



FM4.01

Overview of Facilities Management Sample Workbook

ABOUT THIS SAMPLE

What's included

This sample workbook is designed to give you a flavour of what to expect when studying with the Xenon Group for an IWFM Level 4 Qualification in facilities management.

The sample is taken from the first unit of the IWFM Level 4 course - FM4.01 - An Overview of Facilities Management. This is a mandatory unit for all versions of the Level 4 qualification - Award, Certificate and Diploma - so if you enrol on a course you are guaranteed to be studying this content.

Each unit of the course has its own dedicated workbook like this one, so the depth of knowledge you will gain is thorough and comprehensive.

We've included part 1 of this workbook in its entirety, along with the unit introduction and guidance on how best to use the book.

You'll see from the page of contents that there's plenty more covered by this unit beyond what's included in this sample. All of the different sections have been mapped against the learning outcomes and assessment criteria for the qualification, so when it comes to your assessments, you'll have a logical, structured base of information to refer to.

What else is included in the course?

As well as a dedicated workbook, each unit also has a pre-recorded webinar. These webinars cover similar information to that found in the workbooks, but offer an alternative method of consuming the information on offer.

Alongside the course content, we also offer comprehensive support on the assessments that you'll need to complete in order to successfully complete your qualification.

- > You'll have access to detailed guidance notes for each assessment which help you to plan and structure your coursework assignments.
- > You'll have a personal tutor who can be contacted for help and guidance with your assessment or any other aspect of the course.
- > You'll have access to a huge library of additional resources which can help put some context around the concepts you are learning.
- > You'll be able to post on our dedicated online forums, allowing you to access additional support from your fellow students.

Next Steps

For more information about our IWFM Qualifications, you can call us on [0330 912 5400](tel:0330 912 5400) or e-mail clare.gairn@xenongroup.co.uk.

To enrol on a course and get started, visit www.xenongroup.co.uk/enrolment

Or to find out about our exclusive Qual-in-a-Week intensive course, visit www.xenongroup.co.uk/intensive-course

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INTRODUCTION

IWFM Level 4 Qualifications

IWFM level 4 qualifications in facilities management are typically for those working at an operational management level. They are, however, also suitable for those aspiring to these roles looking to stretch and develop themselves. Although there are no set entry criteria, you will probably have a background in facilities management or related fields.

They will help ensure that you are able to operate in a range of varied and specific contexts involving creative and non-routine activities, exercise appropriate judgement in planning, selecting or presenting information, methods or resources.

You should also be able to take responsibility for the nature and quantity of outputs and meet specified quality standards. (based on OfQual level descriptor). The IWFM level 4 qualifications (i.e., the Award, the Certificate, the Diploma) in facilities management are for operational FM's and FM assistants. Therefore, you are likely to be responsible for managing:

- > Day-to-day operations (in-house or outsourced)
- > A range of support services
- > Contractors and key supplier relationships
- > Budgets
- > Health and safety
- > FM projects

This workbook

Purpose

This unit, FM4.01 An Overview of Facilities Management is the first unit of the IWFM Level 4 in Facilities Management Course.

It can be treated as a compact course in its own right and forms the only mandatory unit for the Level 4 Award.

It also forms the first stage of both the Level 4 Certificate and the Level 4 Diploma in Facilities Management.

The main aims of An Overview of Facilities Management are to:

Introduce the scope, range and extent of the Facilities management function so that you develop an understanding of the role of the facilities manager in a range of contexts.

To consider the importance of the contribution of facilities management in a wider business and social context.

Therefore this course is about the first, essential considerations any facilities manager should make - by developing a clear idea of the range of functions you may be responsible for.

It is designed to equip you with the knowledge to enable you to start your progression from first line manager up to a facilities manager with responsibility for a small team or a specific project.

Indeed, our ultimate hope is that, in providing you with the basic knowledge to start your management career An Overview of Facilities Management will spark your enthusiasm, boost your confidence and encourage you to continue your studies at this level and eventually at a higher level.

Learning Outcomes

The overall goal of the course in terms of learning is that it introduces you to the key concepts associated with the facilities management role at operational level and develops your understanding of a range of different functions across all sectors and considering both hard and soft services.

