



Facilities Management and Facilities Equipment

A white paper by Martin Pickard FBIFM
based on a survey of facilities managers

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Contents

Section		Page
1	Abstract	4
2	Introduction	5
3	Industry outlook	6
4	Management of equipment	8
5	Equipment innovation and replacement	9
6	Compliance	10
7	Training	11
8	Conclusions	12

Appendices

i.	The Survey	13
ii.	The Author	13
iii.	The Sponsor	14
iv.	Reference Material	14

I Abstract

All organisations are faced with fresh challenges in the post recession economic climate. Facilities Management (FM) is an important sector of the UK economy and FM operators rely heavily on a wide range of tools and equipment. This paper considers trends within the FM market, the management required by facilities equipment and the need for innovation and effective replacement policies. Along with compliance and training considerations these issues are viewed in the light of a groundbreaking survey of facility managers and the practical experience of the author. Facility managers spend a great deal of time managing equipment and yet productivity, service and commercial issues continue. This paper concludes that a review of equipment strategies for sourcing, management and compliance offers an opportunity for positive change in difficult times.



2 Introduction

Facilities Management (FM) is a term used to describe the practice of co-ordinating and integrating support services and the related design and operation of the built environment. There are references to such a role and to facilities in general going back hundreds of years but the modern and general usage of the term began in the late 1970s.

The market that has developed to supply services to facility managers and the organisations they serve is commonly referred to as the FM industry and many businesses now offering a full range of FM services are known as FM companies. Some of these contractors offer a Facility Management service while others combine FM with the provision of facilities frontline services.

There is another market that supplies goods and services to both FM companies and to in-house FM operators. These markets combined are a considerable size estimated to be as much as £118.8bn in 2010¹; with an estimated 3.5 million jobs involved, Facilities Management is of vital importance to the UK economy.

Facility managers have extensive remits related to the specific needs of the organisations they serve. These include support services like catering, cleaning, maintenance, mail room, furniture, security and landscaping alongside the management of compliance with health, safety, environmental and employment policy and regulation.

Delivering this complex portfolio of services relies upon the availability of a vast assortment of equipment from ladders to leaf blowers and scissor lifts to floor scrubbers. Facilities equipment may be as basic as a broom or as complex as a computer. Ensuring timely access to the most appropriate tools and equipment, making sure they are properly maintained and that they are always used in accordance with safety guidelines is a key responsibility for all FMs and FM service providers.

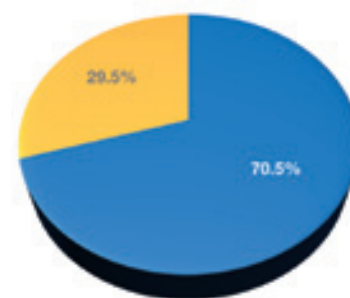
This aspect of facilities management has not been subject to the same academic scrutiny as some of the discipline's other competencies and yet it represents a significant risk to the effectiveness of the FM operation in terms of both performance and compliance. This paper sets out to examine some of the main issues involved and seeks to identify key trends and opportunities.

The major source of reference for this paper is a comprehensive survey of facilities managers undertaken in the last weeks of 2010 by leading equipment provider HSS Hire. In what is believed to be the first survey of its kind, 360 facilities managers from all sectors, public and private, responded to 24 questions about their use of facilities equipment.

70.5% of the respondents were in-house facility managers with the remaining 29.5% representing the FM industry as facilities service providers and FM Companies. While 360 is not a large sample given the size of FM in the UK, the diversity of organisations involved and the ratio of in-house and contracted FMs is considered to be representative of the sector as a whole.



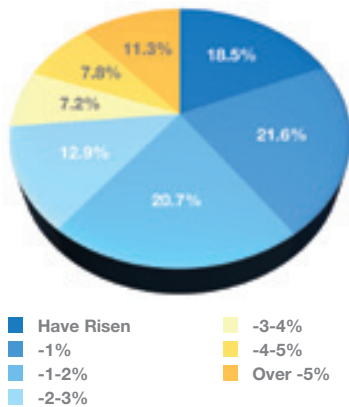
Survey response



■ In house
■ Contracted

3 Industry Outlook

Margin movement in 2010



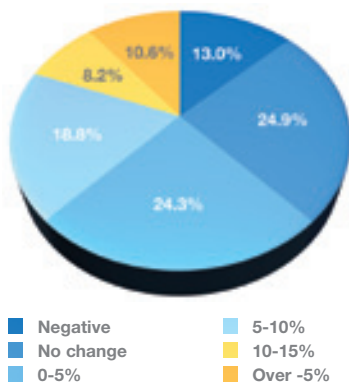
The economic upheaval of 2007–2010 is considered by many economists to be the worst financial crisis since the Great Depression of the 1930s. Its impact on in-house facility managers has been varied depending on the sector involved but the non-core nature of the FM budget and its relative size within an organisation’s overheads has inevitably resulted in a desire for cost reduction.

