

Integrated Facilities Management (IFM) Success Factors

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There are many benefits to moving beyond the basic insourcing, out-tasking or outsourcing of facilities management (FM) services to an integrated facilities management (IFM) model, wherein some FM services are managed and self-performed by one service provider while others are handled by firms with which it has partnered, all in an integrated manner. There is no right balance to the quantity of services that should be performed by the primary service provider or the sub-contracted vendors, but they all must be properly delivered at the right price by qualified people, and the IFM service provider must have a strong vendor management/quality assurance program for the services it does not self-perform.

Benefits of moving to an IFM model include:

- Reduce cost
- Streamline operations and simplify processes
- Improve operational efficiency
- Improve service delivery
- Reduce management complexity
- Drive consistency across the portfolio
- Gain economies of scale – leverage spend
- Enhance ability to share information
- Introduce best practices
- Improve global delivery
- Improve data, technology, and reporting
- Drive continuous improvement
- Provide a more flexible, scalable delivery model

However, the transformation to IFM must be evaluated and managed properly in order to achieve these benefits. In this article, we will explore several IFM critical success factors, some of which need to be performed prior to going to market, and others that must be performed later in the process.

Understanding the current state

“You must understand where you are before you can decide where you are going.”

Too often client organizations lack a complete or accurate understanding of their current state, e.g., the cost of current services, number of people or square footage being served, service history, customer satisfaction levels, service level requirements, etc. But without such information, it is difficult to evaluate whether moving to an IFM model makes sense, or understand how to plan an orderly transition.

So, before going to market, it is essential that you prepare and document information about your current state, any planned changes and the need for change. This includes ensuring that your IFM strategy is aligned with other internal strategies – company, business unit, real estate, merger/acquisition/divestiture strategies, etc.

A template or spreadsheet is often useful to ensure that all relevant information is captured and reviewed. Examples of key data elements include:

Business Requirements

- Business drivers, needs, constraints
- Planned business changes – including growth/shrinkage plans
- Expense reduction/footprint reduction targets
- IT plans, requirements, constraints, technology utilized

Site Data

- Address
- Square footage
- Number of occupants
- Vacant space
- Owned versus leased
- Hours of operation
- Types of space, operations, customers being served

Services

- FM services provided in-house, by landlord, by service providers
- Current service providers
- Organization charts
- Current staffing – in-house and outsourced
- Current contract terms – including cancellation requirements
- Service level requirements and statements of work (SOWs) – including response times, reporting requirements
- Special requirements, such as data center, C-Suite, fitness center, day care center, etc.

Costs

- Cost of each FM service – last year, current year (actual and budget)
- Cost/unit basis – square footage, occupant, etc.
- Accounting requirements – cost centers, charge backs, etc.

Performance

- Key performance indicators (KPIs)
- Customer satisfaction
- Service delivery
- Work order backlog

Issues (if any)

- Compliance concerns
- Employee/Union
- Country-specific requirements

Organizations that do a good job of understanding and documenting all the above avoid problems later on in the process – especially when preparing RFPs and evaluating responses from bidders. Those that do not make it difficult for themselves to appropriately communicate their current state and how it will change if IFM is adopted, and challenging for bidders to present effective solutions, all of which may lead to wrong decisions and missed improvement opportunities.

Defining the sites that will be in scope

What sites should be included in the scope of an IFM initiative? The answer is not as easy as it may seem. Factors you must carefully evaluate before making a decision include: the desire for change; geographic location; maturity of the IFM service providers in the region; size and complexity of the site's operations; amount of FM spend; how long the site will be in the real estate portfolio; planned changes to operations at the site; collective bargaining agreements; and other priorities that require the site's attention.

“What might make sense in North America or EMEA may not make sense in APAC or South America.”

Sites should be included in the scope of the IFM initiative only if there will be one or more tangible benefits to be gained. The most common mistake is the arbitrary inclusion or exclusion of sites. Doing so may make your business unit leaders wonder what you were thinking – especially if problems occur in the future, their costs increase or their staff loses productivity due to service delivery misses.