The overall goals of the unit are to enable learners to understand key fundamentals of facilities management and the unit provides an overview of some of the topics which will be covered in more detail later in the course. There are 5 learning outcomes that will lead to achieving this objective:

FM4.01 Learning Outcomes

- 1.** Understand the scope and extent of the facilities management function
- 2.** Understand the range of services offered by facilities management
- 3.** Understand the range of facilities management roles and responsibilities across different organisations
- 4.** Understand the importance of the contribution of facilities management in a wider business and social context.
- 5.** Contribute to external customers' understanding of facilities management using a range of communication methods

HOW TO USE THIS WORKBOOK

This workbook contains everything you need to achieve the learning outcomes for this unit. As you work through the content, you'll notice that there are various activities and assessments to complete. These will help consolidate your learning and some will actually form part of your assessment to pass the unit.

As you go through the workbook, you'll notice a number of markers designed to help you identify activities or focus your mind on key points. Here's a quick guide to what they mean.



If you see one of these markers, it means there is an activity for you to complete. These activities are optional, but we highly recommend that you complete them.

When reading through material, it's very easy to let our minds wander off somewhere else and not actually digest the information we are reading! Completing activities will help you to focus and to check your understanding of the concepts you are learning.



These markers are included to draw your attention to specific pieces of information that you may need to pay attention to. We'd advise that you make a note of these key points and revisit them a couple of times to check your understanding.

Hint: Some key points will relate to assessment questions later in the unit



If you see this marker, you'll really want to pay attention! These represent an activity for you to complete, but unlike the other activities, these will form part of your assessment and will need to be completed to the necessary standard in order to pass the unit.

Whenever you see an assessment, you'll need to answer the questions on the associated assignment for this unit, which you can download from the Academy. The assessments are split into 'tasks'. The workbook will tell you which task you need to undertake next.



You'll occasionally see this marker at the end of a long, intensive section of the workbook. Sometimes it can be helpful to take a break from studying to digest what you've learned. This break could be for a few minutes, hours or even days - that's up to you - but the key is to step away from studying and give your brain time to assimilate all of the new information.

PART 1

The scope and extent of the Facilities
Management function

CHAPTER 1

The Facilities Management function

The Facilities Manager has been a part of the staff of all companies occupying property since the beginning of time. We just did not realise it! There has always been a member of staff assigned to making sure that the building was safe and secure, the cleaning was done on time, the windows were cleaned, and the telephones were answered and so on.

The various jobs may have been assigned to a variety of people from the managing director to the receptionist and no one person may have been given the title 'Facilities Manager' but, nevertheless, the concept existed.

It is only in relatively recent years that Facilities Management has become a distinct business discipline, for which a specific strategy is needed. It is even more recently that, in the UK, Facilities Management has been recognised as a profession in its own right and has been accorded its own Subject Indicator Code by the Office of Government Statistics.

But what is a profession? A profession has been described as:

- > Vocation
- > Line of work
- > Occupation
- > Career
- > Business

So what is Facilities Management?



Think about the following:

- > What does Facilities Management mean to you?
- > What facilities management services do you provide?
- > Are there any Facilities Management services that you or your company do not provide?
- > What are the FM challenges we face?

Make some notes in the box below (even if they are just initial thoughts) so you can refer to them later.

The Scope and Extent of Facilities Management



The Institute of Workplace and Facilities Management (IWFM) defines Facilities Management as:

“Organisational function which integrates people, place and process within the built environment with the purpose of improving the quality of life of people and the productivity of the core business”.

Ref: <https://www.iwfm.org.uk/glossary#f> accessed 28 May 2019 @ 17.10

Effective facilities management, combining resources and activities, is vital to the success of any organisation. At a corporate level, it contributes to the delivery of strategic and operational objectives. On a day-to day level, effective facilities management provides a safe and efficient working environment, which is essential to the performance of any business – whatever its size and scope.

Within this fast growing professional discipline, facilities managers have extensive responsibilities for providing, maintaining and developing a myriad of services. These range from property strategy, space management and communications infrastructure to building maintenance, administration and contract management.

A facilities manager needs to understand the context in which their services are to be provided, and to develop and implement an FM strategy which is consistent and appropriate for and to the business.