The FM industry has suffered from this with operating margins under pressure on all sides, however, it has also benefited from an increase in the outsourcing of ancillary services as organisations seek to reduce risk and to move from fixed to variable costs. A historically expanding market has slowed significantly with MBD reporting 1% growth during 2010¹.

This mixed experience is reflected in the responses to the HSS survey. When asked “By how much have your margins fallen on average over the past year?” 81.5% of respondents confirmed that margins had fallen, 11.3% had experienced reductions of more than 5% while a fortunate 18.5% reported that their margins had increased during the same period.

Despite falling profitability there was considerable confidence about future growth with only 13% of respondents expecting their businesses to contract over the next two years and 24.9% anticipating no change. The remaining 62.1% were looking forward to growth with 10.6% expecting to grow by more than 15% in the same period.

Growth expectations to 2012



The MBD research¹ is more cautious about growth in the FM sector in 2011 predicting another 1% rise due to “the continued fragility of the economic recovery” but is more optimistic about the next four years with forecast growth rates fluctuating between 2% and 4%, pushing the total market value in 2015 to £135.4bn.

George Osborne’s Public Sector Spending Review (PSSR)² offers continued mixed fortunes to the facilities management market with proposals designed to reduce public spending by £81bn over the next four years. Those businesses that are providing services to government departments will be directly affected and existing contracts are certain to come under heavy scrutiny.

There will, of course, be challenges for the FM industry in a tough procurement climate with pressure to renegotiate existing contracts. On the other hand, the PSSR provides the FM and support services industry with a chance to demonstrate how effective outsourcing can be used to deliver both efficiency and effective service.

48.2% of survey respondents expected the public spending cuts to have a negative effect on their business while 34.8% expected no change. Only 17% expected new business opportunities to arise. The comprehensive spending review has delivered a hefty dose of economic reality which hints at grim austerity for facility managers. But the true cost, and opportunity, clearly depends on each organisation’s market positioning.

The strategic responses made by each organisation to the economic challenge will have a direct impact on every facilities management operation whether in-house or outsourced. If overheads are to be reduced in order to protect margins in an organisation that is planning for growth then the FM has to achieve increased results with fewer resources.

If serious falls in service are to be avoided this creates a demand for levels of technical innovation and specialist expertise coupled with smart systems and processes beyond those normally found in a generalist team. History has shown these factors to be successful criteria in outsourced service solutions particularly when specialist services like facilities equipment are involved.

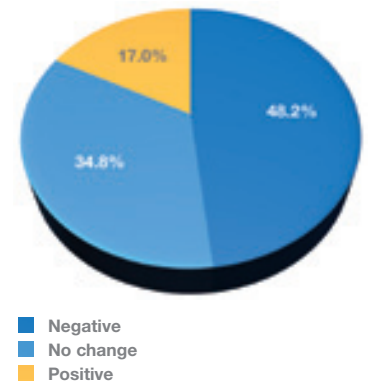
Many organisations will adopt financial strategies which will change their facilities management needs. Some will seek to convert capital commitments to revenue costs, to reduce financial risks and to focus on core business. To do this many will rely on outsourced service solutions to improve flexibility and scalability and to reduce uncertainty in these difficult times while demanding full open book disclosure from their contractors.

Providers of facilities equipment will need to refocus their market offerings in order to meet these new requirements. An intelligent response will allow customers to concentrate on their core business while those specialist providers who have the right commercial structure will be better suited for investment in new equipment and to offer services like real-time asset registers and 24hr help desks.

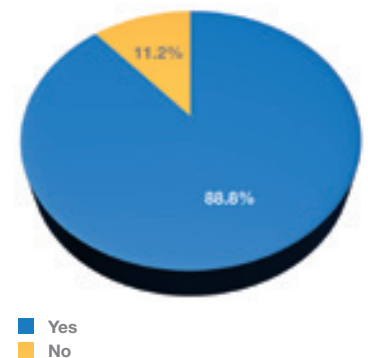
FM companies and other heavy users of facilities equipment like grounds maintenance contractors and cleaning businesses will expect their equipment suppliers to help them to manage contract churn more efficiently by only paying for tools when they use them and to assist with the responsible disposal of redundant equipment as well as carrying the assets on their own balance sheets.