Sometimes it makes sense to move sites into IFM in phases, rather than doing so all at once. This is particularly desirable when there are a lot of sites in scope or when the sites are located in many different regions. A phased approach mitigates risk by providing the opportunity to learn and improve as you go.

IFM is most common at general office sites, and less so at R&D and manufacturing sites. This is not to suggest that it cannot work at these types of operations; indeed, many IFM providers successfully deliver services in R&D and manufacturing environments. The most common arguments against having IFM service providers operate in these settings are that internal company knowledge is needed to perform the required tasks, or the risks (potential liabilities) of using an outside provider outweigh the benefits. While I understand these concerns, they can be overcome by selecting a provider that has the right people, processes and controls, and a proven track record of successfully delivering FM services at these types of sites.

Defining the services that will be in scope

You must also carefully evaluate which services are sensible IFM candidates. Sometimes there is a tendency to bundle too few services under the IFM model, and sometimes too many. But you should avoid both extremes.

“You should use caution not to place services in the IFM basket beyond the capabilities of the IFM service provider.”

While there is no mandatory minimum level, too low a volume may result in deployment of “B team” personnel and sub-par attention from the provider. And too many may not add much value, and may result in added costs or service delivery issues. IFM providers are sometimes willing to assume responsibility for certain services as a favor to the client or to secure their business, even though they may not be among their core competencies. As a result, you must conduct appropriate due diligence with the IFM providers under consideration to ensure they have solid capabilities to deliver the in scope services, or partners that can do so.

A quick test: if only the on-site team will be knowledgeable in a particular service – for example records management or security – it is probably not a core competency of the IFM service provider. For it to be a core competency, a provider should have proven procedures and processes for services in scope, and be proficient in providing guidance, oversight, and knowledge of best practices to the on-site team.

Following are examples of hard and soft services that are typically good candidates to place under an IFM model:

| Hard Services | Soft Services |
|--|---|
| Building Maintenance, e.g.: <ul style="list-style-type: none"> • General repair • Electrical • Plumbing | Audio/Visual Call Center Carpet Cleaning Food Services/Catering Janitorial |
| Building Mechanical Systems and Infrastructure, e.g.: <ul style="list-style-type: none"> • Boilers • HVAC • Elevators • Fire/Life Safety | Landscaping Mail, Shipping, Receiving Meeting Management Moves, Adds, Changes Pest Control Plant Care Reception |
| Building Operations and Engineering | Reprographics Waste Management Window Cleaning |
| Utilities/Energy Management | Vending Machines |

But you cannot arbitrarily include these services in the scope. You must closely review the requirements of each site, rather than applying a “one-size fits all” methodology. You need to thoroughly evaluate factors such as the capability of the provider (i.e., is the service core to them), the benefits, the risks and the costs associated with each service to determine which should be included in the scope. Similarly, the service level requirements may be different from site to site. Your IFM program must be tailored to best meet the needs of your

business units, rather than forcing a model on them that is not in their, or your company’s, best interest.

Moreover, standards of care should not be compromised if they will result in undue risk or be in conflict with your company’s values. And finally, you should not place services in the IFM model if costs will be higher, unless there are other substantial benefits that will outweigh the added costs.

To assist in your decision-making process, you should develop an evaluation criterion for services under consideration for the IFM model. Following are examples of topics you may want to include:

Finances

- Reduce cost of operations
- Provide services at a competitive price
- Leverage spend within region and globally to achieve best in class pricing

People

- Best utilize expertise of in-house and service provider’s staff
- Best support your organization structure
- Maintain safe work place

Customers

- Improve customer satisfaction
- Enhance customer productivity, serves as a business enabler
- Improve service delivery – quality, response time
- Not compromise service quality and delivery
- Not adversely impact business operations/minimal business disruption
- Fit with your company culture

Services

- Enhance oversight and delivery of services
- Meet your company’s expectations and standards
- Provide flexible/scalable model

Processes

- Improve internal processes and promote innovation
- Reduce management complexity
- Promote consistency of processes, controls, reporting
- Provide wider access to marketplace, best practices and knowledge sharing across sites
- Enhance use of systems and technology
- Not adversely impact environmental health and safety (EHS) and regulatory compliance

Ideally, for a service to be in scope, the IFM service provider should meet all or most of the above criteria. If it does not, the service should be excluded from the IFM model. Just because

something is in scope does not mean you should automatically award it to an IFM service provider. The data you gather needs to support that such a change will be beneficial to your firm. Thus, your goal should be to make data-driven decisions that are supported in a well-documented business case.

