-to-face with1000s of leading professionals eager to source new FM products and service providers'. TWM is a bit less forthcoming: there is no About Us page on the website and the closest one gets to a statement of purpose is 'Total Workplace Management provides an incredible range of innovation and education for the FM industry'.

Though many visitors would be hard-pressed to explain the differences between the two events, the distinction is quite clear for organisers UBM. Event Manager Mark Rimmer explains that the Birmingham show's focus is on the operational side of the FM business, with London leaning towards the strategic - thus the emphasis on educational content within TWM.

In a conversation with Rimmer and Sales Manager Fergus Bird, it emerges that the art of show organising really comes down to the ability to balance potential conflict between things like:

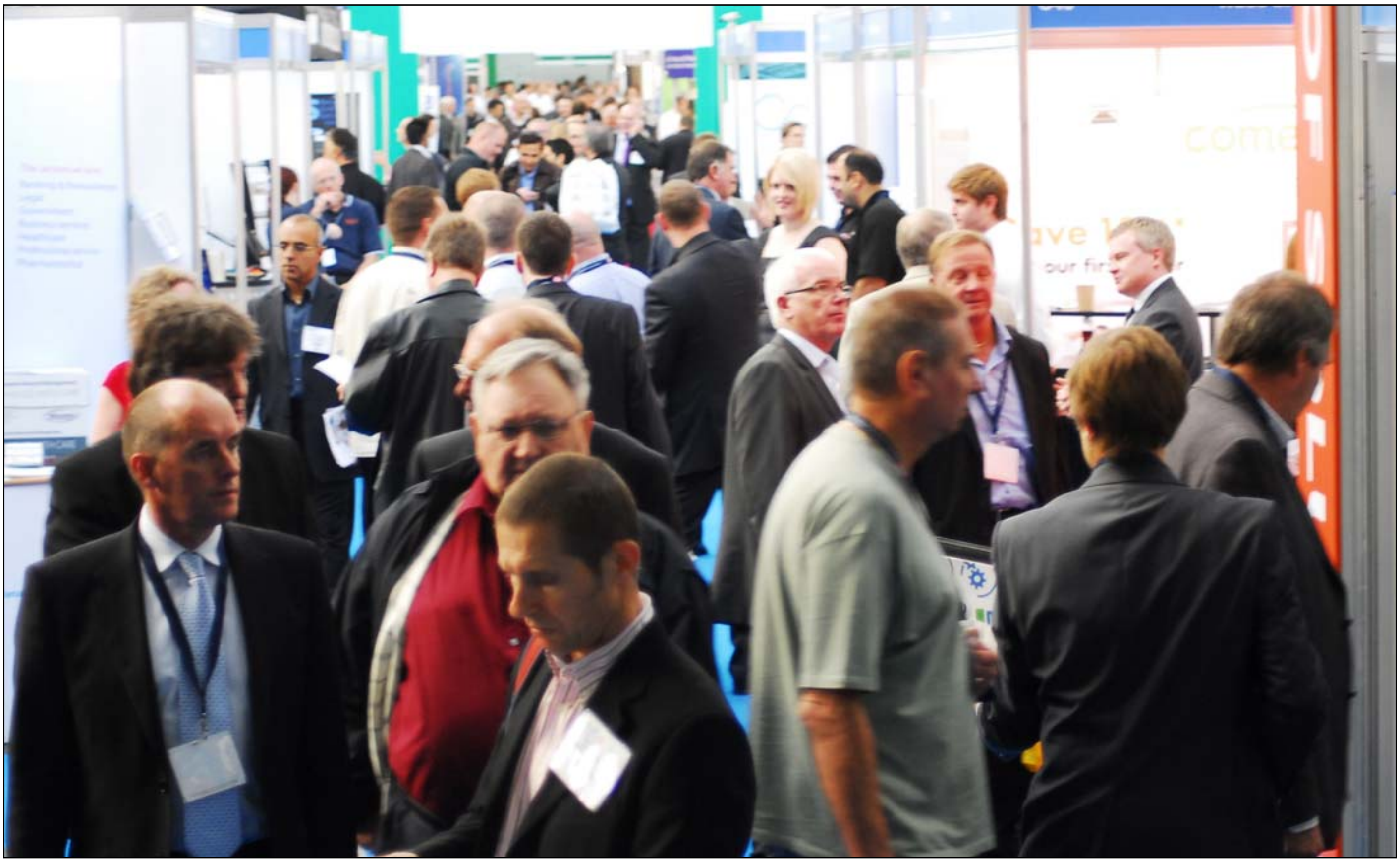
- Products and services
- Exhibitor offers and visitor interests
- Selling opportunities and intellectual content
- The humdrum and the rather more enticing.