These expectations are confirmed by the survey. When asked "In general do you feel that there is a need for the providers of FM services to increase their level of professionalism?" a massive 88.8% answered yes. This could be interpreted as a major criticism of the FM industry but more likely reflects changing needs due to market conditions and a desire for the experts to provide new solutions.

PSSR impact

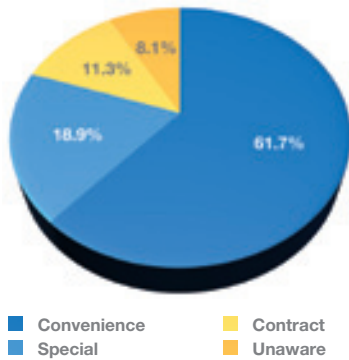


Professionalism increase required?



4 Management of equipment

Why not outsource?



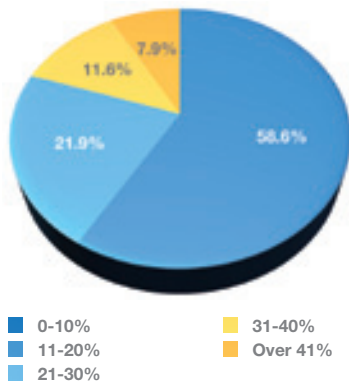
The management of facilities equipment is a key role that impacts upon the availability, reliability, cost, compliance and performance of a vital resource. Facility managers are notoriously busy people but nearly half (45.4%) of those asked estimated the amount of time their service managers spend on equipment management to be more than 10% while 7.2% thought it would be more than 30%.

A significant number of facilities people are therefore spending a day or more a week managing equipment despite the fact that the number of facility managers who procure and own all of their own equipment was less than 25%. 8% were leasing and more than 50% had a mixed solution. 14.5% had outsourced the whole thing showing that FMs are well aware of the benefits of outsourcing non-core activities when the market provides the right solution.

The responses from those not outsourcing their equipment maintenance were interesting. Of those who gave their reasons, 61.7% cited the security and convenience of ownership, 18.9% felt they had specialist equipment needs that an outsourced provider could not satisfy, 11.3% cited contractual requirements to provide new kit and 8.1% were not aware that outsourcing was an option.

This is despite well established equipment brands developing sophisticated service offerings that address all of these points. What could be more convenient than guaranteed availability of whatever kit you need, wherever you are and replaced with new or fully maintained equipment when you need it?

Equipment related problems



The contract requirement response is particularly telling. These are presumably service providers required by their clients to purchase new equipment at the start of a new contract. They will make the capital investment which they will then recover from the client over the life of the contract. In such financial arrangements clients must achieve true transparency in an open book contract to avoid over-recovery. There are opportunities here for both clients and FM providers to review current practices in pursuit of greater efficiency and reduced risk.

Although most respondents were not managing the equipment themselves, the vast majority (86.2%) were confident that preventative maintenance regimes were in place for their equipment. The remainder, reliant upon reactive maintenance and repair only, were presumably prepared to accept a degree of downtime and lower reliability levels.

Despite these high confidence levels, service issues caused by equipment failure are widespread with more than 40% reporting incidence of more than 21%. If maintenance regimes are in place this suggests that they are ineffective, that machines are being used for inappropriate tasks or that operators are not being properly trained.

5 Equipment innovation and replacement

From the survey it would appear that facility managers are retaining equipment for lengthy periods. 38.4% are only replacing equipment as and when it fails which may lead to unnecessary downtime and possible service failure. Some of this may be the result of FM service providers extending the use of equipment rather than replacing kit in the later years of a longer contract.

Inevitably some of this will be the result of decisions taken to postpone capital investment during the economic crisis. More than half of survey respondents (52%) admitted to keeping equipment beyond its useful life as a result of the recession. For many, such a gamble will have paid off; although nearly 25% admitted to losing productivity due to the age of their equipment.

Once again this highlights the frustrations that clients feel when their service providers fail to deliver professional and innovative service based on best practice to resolve changing needs. Indeed fewer than half (48%) of facility managers asked felt that their equipment suppliers provided innovative solutions to these challenges in their market area.

