Facility management and outsourcing: Part 1 of 2

Leave it to the experts

More organisations are turning to outsourcing as a strategic tool to focus on their core business

IN TODAY'S competitive and dynamic business environment, businesses are challenged on many fronts: to reduce costs, innovate, offer a safe and healthy work environment, increase customer satisfaction, improve quality and boost productivity.

But organisations know that they cannot do everything themselves. A solution that is gaining popularity is outsourcing. It is viewed as a strategic concept that enables organisations to meet various challenges while focusing on their core business.

Non-core expertise

In outsourcing, an organisation partners a service provider that provides non-core expertise with a goal to implementing best-in-class practices. Outsourcing is likely to succeed when the provider offers value-added services and the service level agreement or SLA, a tool in managing expectations, is given due consideration.

For example, a large bank requires facility management (FM) and administration services but finds it difficult to hire and train the FM and support services staff.

The operations and maintenance expenses are high and the technology is changing rapidly. In addition, the bank needs space to house the team of in-house experts and this additional cost can be quite high.

Finally, the bank's management is unfamiliar with the workings of the facility management and support services industry. Their expertise is banking and financial services.

This situation presents an opportunity for outsourcing. The bank can engage an outsourcing provider who can leverage its size and expertise to provide its client with the relevant facility management and support services solutions it needs.

The facility management (FM) industry and its support services have benefited from outsourcing. These encompass issues from property strategy, space management and infrastructure, to building maintenance, administration and contract management.

The FM and support services industry here has experienced rapid growth, fuelled by the proliferation in recent years of high-technology buildings. Owners of these buildings find it more efficient to outsource maintenance to FM specialists than to handle these activities themselves.

An organisation can outsource any activities that are considered non-core. For instance, in the banking industry, these can be property management, engineering, administration, janitorial services, security and so on.

A comprehensive service agreement between client and provider will ensure that the outsourcing exercise is successful.

Multiple benefits

Early in the evolution of outsourcing, cost savings were the most important factor. Today, savvy managers realise that outsourcing can provide their organisations with a number of realistic and tangible benefits. These include:

- An increase in business, productivity and efficiency. Companies that do everything themselves have to spend more on research, marketing and development and customer service. Outsourcing some procedures will allow a company to concentrate on core business activities without compromising the other non-core processes. This strategy will consequently lead to increased efficiency and productivity.
- Access to specialised services. Outsourcing allows companies to hire experts and specialists who can provide services more efficiently than their existing manpower.
- Reduce labour and infrastructure costs. Hiring staff and training them for short-term projects is expensive. With outsourcing, a company can avoid the burdens of extra manpower and infrastructure, and focus its human resources where they are most efficient and needed most.

Sometimes, an outsourcing exercise does not deliver the expected outcomes. Here are the five common reasons why outsourcing fails:

- The focus is on cost savings alone,
- The organisation wants to get rid of a job it neither understands nor wants to take responsibility for,
- Major changes are expected to happen overnight,
- Poorly defined goals and a weak measurement mechanism, and
- A lack of communication between the outsourcing provider and client.

Tomorrow: Drawing up a good service level agreement.

Article by Steven Ee, a consultant with FMS Associates Asia, a leading facility management and support services training and consultancy company. For more information, visit www.fms-1.com or e-mail steven@fms-1.com

To send article contributions, comments, views and story ideas, e-mail recruit3@sph.com.sg