In its widest scope, facilities management embraces the provision and operation of:

- > Property
- > Business Assets
- > Business Support
- > Staff Support

This myriad of responsibilities provides an equally complex range of challenges for the FM to face. These include:

- > Supporting the effectiveness of the organisation, operating units and individuals
- > Creating conditions for continuous quality improvements in service, environment and process
- > Creating and sustaining the workplace
- > Adapting easily to changing needs and patterns of work
- > Harnessing advancing technology
- > Adding value to the organisation
- > Protecting the environment

The scope of Facilities Management is enormous. Michel Theriault in his book *Managing Facilities and Real Estate*, presents a pie chart which considers all the various functions and responsibilities of the Facilities Manager.



Fig 1: Michel Theriault's Wheel of FM Services

Copyright 2011 Michel Theriault, www.strategicadvisor.ca

It is important to point out at this stage that not all Facilities Managers are involved in all aspects of the role. Some may concentrate on hard services – those involving buildings and buildings maintenance and some may be responsible solely for the soft services – more frequently called the support services.

Whatever the specific role, the profession incorporates the whole range of support services activities and as a Facilities Manager it is important that you understand the implications of the full scope of responsibilities.

Strategic FM

For any company to have an effective facilities management service there should be an overriding Facilities Management strategy.

The Facilities Management strategy is determined by:

- > The Organisation's Strategic Plan
- > The Key Business Objectives
- > The Climate in which the organisation/business operates
- > The Corporate Culture
- > The Customer's Needs

For any FM strategy to be successful the needs of the business and the needs of the client and/or customer must be considered. The Business needs should be based on the Corporate Plan and consideration of these is vital if you are to get Senior Management Team 'buy in' for the FM strategy.

When developing the strategy there are several key drivers which should be taken into consideration. Some of these are considered below.

The Business Vision - A vision statement outlines the organisation's key values and lays out where the organisation intends to go over time. It's designed to provide inspiration and focus to employees, as well as give customers a sense of what the organisation believes in. The vision statement is a projection of where the organisation wants to be in the future

The Business Mission - A mission statement describes an organisation's overall purpose, including defining its key measures of success. A mission statement's target audience is primarily internal: the organisation's employees, leadership, even its shareholders. The mission statement focusses on what the organisation is currently doing. It focuses on the present state of the organisation.

The Business Objectives - are the means by which an organisation will achieve its mission and vision. They determine how a company will allocate its resources and what strengths, weaknesses and opportunities it may have.

Key point



Objectives should always be SMART.

- > **S**pecific
- > **M**easurable
- > **A**greed upon
- > **R**ealistic
- > **T**ime-specific

Keep this in mind when considering or setting objectives in your organisation.

An example of a business objective for a hotel might be as follows:

Our objective is to fill 80% of our rooms every night for the month of July

This objective is **specific** (80% of our rooms) and can be **measured** easily by monitoring room occupancy in July. It has been **agreed upon** by hotel management and is considered to be **realistic** based on previous performance, upcoming local events and marketing activity. Finally, it is **time-specific** - the business has exactly one month to achieve the objective.

Other objectives might be set around finances in terms, for example, of increasing profits, decreasing overheads and so on, around Corporate Social Responsibility and Sustainability, perhaps reducing the amount of waste to landfill, only using local tradesmen etc or around increasing market share. Whatever the objectives they are going to have an influence on the FM strategy and therefore should be taken into account.

The Client Objectives- similarly, the client will also have objectives which will need to be taken into account when determining the FM strategy. The client may be internal, i.e. your own organisation if you are providing FM services in-house, or may be external if you are, for example, an FM service provider. However, it does not matter who your client is, the FM strategy must take their needs into account if the client is to be satisfied with the overall service.

Remaining legally compliant - when developing the FM strategy it is vital that relevant legislation is taken into account. For example, if the FM strategy is to outsource all or part of the service delivery there will be implications under UK legislation for the transfer of staff which come under the Transfer of Undertaking (Protection of Employment) Regulations. These were updated in January 2014 and it is vital that organisations take into account aspects such as these when developing the FM strategy. Other countries will likely have a variant of this legislation.

Once the business needs have been identified, the facilities policy/strategy should be formulated to meet these needs. The needs of the customers and clients should also be identified along with user requirements.