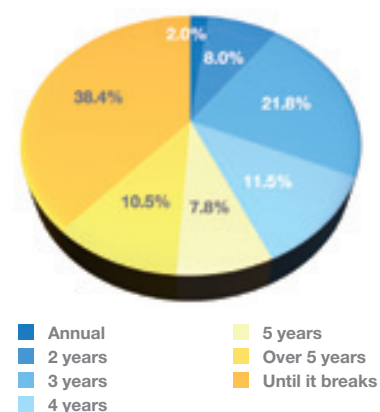
Innovation is highly desirable in facilities management where constant change, variable external influences and pressures on cost, quality and timeliness are ever present features. It has become increasingly popular to include a requirement for innovation in tender documents and performance management regimes. The choice of equipment is an area where true differentiation can be achieved by intelligent bidders.

The speed of technological development is fast and one of the effects of every recession is to accelerate the pace of change as the pressing need for greater efficiency and improved effectiveness drives the market. Improved battery life, reduced energy consumption, greater productivity and more effective performance can all be delivered by the latest models produced by cleaning, maintenance and other facilities equipment manufacturers.

Innovations like lighter, cordless and silent vacuum cleaners are revolutionising cleaning operations for many facilities organisations enabling day cleaning with full time dedicated staff and an improved focus on quality and service. New eco lighting rigs, portable access platforms and state-of-the-art power tools using the latest battery technologies are all being used to support the most efficient facilities operations.

Frustrated clients often report that an approach to innovation promised in tender documents is not realised through the life of a contract. Organisations seeking a serious contribution from their facility management are interested in a level of continued and guaranteed improvement over time. Performance improvements in terms of customer satisfaction, quality of service, environmental performance and, of course, bottom line costs are highly desirable for all organisations in today's commercial environment.

Replacement



6 Compliance

Relevant Legislation

The Supply of Machinery (Safety) Regulations 2008
Health and Safety at Work etc Act 1974
Electrical Equipment (Safety) Regulations 1994
Lifts Regulations 1997
Equipment and Protective Systems Intended for Use in Potentially Explosive Atmospheres Regulations 1996
Gas Appliances (Safety) Regulations 1995
Pressure Equipment Regulations 1999
Simple Pressure Vessels (Safety) Regulations
The Cableway Installations Regulations 2004
Personal Protective Equipment (EC Directive) Regulations 1992
Provision and Use of Work Equipment Regulations 1998
Lifting Operations and Lifting Equipment Regulations 1998
Dangerous Substances and Explosive Atmospheres Regulations 2002
Electricity at Work Regulations 1989
Gas Safety (Installation and Use) Regulations 1998
Pressure Systems Safety Regulations 2000
Personal Protective Equipment Regulations 1992

In 2010 a communications company was fined £300,000 with costs of £196,150 following the death of a worker who fell from a ladder. The HSE investigation found a number of issues including a failure to provide suitable access equipment for work at height and failure to carry out equipment inspections. Falls from height remain the most common cause of workplace fatality.

In 2009 a hospital was fined £8,000 plus costs of £8,466.71 after pleading guilty to breaching both the Electricity at Work and the Management of Health and Safety at Work Regulations when a worker suffered severe injuries whilst operating a steam cleaner. The hospital had failed to follow the manufacturer's instruction concerning the use of a Residual Current Device with the cleaner.

Health and safety in the workplace is a critical issue. There were 152 fatal accidents in Great Britain in 2009/2010 and 233,000 reportable injuries. 5.1 million working days were lost due to workplace injury³. The use of equipment in the workplace can increase the risk of accidents and must be carefully managed.

Employers must assess the suitability of tools and equipment for given tasks. They must operate a maintenance scheme and training programme and they must ensure that they keep equipment secure and safe. Because of the risk involved there is a raft of legislation that needs to be taken into account regarding the supply, use and maintenance of equipment in the workplace.

In the survey 82.7% of respondents were confident that all of the equipment they were using is fully compliant with all of these regulations although only 76.5% were confident they could prove their compliance if required to do so immediately and 31.6% were concerned about the likelihood of prosecution.

Contrary to myth the Health and Safety Executive (HSE) does regularly prosecute for breaches of safety regulations. In 2009/10, 1,033 offences were prosecuted by the HSE (and the Office of Rail Regulation), with a further 287 offences prosecuted by local authorities. 15,881 enforcement notices were issued by all enforcing authorities³.