Having a structured selection process

You should have a robust process to ensure you select the right IFM service provider and award the right services to it.

“The better prepared an RFP is, the better able IFM service providers will be to submit meaningful bids. The old adage ‘garbage in garbage out’ should be avoided.”

In addition, you must have the right people participate in the selection process. You can find details and guidance on this in an article I wrote entitled *Creating the Right Team to Select a Facilities Management Service Provider*.

When moving to an IFM model, you must view it as more than a cost saving opportunity. It is also an opportunity to improve operational integrity, minimize risks, drive operational excellence, improve processes, introduce best practices, improve business continuity, and much more. A structured selection process will surface all of the benefits and risks. Unfortunately, some client organizations treat sourcing IFM like purchasing a commodity, and never get beyond pricing.

As stated above, many IFM service providers will claim they can provide the required services and you will need to validate their claims. However, you should be doing more than just reviewing each bidder's answers to your questions. All providers are experienced in writing proposals, and just reading them may make it difficult for you to fully understand their strengths and weaknesses. You should use the RFP process as an opportunity to interact with each of the bidders to best understand their thoughts, strategies and capabilities.

“If all you are doing is having the short-listed bidders give a short PowerPoint presentation, you are probably not interacting enough.”

You need to interact directly with IFM service provider candidates before selection to be able to “peel back the onion layers”. In addition, you should speak with other organizations that use the short-listed bidders to deliver similar services to gain insights into what's working, what's not, lessons learned, what they would do differently, etc.

Some client organizations select one IFM service provider for their entire portfolio, while others engage a different one for each region or none at all for a particular locale. Additionally, some will choose one provider for hard services and another

provider for soft services. Your decision must be based on factors including the IFM provider's capabilities, geographic reach, ability to leverage spend and drive consistency of programs, processes, systems, reports, etc.

There are many ways to create and implement an IFM model, and what is right for one company may not be right for your firm. So you need to decide what is best for you based on the facts obtained in the RFP process about each IFM service provider, their offering and their ability to meet the needs of your firm. But to achieve success, you must gain buy-in from the business units via a collaborative process, as mandates are a tough sell and may derail your initiative.

Developing the right organization structure

Where do you draw the line between in-house performed activities and those that will become the responsibility of the IFM service provider?

Since FM services are not the reason your firm is in business, your internal FM staff should be kept to a minimum number. Their primary focuses should be on setting strategic direction and performing governance/vendor management activities, while tactical activities should be performed by the IFM service provider.

Although this is the ideal responsibilities split, it does not always happen this way. Some organizations choose to “shadow” (establish redundant type positions) their IFM service provider. This often causes confusion, tension, lack of trust, poor teamwork and extra costs. Shadowing occurs most often when a company outsources for the first time, and less often when firms are into their second or third generation outsourcing engagement.

“Wherever possible, shadowing should be avoided. Your goal should be to operate in partnership with your IFM service provider, but have appropriate governance, KPIs and vendor management processes to ensure that expected outcomes are achieved.”

Service providers often wish their clients would just manage outcomes, rather than getting involved in the day-to-day tactical activities. But if roles and responsibilities of in-house and provider staff are not clearly defined and understood, confusion arises, service delivery targets will be missed, the relationship will be adversely affected, and optimum results will not be achieved. All of this will negatively impact the customers you serve. Thus, a best practice is to conduct contract training sessions, Responsible, Accountable, Consult, Inform (RACI) workshops, and develop process flow diagrams to ensure everyone understands their roles and how they should interface with others. Doing so creates a “one team” environment and sets the foundation for being a high performance team.