So, what exactly is Strategic FM? Strategic FM is that part of FM that determines the future, where the FM service is going in the short, medium and long term. It is usually determined at board level, controlled by directors, and plans the service delivery requirement from one to up to five years (25-30 in the case of PFI/PPP/PF2) in advance. Strategic FM usually considers three key questions:

1. What do we do?
2. For whom do we do it?
3. How do we excel?

Strategic FM will decide factors such as whether to outsource services or keep them in-house (more of this later in the chapter) and whether to purchase or lease property.

Tactical FM

Once the strategy has been developed at board or director level, it then needs to be implemented - generally by regional facilities managers covering a large regional patch or, in the case of large scale and complex FM on a focussed local area by Senior FM's. To do this, one has to develop tactics to ensure that the vision for the FM strategy is achieved. Tactical FM usually focusses on the short to medium term against a regional multi-site or complex local site backdrop for a timescale of between 1 - 12 months or 1 to 5 years in terms of PFI/PPP/PF2.

Tactical FM may involve procurement of goods and services, managing long-term service contracts and managing budgets.

Operational delivery

The direction of the business is delegated to local FM, FM supervisors, FM coordinators and FM staff at an operational level and focuses on the day to day delivery of the FM service against a timescale of 1 day to 1 month. Such tasks as supervising the outsourced service delivery and undertaking routine maintenance will be undertaken by locally focused FM supervisors under whatever management job title is deemed appropriate.

The facilities management department has responsibilities for the day-to-day running of the building. These tasks may be outsourced or carried out by directly employed staff. Due to the immediacy of the response required in many of the activities involved the facilities manager will need to keep tight control, often requiring daily reports or an escalation procedure.

Operational issues could include routine maintenance, monitoring cleaning and catering contracts, managing reception and security teams and carrying out duties stipulated by the company Health and Safety policy (e.g. arranging fire drills).



One of the key differentiators between strategic, tactical and operational FM is the timescales that they cover. These may differ depending on who you talk to, but as a general rule of thumb, they are as follows:

- > Strategic: 1-5 years (up to 25 years in the case of PFI/PPP)
- > Tactical: 1-12 months (1-5 years in the case of PFI/PPP)
- > Operational: 1 day - 1 month

The Range of Services

Operational FM, then considers the day to day running of the organisation and the operational FM will be responsible for a range of services. These services are generally referred to as Support Services and can be divided into three distinct areas:

- > Hard Services
- > Soft Services
- > Technical and Specialist Services

Hard services usually covers the more technical side of FM, such as maintenance, engineering and building fabrics, whilst **soft services** are more people-focused, including but not limited to cleaning, catering, front of house, security and health and safety. To explain the difference between hard and soft services, consider this analogy:

If you took a building, turned it upside down and gave it a shake, everything that fell out would be classed as soft services, whilst everything that was bolted down would be classed as hard.

Hard and soft services cover the majority of areas that fall under the remit of facilities management, however every organisation is different and many will have other, more specialist and technical services. A good example of this would be in a pharmaceutical company, where specialist cleaning equipment and contractors will be needed to ensure that hygiene and sanitation standards are maintained to the highest level.

Other technical and specialists services might include Project Management, Space Management and inspections of various pieces of specialist equipment. It is more common for the FM department to outsource technical and specialist services to those who are experts in the field.



Below is a list of services which often come under the remit of facilities management. In the table on the next page, put each of these services into the relevant column based on whether you consider them to be Hard Services, Soft Services or Technical Specialist Services.

You can find the answers in [Appendix 1](#)

- | | |
|------------------------------------|--------------------------------------|
| > Window cleaning | > Drainage |
| > Meeting rooms | > Waste Management |
| > CCTV systems maintenance | > Catering |
| > Car park management | > Asbestos Management |
| > BMS (building management system) | > LV electrical |
| > Pest control | > Cleaning |
| > Fire alarm maintenance | > Access control systems maintenance |
| > Snow and ice clearance | > Decoration or refurbishment |
| > Lightning protection | > CCTV monitoring |
| > Handyman/caretaker | > Recycling |
| > Boiler system maintenance | > Generators |
| > Work based nurseries | > Internal plants |
| > Litter picking | > Plumbing |
| > Space management | > Helpdesk services |
| > Energy management | > Access equipment maintenance |
| > Vending machines | > Concierge Services |
| > Lift & escalator maintenance | > HV electrical |
| > Lighting | > Building fabric maintenance |
| > Hygiene & clinical waste | > Manned guarding |
| > Air conditioning maintenance | > Grounds maintenance |

Hard Services	Soft Services	Technical/Specialist

CHAPTER 2

The range and diversity of Facilities Management services

There is a wide range of differing contexts we can consider in terms of facilities management. This section will consider two different groupings – the different sectors within which FM may be delivered and the different service delivery models.