There were 45 prosecutions under the Provision and Use of Work Equipment Regulations in 2010³. Fines for the most serious safety breaches are now routinely in the hundreds of thousands of pounds. Coupled with the need to pay not only your own legal costs but also the prosecutions, non-compliance with health and safety law is a costly exercise

Ensuring that proper testing is carried out is vital. Most respondents (68.4%) had outsourced this activity. Whoever does the work it is important that maintenance and inspection records are up to date and readily accessible. The leading outsourced service providers have state of the art systems and processes to ensure this.

Employers should conduct robust risk assessments covering the set-up, use and maintenance of tools and equipment at work. The risk assessment process must identify the environments in which workers will use the tools and equipment, any local conditions that may affect safety and how the workers will actually use each item in practice.

The assessments will also show what information employers must make available in the form of posters, signs and user guides. By limiting risks in this way, employers have some control over potential hazards.

Risk reduction measures like machinery guides, warning devices, personal protective clothing and maintenance routines keep the issue of safe use and maintenance to the front of everyone's minds. It is important to remember that employees also have a duty to handle tools and equipment safely and to stop using any item immediately if it requires maintenance or repair.

All of these activities can now be sourced from equipment providers, reducing the burden on the facilities management team. Responsibility for health and safety compliance cannot be outsourced and the client remains accountable so it is important to have full confidence in the expertise of anyone providing such services.

7 Training

Well considered risk assessments should inform decisions about the training of equipment operatives. It is vitally important that any worker using equipment that could present any kind of risk to themselves or others is properly trained in its use and that this training is properly recorded. 90.3% of survey respondents said that their staff had been trained to operate the equipment they used but only 70% were confident they could produce written evidence of this.

Training is not just about compliance. In activities like cleaning and grounds maintenance, ineffective operation of equipment can dramatically affect the performance of some machines. The poor results are often blamed on the equipment when additional or better training would actually improve the end product in the way it was designed.

Equipment suppliers should provide an appropriate operating manual on delivery and supervisors should study this carefully to consider implications on working practices. Many providers will offer expert advice and equipment demonstrations at the customer's premises to support this. On-site training of assigned operators is much more effective than classroom training and can prove more cost effective as well.

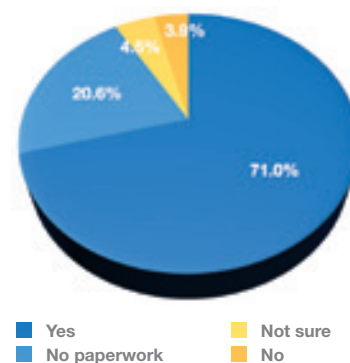
This issue appears to be well understood by facility managers with 64.3% affirming that more training would increase the productivity of their workforce. Professional trainers can make a difference to the impact of training and many organisations outsource some or all of their training for this reason. 25.8% of respondents did not outsource any of their training activities. This figure will include some larger organisations with in-house training teams but one suspects that others are sacrificing the benefits of proper training in pursuit of short term savings.

A typical organisation's investment in training and development increases each year as experience shows that companies that spend more on training produce considerably more profit per employee. However, although corporate managers recognise the benefits of human-capital management and its impact on productivity and safety, it can be difficult for training teams to find better ways to deliver tangible, measurable value to the organisation.

"What is questioned, and should be questioned even more strenuously, is whether (in-house) training organisations as operated today can deliver the kinds and quality of training—on time, on budget, and on target—that will consistently drive bottom-line results," write Edward A. Trolley and David van Adelsberg in their book, Running Training like a Business⁴

Some organisations will elect to revamp their in-house learning departments by themselves so that training reflects business strategies and productivity goals. But an increasing number of companies are outsourcing their training needs to specialists who can connect training to operational objectives at lower costs and with greater flexibility and efficiency.

Training & paperwork?



8 Conclusions

This exploration of the issues involved in facilities management and facilities equipment and the useful data provided by the HSS survey confirms the author's opinion of the importance of a considered strategy for the sourcing, management and operation of equipment.

The FM community view of the post recession climate is less negative than in other sectors with many predicting growth and some poised to benefit from an increase in outsourcing in the wake of the public sector spending review. However most are being forced to work harder, with 60% saying that margins have been hit.

Emerging from a recession is a critical time for companies and it is at this time more than ever that management need to concentrate on their core business and proposition. Fixed costs and capital investment are unpopular with businesses under pressure. Outsourcing is attractive in such circumstances but FM clients lack confidence in the professionalism of some providers and will avoid those they believe cannot offer a comprehensive service.

The majority of FMs do see benefits in outsourcing with less than a quarter buying all of their own equipment. Despite this, equipment is still consuming a lot of management resource and equipment related service issues are far too common. Equipment is being kept beyond its useful life as a result of the recession by those who have retained ownership while those who have outsourced have less exposure to the problems that creates.