These guys have to walk a fine line between getting the exhibitors in, thus making a profit for UBM, and getting the right kind of visitors in, thus ensuring the exhibitors are happy and the show continues to be viable.

How are they doing?

Total attendance at the Facilities Show (and the co-located Safety & Health Expo) was over 17,000 this year. TWM (and co-located events) pulled in almost 7000 visitors last year. Incidentally, the co-location strategy has been a good one for UBM and other event organisers. The logic, of course, is to offer visitors an opportunity to make better use of their time away from the workplace by putting related shows together - thus increasing the power of the draw. No doubt, this also helps to control costs for the organiser. This year, TWM sits beside the M&E Building Services Event and Energy Solutions, all at London's Olympia on the same days - and all positioned by UBM as 'strategic'.

Sales Manager Fergus Bird reports that the shows actually seem to be 'recession-proof'. As companies in and around the facilities sector have identified FM as a promising market opportunity, one where things are happening whether because of



client-side expansion or contraction, they want to take space in order to offer their wares. Sales have remained strong, Bird says, and TWM is set to be sold out.

UBM's own research finds visitors viewing the benefits of these shows as:

- Sourcing new products, services, technologies and suppliers ('ones you have not heard of')
- Learning about new products, services, legislation and processes ('things you've not thought of')
- Getting an overview of the market - products, trends and developments; seeing what's available
- Speaking face-to-face with new or existing suppliers, including product and service 'experts'
- Seeing / meeting a number of companies and products in one place, at one time; comparing products and services
- Networking / meeting other facilities people.

So, to a large extent, it's about having the opportunity to look over the bodywork and kick the tyres - particularly important for the hands-on operational people.

Getting truly strategic FMs to attend is more of a challenge. The effort to push the content a bit further up the value chain has resulted in the proliferation of 'seminar theatres' and an increase in the educational and debate-focused offering generally, notably in London. Rimmer admits that many more people pre-register for the shows than actually attend, and the 'intellectual' angle is seen as a draw - especially for true FMs - and a good way to counter the no-show problem.

Overall, do such shows work for the industry? As our contributor Frank Logan wrote of last spring's Facilities Show: 'We need to know about the products and services, we need the promotion, we need the networking opportunities. These shows play a useful role for the wider industry, and we're all part of that'.

They - like all the conferences, forums and events in and around FM - are evidence of the life, dynamism and prosperity inherent in UK facilities management (even if the last of those has often been more in hope than in reality in recent times).

Elliott Chase is Editor at i-FM.

Total Workplace Management takes place at London Olympia 11 - 12 October 2011.

Competitive price and tailored service: top M&E concerns - *an i-FM 30-second survey*

Buyers and suppliers are both under pressure to demonstrate value and quality.

To get a better picture of what service buyers expect and how service providers are responding, we carried out an i-FM 30-second survey asking for the views of both on the key issues in mechanical & electrical services.

We opened the survey by asking respondents to name the three most important factors in choosing an M&E contractor from our list of 10 important considerations.

The competition for top priority was quite tight, with 'service tailored to my needs' just beating out 'service tailored to my needs', which in turn just pipped 'quality of personnel'. Clearly, all three are very important in this marketplace.

Top choice for second priority was 'competitive price', with 'service tailored to my needs' next. The separation was even clearer for the third ranked priority where 'competitive price' was firmly atop the list.