The Range of Sectors

Before moving too far down the road of generating FM strategy, the FM needs to understand from where the FM finance originates.

Different business structures generate funds from different and very diverse sources. These different structures public, private, institutional and multinational, for example, affect the FM requirement, as does the sector of operation, business objectives, funding mechanisms and the role each FM function plays within the structure.



There are three main sectors which exist within the British and most advanced economies:

- > Public sector
- > Private Sector
- > Not for Profit and Charities

Business objectives may differ from sector to sector for example:

- > Profit may or may not be an influencing factor
- > Commercial business efficiency may not be an issue
- > Operational efficiencies may be paramount
- > Safety may be an over-riding issue
- > Service to clients may be the main issue
- > Entrepreneurship may be encouraged
- > Financial constraints may be imposed (with, say, public finances)

The Public sector

The public sector is government run and financed. Essentially, therefore, it obtains all its funding from the tax payer. To that end it is answerable to the tax payer for how it spends its funds.



Sir Peter Viggars claimed expenses of £1645 for this ornamental duck pond

Think back to the expenses scandal that rocked all three major UK political parties a few years ago. It could be argued that the money spent on an ornamental duck pond by Tory MP Sir Peter Viggars was an FM expenditure but was it an appropriate way to spend tax payers money?

Perhaps an extreme example, but nevertheless, the public sector has to be accountable. How would you feel if your local hospital spent some of its funds on a fine dining restaurant for its staff at the expense of employing 2 more nurses?

FM in the public sector, then, tends to focus on Health and Safety and being fit for purpose.

The Private sector

The private sector comprises companies which are run and financed by individuals whose aim is to make profit by selling products or services. These companies may vary from sole traders to limited companies, partnerships, limited liability partnerships (LLPs) to Public Limited Companies (PLCs). Funding for FM services comes from the profits made by the company.

The focus of FM service delivery is, therefore, slightly different. FM in all organisations is there to support the Core Business (more of this in the next section). Because the main objective for organisations in the private sector is to make a profit, FM services are focussed towards supporting this. So, money might be spent not only on the key support services such as cleaning, Health and Safety and so on, but also on the aesthetics of the environment.

Psychology suggests that we all would prefer to deal with companies that look successful – if the building is impressive, the company must be successful and therefore more likely to be able to meet the client's needs. It is very true what everyone says in terms of the first impression is a lasting impression!

As an example, consider a department store that is selling its clothes at heavily discounted prices but when you walk in the door there is rubbish on the floor, a bad smell in the air and items thrown all over the shelves and on the floor. What are the chances that a customer will return just based on the low prices? Very slim to none unless the prices are almost 100 % discounted which is highly unlikely.

The same applies to office blocks, banks and so on. Therefore, within the private sector there is more likely to be a budget for flowers in reception, expensive furniture and finishing touches to attract and hopefully keep customers. Spending money on reception flowers in a doctor's surgery, for example, might be seen as a waste of funds which could be spent on patient care.

Similarly, within the private sector, the importance of staff motivation is seen as key. Increased motivation = increased productivity = increased profits! Again, psychological research has shown time and time again that money is only a short term motivator and

that staff will be more motivated by other, more intangible factors such as a good working environment, the provision of services such as fine dining and concierge services and even very small things such as expensive soaps and hand creams in the toilets. Spending money on such items within the public sector would again be frowned upon

The Not-for-profit sector

The not-for-profit sector includes the Charity sector among others and is financed in the main by donations and government grants – again, essentially public funding. The Not for Profit sector is usually run by trustees and staffed to a greater extent by volunteer services.

One of the main issues for the FM working in the Not for Profit sector is the fact that they cannot guarantee funding. The amount of money received by the charities in particular will vary year on year and so planning the FM service delivery is almost impossible on a long term basis. A classic example would be the case of the Samaritans in 2012.