Compliance issues and the need for effective training reinforce the importance of developing an appropriate facilities strategy with a professional provider. Specialist knowledge, technical innovation and solution driven commercial products are increasingly required by equipment users and the facilities supply chain must respond accordingly.

Every aspect of the FM paradigm must be carefully scrutinised in difficult times. Facilities equipment is one of the less glamorous aspects of the discipline and has suffered from this in the past. However it is clear that many prudent facility managers are engaging successfully with leading equipment providers to develop new strategies in support of corporate objectives.

Facility managers and FM companies faced with financial pressures, performance issues or compliance worries who have not reviewed their equipment strategies for several years would be well advised to take a fresh look at this critical area.

Martin Pickard
February 2011



Appendices

i. The Survey

The survey, believed to be the first of its type in the UK, was commissioned by HSS Hire, the national supplier of tool and equipment hire and related services. It consisted of 24 questions that were put on the specialist website, Information Facilities Management (i-FM.net) for a six week period ending in mid-December. i-FM.net is read and followed by a mix of both in-house and contracted facilities managers and this was reflected in the diversity of response that the survey attracted, both in terms of organisation and individuals. The number of individuals completing the survey totalled 360, with 29.5% employed by FM specific businesses, with the remaining 70.5% of respondents working for FM functions within larger organisations.

ii. The Author

Martin Pickard FBIFM

Martin Pickard is the Principal of The FM Guru Consultancy and an award winning consultant, journalist and trainer, Martin is a facilities management professional with 40 years' experience in all aspects of property and business services provision. His career includes a variety of corporate property, project and facilities roles in the UK including long periods with BT and Cellnet. He has also held boardroom positions with a number of FM consultancy and contracting organisations working all over the world for major customers from both public and private sectors. He now operates a portfolio of business interests in FM training, consultancy and interiors.

Martin is a Past President of the IFMA UK Chapter and a Fellow of the BIFM and was twice winner of their Award for Excellence in FM Journalism. Known to many as The FM Guru, Martin is a regular contributor to several business magazines and speaks at conferences and seminars all over the world. In 2008 he was named as one of the 20 FM Pioneers who made the most impact on the development of FM over the last thirty years.

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Appendices (continued)

iii. The Sponsor

HSS Hire Service Group is a UK-based, national supplier of tool and equipment hire and related services. It has been serving big businesses, trade and DIY customers since 1957 and is dominant in the 'maintain and operate' sectors with many customers directly or indirectly involved in facilities management, maintenance, refurbishment, fit-out as well as build. The company also runs a dedicated training division and offers a range of innovative hire related services including HSS LiveHire, HSS Outsource and HSS Onsite.

HSS Outsource provides bespoke managed equipment plans to customers seeking to benefit from a move from fixed to variable costs, the minimisation of capital investment, equipment innovation and guaranteed compliance. The solution provides all the benefits of ownership with none of the responsibility and delivers an advanced planned preventative maintenance regime, real-time asset management and rigorous reactive service level agreements supported by the HSS network. HSS Outsource is operational with organisations across the UK including those in both hard and soft service facilities management. HSS PitStop provides the same benefits for those operating mobile fleets.

In 2009 HSS launched a revolutionary online management system, HSS LiveHire, which allows its customers real time tracking and visibility of equipment they have on hire. This is a central part of a commitment to being industry pioneers - championing transparency, integrity and 'the true cost of hire'.

Operating under the banner of HSS Hire, the group has an established nationwide network of 232 locations including a number of supercentres with extended opening hours. Operated using a 'hub and spoke' approach and supported by a vast fleet of liveried vehicles, the network ensures the best possible national distribution and, therefore, customer service.

HSS was both the Hire Association Europe and Contract Journal Hire Company of the Year 2009. In 2010 it was awarded the HAE's 'Excellence in Customer Care' award and Highly Commended by the European Rental Association. HSS Hire is ISO9000, ISO14001, OHSAS18001 and SAFE-Hire certified and holds Investors in People status as well as a 4 star British Safety Award.

To download the survey and for more information on HSS and the HSS Outsource service, please visit www.hss.com/outsource

iv. Reference Material

- 1 MBD UK Facilities Management Market Research Report – Dec 2010
- 2 HM Treasury Spending Review 2010
- 3 Health and Safety Executive Statistics 2009/2010
- 4 Running Training Like a Business (Berrett-Koehler, San Francisco).

