

Facilities Management from A to Z



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anaging Agents

There are numerous models for the outsourcing of FM services and the dynamic nature of the market means that there are no formal or standard definitions for each. One of the earliest models to evolve was that of the Managing Agent which developed from the traditional role of an agent appointed to manage residential properties such as a block of flats on behalf of the owners or occupants.

In FM the role of a Managing Agent can be defined as “A professional services contract whereby the Agent assumes responsibility for the management of facilities services on behalf of the client in return for a management fee.” This differs from other FM service outsourcing contracts in that the Agent does not provide the facilities services themselves. These are outsourced to other service providers either by the client or by the agent on the client’s behalf.

This model is most attractive to client organisations that are lacking in facilities management knowledge and capability and wish to focus entirely on their core business activities trusting that a professional white-collar management provider will apply their expertise and market knowledge to deliver an appropriate solution.

For this reason, the Managing Agent model is most suitable for property portfolios that are standard in nature and where the client does not seek to gain competitive advantage through the application of bespoke facilities management solutions. The Agent will apply good practice management and add value through the efficient application of processes and systems developed to serve their entire Client base.

In procuring Managing Agent contracts the client must ensure that they fully understand the make-up of the Agent’s management fee. This will include their costs of operation and their own overhead and profit however some Agents make additional margin by applying a mark-up percentage to the costs of the services managed on the client’s behalf.

This may be acceptable to a Client who is more concerned about reliability of service rather than cost however it does mean that the Agent has no incentive to reduce the Client’s facilities costs and does in fact benefit from increasing them. Clients of FM Managing Agents may also wish to enquire about any volume rebates or centrally returned discounts that their Agent may receive from service providers managed on their behalf.

Clarity about such practices is best achieved by the use of a completely transparent open-book form of contract. The most common application of the Managing Agent model is in the property management sector where institutional investors in commercial property appoint Agents to manage their portfolio on their behalf. Here transparency is assured by the use of the RICS service charge principles.

The Royal Institute of Chartered Surveyors is the professional association that represents managing agents and the property management sector www.rics.org