Claire Squires decided to run the London Marathon with the aim for raising £1000 for the charity. On starting the race on 24 April 2014 she had raised the princely sum of £500 an amount I am sure the Samaritans would have been grateful to receive but not an amount that the Facilities Management department could really use to introduce new and updated services. Sadly, within site of the finishing line, Claire collapsed and died. The public feeling was so high that by the time of her funeral on 2 May 2012 over £1m had been donated to the charity.

We're sure that some of this money will have been spent on the facilities but it would be a one off. The FM department would not be able to rely on the same budget in future years.

This is perhaps well demonstrated by a scandal that rocked Oxfam in 2017. In February 2017 details of sexual exploitation of children and young adults by Oxfam workers in Haiti in 2010 was made public. Public donations fell by £3.8million in the financial year 2017-2018 and Oxfam also lost a government grant from DFID around the same time

This inconsistency in funding means that planning Facilities management services in the long term is difficult.

A comparison of the different sectors can be seen in the table on the next page. The source of funding for organisations can affect their facilities management activities.

Summary

A facilities manager within a large, high-profile company with a showcase HQ will have very differing options to one in a hospital. Unlike commercial FMs, facilities managers in hospitals have to balance budgets/costs and be open to public scrutiny whereas charities should be seen to be spending their money on their primary purpose.

Differing organisations raise their income in differing ways:

- > Sales revenue
- > Taxes
- > Donations

The source of these funds determines how a facilities manager, in differing structures and cultures, can approach expenditure issues.

	Private	Public	Not-for-profit
Purpose	Make a profit or grow	Public Service	Provides support for disadvantaged people (e.g. the elderly)
Accountable to	Shareholders	Taxpayers	Trustees
Governance	Directors	Elected politicians	Board of Trustees
Operation	Managers	Civil Servants	Managers/ Employers/ Volunteers
Funding	Trading	Taxation	Donations
Emphasis	Maximising return	Providing a service	Benefiting disadvantaged people
Example	Xerox	Crown Prosecution Service	Help the Aged



Funding of FM services within the different sectors:

- > Public sector - funds come from the taxes paid but the public so services provided must focus on being fit for purpose and legally compliant
- > Private sector - funds come from the profits made by the core business, so the focus is on providing services which will increase profits made
- > Not for Profit and Charitable sector - funds come from donations and government grants which are variable so long term planning is difficult

Differing Service Delivery Options

A second example of a range of contexts that we can consider is the various ways in which FM services can be delivered. Here is a summary of the main options available.

In-House

In-house provision is provided when the organisation's own employees are retained for the delivery of estates-related and facilities services.

Outsourced

Outsourcing can take several forms. Companies may outsource one or two of their support services preferring to keep some in house, they may outsource all of their support services to a range of different companies or they may decide to go down the Total Facilities Management (TFM) route where all support services are outsourced to one specialist facilities management company.

Single Service - individual services will be outsourced to individual contractors. An organisation may decide just to outsource one service and keep everything else in-house or may outsource several or all services. However many they choose to outsource a different contractor will be used for each service. Examples might include:

- > Catering to Sodexo
- > Cleaning to Initial
- > Building Maintenance to Balfour Beatty
- > Reception services kept in-house

and so on.....