Looked at overall, factors important in choosing a contractor are ranked in this order:

1. Competitive price
2. Service tailored to my needs
3. Quality of personnel
4. Reputation of firm
5. Fit to my organisation
6. Good understanding of my industry
7. Flexibility of contract terms
8. Existing client base and references
9. Recommendations from colleagues
10. Quality of certificates and awards.

Interestingly, the last two of those factors were ranked consistently low by respondents, well behind all others in every case.

What is the typical length of M&E contracts? Over a third of the group (36%) reported a base length of more than three years, just ahead of the 34% working on three-year deals. Three years plus an option to extend was only slightly less common at 28%.

And do respondents see any trend for change in contract length? Just over half (51%) see no change coming. A quarter expect deals to become longer, and slightly fewer (24%) expect deals to move towards a shorter length. That last view is somewhat surprising, as just 2% of the respondent group said they were currently operating contracts of less than three years.

As another test of the stability of this marketplace, we asked if typical contract value had changed over the past two years. Almost half the group (49%) said no. The other half was split broadly in two, with almost equal proportions reporting increased values and decreased values.

So, what do our respondents expect to happen to typical contract value over the next two years? Again, the largest proportion (44%) foresee no change. But almost two-fifths (39%) look forward to increased values, while 17% expect values to fall.

Regardless of where contract terms and values are going in the future, it seems clear that single-service deals will continue to dominate the M&E market. Well over half of our respondents (57%) say that this is the form that most such contracts take. Bundled service contracts were in place with 20% of the group, TFM deals with 16% and integrated deals with just 7%.

M&E support is critical to business operations, of course, but buyers and suppliers both understand this is a tough marketplace. Being seen to be competitive - not just on price but in service offering, too - has never been more important.

Editor's choice - recent M&E features on i-FM

Energy management has never been more important. These extracts outline some of the challenges organisations face today and highlight the contribution that M&E skills and experience can make towards solving problems and opening up new opportunities.

In the each case, the full article is available on www.i-FM.net.

Goodbye Oily Rag

Stephen Grant, Managing Director of Cofely Technical Services & FM, explores the changing role of FM and how that is shaping the delivery of M&E services.

Over the last few years we have seen some interesting, and significant, changes in the approach of many FMs to the maintenance of mechanical and electrical services. To some extent these reflect the evolution of the FM process itself, but they are also influenced by other pressures being brought to bear on FM departments - and the fact that the 'oily rag' image of M&E maintenance is long gone.

Not least of these influences is the cost of energy consumption - in terms of both direct energy costs and taxation on carbon emissions (through the CRC Energy Efficiency Scheme and Emissions Trading Scheme) - and the growing involvement of FM departments in their organisation's energy management strategy. As M&E services are generally the highest consumers of energy in commercial premises, this means that M&E maintenance has a key role to play in reducing energy consumption. And, as we'll see later, this energy management role can also feed through to other areas of the building when M&E maintenance is delivered as part of a multi-service FM contract.

It's no longer enough to require services to be reliable; they also have to perform efficiently. Nor is it sufficient to simply evaluate the efficiency of central building services plant in isolation; it has to be assessed in the context of the building's usage and any variation in demand for heating, ventilation, cooling etc.

In fact, this lack of alignment between the way the plant is configured and what the building requires of it is a growing problem. As organisations have rationalised staff numbers and their building portfolios during the economic downturn, there has been a significant increase in churn rates and more variation in occupancy densities. If the control strategy for the services remains the same as when the building was first occupied, there is a clear - potentially wasteful - disconnection. Essentially, maintaining post-occupancy energy efficiency requires constant vigilance and the maintenance contractor is best-placed to provide that.

Can Technology Really Make a Difference?

Maxwell Segal, Innovations Director at GSH, makes the case for centralised data collection and analysis.

Technology that provides multi-contract asset management from within a single system enables FM providers to offer a standardised platform to each client and from this, build value-added solutions around it. This is a strategic move to allow the delivery of consistent technology to larger national contracts in a manner that is favourable for future development and innovation.

The decision to invest considerable finance and resource in this technology is based on a vision of how national contracts would require delivery in the future. Understandably, such an intuitive approach does not always sit well with Executive Boards keen on tangible financial justifications. Yet provided there is sufficient ICT expertise and support from the Board to the business, the benefits of embracing a single system for all contract management can be successfully positioned as true innovation and an `instrument of growth'.