It is equally important to ensure that the right talent is in place to perform the required activities. Your IFM program will only be as good as the people assigned to the account. You'll find more details on this in another of my articles – Driving Innovation and Continuous Improvement After Year Two of a Facilities Management Outsourcing Contract.

Establishing a transition plan

The back-end portion of the IFM process – transition and implementation – is just as critical as the front-end evaluation and decision making. If you fail to fully plan and prepare for this part of the process, problems will arise – e.g., lack of communication or miscommunication, sub-par service delivery, missed deadlines, unsatisfied customers, etc. The business units need to understand the change and what will be different under IFM, and impacted employees and contractors must be kept informed. Thus, having a strong communication plan that covers pre-, during and post-transition is critical.

“A detailed plan should be prepared to ensure there is a smooth transition and there is an appropriate transfer of knowledge.”

IFM service providers are very experienced in transitions and have detailed plans for moving services without disrupting business unit operations. Typically, they can transition a company to the IFM in 60-120 days, depending on the size and complexity of the change.

However, for your provider's plan to be successfully implemented, it will need your support to ensure they have access to your people and records. It will also need your involvement to effectively setup and coordinate communication activities. It cannot do these things alone. A best practice is that a governance committee be established to set priorities, monitor transition progress and serve as an avenue for issues to be quickly escalated and resolved.

A large part of the transition is for the IFM service provider to establish its staffing requirements and organization structure, fill open positions and provide required orientations and training. Much of its staff may be individuals who were performing these activities in your organization or with another provider. For them, knowledge transfer will not be a major issue. But there must also be effective transfer of knowledge from employees of your firm whose jobs were eliminated, and you must ensure that happens.

Other major transition activities include finalizing the contract, performing due diligence activities, creating sub-contractor contracts, setting up the technology and service desk, establishing communications, setting up the accounting and operating procedures, developing a risk mitigation plan, and obtaining detailed information and records about the

operations. All this needs to be done well to ensure a smooth transition.

Below are examples of information that IFM service providers may require during the transition phase:

- List of vendors used
- Vendor contracts
- Real estate lease agreements
- Landlord contact information
- Financial data
- Utility bills
- Accounting requirements
- IT requirements
- Organization charts
- Site information, including drawings
- Service level requirements
- Equipment listings
- Maintenance records
- Building rules and regulations
- Permits
- Key contacts, emergency numbers
- Incident reporting procedures
- Emergency response plans
- Business continuity requirements
- Fire/Life safety program

Delays in providing this type of information to your IFM service provider could adversely impact the transition schedule and, more importantly, have a negative impact on the clients you serve. To avoid these issues, it's best to have this information compiled while you're going through the RFP preparation process; this will ease your time challenges once you're in transition.

Conclusion

Understanding your current state and the need for change are the foundations for a successful IFM outsourcing process, if the facts indeed indicate IFM benefits beyond cost savings. Once those are established, you must properly scope your IFM sourcing initiative and establish an appropriate process for selecting the right IFM provider for your unique needs. Having the right organizational structure and the right process to implement the solution are also critical success factors. A detailed transition plan needs to be prepared to ensure all of the required activities are successfully performed before getting to the finish line. Without such, it will be difficult to do these activities well and attain success.

This article highlighted a few critical activities you need to attend to when it comes to IFM. But it just scratched the surface, and there are many other issues you need to expertly address including crafting the RFP, structuring the deal, creating meaningful KPIs, establishing a change order process, etc.

“When travelling down this path, it is critical that you know what needs to be done, when it needs to be done, how it needs to be done, and who needs to do it to avoid getting derailed.”

Your business units will expect a change of this magnitude to be properly controlled with an outcome that helps them achieve their business goals without adverse impact. Thus, having proven processes and an awareness of where the “land mines” are is essential. I recommend seeking advice and guidance of others who have made this journey - especially if you are not experienced in managing a project and change of this nature.

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