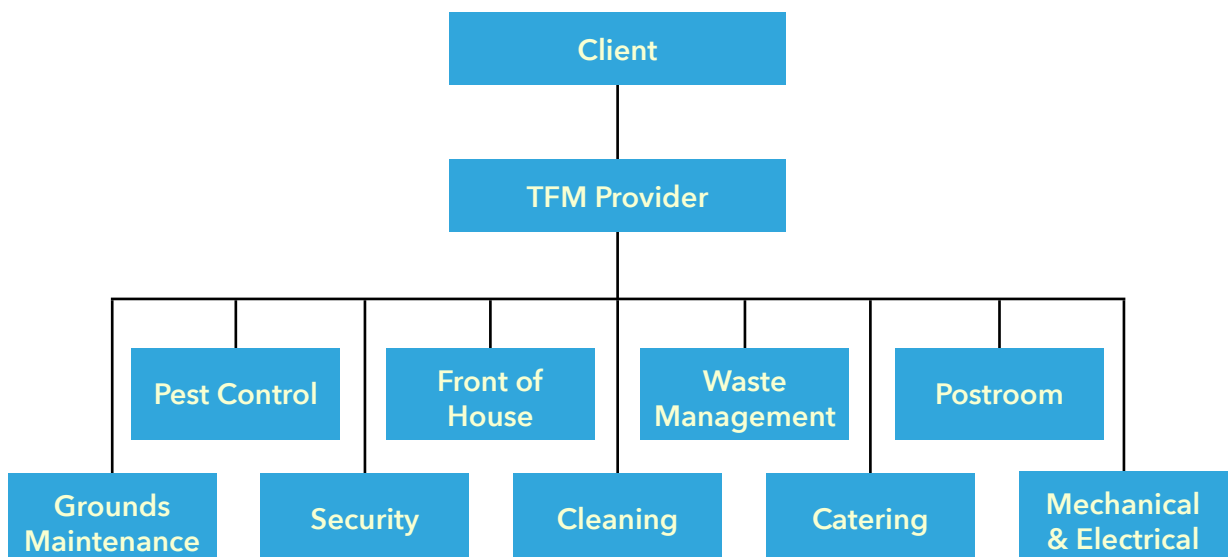
Think about your own services at home. You will have providers for the internet, your TV and your telephone. Single service provision would be as follows:

- > Telephone provided by BT
- > TV provided by Sky
- > Internet provided by Plusnet

Bundled Services – services are out-sourced and one service provider provides two or more of the services required in a 'bundled' package. An example might be that the cleaning, catering and washroom hygiene services are outsourced to Initial as a bundled contract with security and catering being outsourced to Sodexo.

Again, thinking about your own services at home, you might bundle your internet, telephone and TV all together and use Sky to provide the bundled service.

Total Facilities Management (TFM) – Sometimes known as Integrated Facilities Management (IFM), the responsibility for providing services and for generally managing the facilities is placed in the hands of a single organisation. The diagram below shows a typical structure of a TFM arrangement as well as a range of services that could be delivered under a TFM solution.



Outsourcing Support Services to a TFM company has the benefit that once the TFM Company is 'on-board' and the contract detail has been agreed, the TFM company is then responsible for providing all the services.

Some or all services may delivered by the TFM Company or some may be sub-contracted to third party suppliers but the TFM company acts as the interface between the client and all sub-contractors meaning the client just has one point of contact.

This allows the client to be one step removed from day to day operations and able to concentrate on client core business. There are many benefits to adopting a TFM solution. Some of these include:

- > The provision of a 'one-stop shop' for all FM needs
- > Usually there is a single point of operational contact
- > Payment would be by a single monthly invoice rather than several different invoices to several different companies with the obvious associated risk
- > There is access to professional skills on demand

- > It enables you to switch on/switch off skill streams
- > It provides a vehicle for economies of scale

Managing Agent – a specialist is appointed by the organisation to act as the client representative. This person (or organisation) is then responsible for arranging the appointment of service providers.

Private Finance Initiatives – launched in the UK in 1992, PFIs provide a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts typically last for 30 years, during which time the building is leased by a public authority. These differ from Public Private Partnerships in that in the PFI, all the risk is taken on by the private company with none taken by the public sector.

Public Private Partnerships – these are not a recent phenomenon. In fact PPPs first appeared hundreds of years ago and many governments around the world established the practice of sharing the risks of major projects for public benefits with the private sector – and this forms the main difference between a PFI and a PPP. The risk is shared in a PPP with the organisation best able to mitigate against the risk taking responsibility for that aspect of the project.

PF2 – PFIs have recently been superseded by PF2. PF2 harnesses the key advantages of PPPs and continues to draw on private finance expertise. Mindful of past concerns surrounding PFI, the PF2 model contains a number of reforms designed to eliminate waste, improve efficiency and align public and private incentives; the idea was that PF2 would promote a new form of partnership to achieve better provision of infrastructure and services. It was also felt that PF2 would respond better to economic conditions in its approach to financing infrastructure.

NOTE: In the Chancellor's budget of November 2018 all new PFI and PF2 contracts were cancelled, in part as a result of the collapse of Carrillion. Contracts already in place will continue for their life (usually up to 25 years) but no new contracts will be awarded.