This is as much about culture as it is about technology. Consumer goods suppliers covet their end users' opinions and feedback, and FM companies should be no different. Offering inflexible and inconsistent delivery models does not reflect a culture of listening and does not form a foundation for innovation. A centralised single system does, however, for the following reasons.

First and foremost, it provides a cost-effective platform by minimising the ICT infrastructure and operational overhead. Single hardware platforms cost less than multiples and require less ICT resource to manage.

Second, because the asset management platform is universal across the client base, wherever innovation is applied - whether in process, systems, or value added services - it can be easily transferred across contracts. An innovation need only arise once for it to benefit the whole client base, allowing the ICT team to deliver tangible benefits at a near exponential rate. The direct result is a symbiotic relationship whereby the FM company and its clients cooperatively drive new developments that other clients subsequently enjoy.

Engagement, Accuracy and Culture

Chris Coath, Energy Manager for NG Bailey's Facility Services division, explains some of the critical factors that underpin successful energy reduction initiatives.

One strategy developing within the FM industry is based on the HVCA's 'Standard Maintenance Specification for Building Services'. Energy-focused maintenance introduces a focus on reducing the energy consumption by ensuring that equipment is operating efficiently at all times.

Energy-focused maintenance delivers all necessary maintenance to a building, whilst providing additional activities that give rise to improved plant performance, improved energy management and greater energy savings.

Key checks to ensure a system runs at its optimum level include:

- Time control settings
- Logging and monitoring to ensure effective plant operation
- Comprehensive building wide temperature 'set point' checks
- Plant operating sequence assessment
- Detailed insulation inspections
- Heating and cooling profiling
- Evaluation of mechanical systems.

This level of detail, aligned to building usage and occupancy levels, ensures that areas vulnerable to high-energy consumption are targeted for remedial work or further investigation from a specialist.

Energy consumption data together with specific building benchmarks would be used to continually analyse the effectiveness of the maintenance strategy and to ensure that optimum performance is achieved.

This strategy not only ensures that the energy consumption can be successfully reduced but also that a building operates efficiently.

To ensure that energy waste is reduced in an effective and timely manner it is also important to have 'energy aware' engineers on-site that can take the required actions.

Creating a culture of sustainable best practice is one way to ensure employees' mindsets are focused on driving down energy usage and making buildings more energy efficient for the client.

User involvement is vital and good communication plays an important role. Internal campaigns create awareness and help to change the culture of a business. Effective methods include:

- Energy league tables
- User energy-saving posters
- Occupancy evaluation
- User energy workshops and presentations.

Six Steps to Improving Energy Reduction

Paul Lawrence, Director of the Energy & Sustainability Division at Integral UK, describes a process that works towards compliance as well as all-round best practice.

With the Government setting legally binding reduction targets and the introductory phase of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) well underway, now is the time to act on CO2.

It is crucial businesses understand the importance of CRC and the impact on long and short-term strategies, including the implication on business direction and finance. Compliance is obligatory and preparation is key, with fines distributed to businesses that qualify under the CRC but fail to comply fully with the regulations.

A scheme which is aimed at large public and private sector organisations, the CRC targets businesses that had at least one half hourly meter (HHM) settled on the half hourly market in 2008 and who additionally had an annual electricity supply of at least 6,000 MWh through all HHM's.

Organisations that had at least one HHM settled on the half hourly market in 2008 but whose annual energy supply is less than 6,000 MWh are exempt. They must, however, disclose their carbon emission information and should prepare a structured energy reduction strategy to ensure that consumption does not creep up above the 6,000 MWh threshold.

Although initially the capital outlay is costly, with businesses purchasing carbon allowances to cover carbon emissions, the long-term benefits are rewarding both in terms of profit and overall carbon reduction.

Six simple steps help to explain how to address CRC and manage longer term sustainability:

1 Benchmarking
2 Energy audit methodology
3 Supported learning
4 Energy monitoring
5 Good housekeeping
6 Energy delivery model

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