The Business Benefits of Outsourcing

Outsourcing encourages organisations to challenge how services are currently provided and utilise process re-engineering to embrace new ways of working, new technologies and best industry practice thereby improving organisational performance.

Outsourcing has a number of key advantages. Businesses that outsource their support services can benefit from:

- > The external service provider's investments, systems and procedures.
- > Innovations.
- > Skilled, qualified, professional people which usually cannot be equalled by the company in-house team mainly due to financial constraints.
- > Efficiency is gained through a single point of contact arrangement with the outsourcing company providing more control and focus to the client.



Outsourced services can either be partially outsourced or wholly outsourced

Partial outsourcing means that some services will be delivered in-house and some will be outsourced using either single service outsourcing or bundled service outsourcing

Wholly outsourced means that all services are outsourced. This can either be via:

- > Single service outsourcing where all services are outsourced to an individual service provider;
- > Bundled service outsourcing, where all services are grouped together into bundles and outsourced to a few service providers
- > TFM where all services are outsourced to one service provider

CHAPTER 3

The relationship between FM and other business functions

Facilities management and the Core Business

There is regular debate around what is core business. The debate is fuelled by the fact that what is core business to some is not core business to other companies.

For example: catering may be considered non-core to an accountancy company but would be considered core to a hotel. In this example, whilst most FMs would consider catering to be a non-core service and therefore capable of being outsourced, clearly if catering is a major revenue-generating profit centre for the business rather than simply covering costs, it would not be sensible to outsource a profit line which funds the business.

Equally, what may be considered to be core business – such as conveyancing to a law firm – may, in fact, be considered non-core due to the low profitability of this type of service against higher profits generated by more highly paid solicitors and a law firm may outsource all their conveyancing to a legal supplier so that the service can still be offered to clients but it does not shift the business' central focus away from the high profitability service offerings.



The core business can be defined as:

"The main area upon which a business is built or operates; the main activity a business takes part in"

www.dictionary-reference.com

Once the core business has been identified, the rest can be considered as non-core or 'Support Services'. FM is usually considered to be a support service. However, even this is open to debate – what if you work for an organisation providing FM services for external clients? Examples might be Interserve, Sodexo and Bouygues. Provision of FM would be your core service; it is what makes a profit for your organisation. Complicated, isn't it?

For now, however, we are going to focus on FM as a support service. If you work for an FM service provider imagine your own head office facilities, not those of your client. The key role of FM as a support service is to support the overall business function – to enable the business to offer its core service and make a profit, deliver care, educate children and so on.

The FM department does this by ensuring the buildings are clean and safe to work in, property is maintained, machines are serviced and so on. A legal firm getting ready to go to court to defend a case will need to photocopy large amounts of material. If you in the FM department have not ensured that the photocopier is maintained and in good working order, the clerks will not be able to do the copying, the barrister will not be able to go to court and the firm will lose money.



Consider the organisations in the table below. Identify what their 'Core business' is and complete the table. Don't worry if you get it wrong - everything will be explained on the next page.

You will find the answers at [Appendix 2](#). The first one has been completed for you.

Organisation	Core business
Price Waterhouse Cooper (PWC)	Accountancy services
John Lewis	
EY (Ernst & Young)	
Virgin Media	
Aberystwyth University	
Aviva	
Vodafone	
Unilever	
HSBC	
Channel 4	
Marriott Hotels	
Café Rouge	
Great Ormond Street Hospital	
E-On	
First Group	
Sodexo	

IMPORTANT POINT: Be careful when referring to core services and non-core services. Some FM teams may refer to any *vital* services as 'core services'. This may be true in the context of the individual team or department, but in the context of the overall organisation, *all* FM services are SUPPORT services and thus classed as non-core. Facilities Management exists to support the core business of the organisation.

In addition, remember that if you work for an outsourced service provider such as Sodexo, Interserve or CBRE, providing facilities management is your core business. However, remember that from the point of view of your clients, you are providing a service which supports *their* core business. Thus, ultimately, you are still providing a support service.



Think about your organisation or, if you work for a service provider, your client's organisation. Then answer the questions in the box below.

- > What is your/their core business?
- > Identify as many support services as you can. Then look at your list of services. Are they all FM related?

Working with other Business Functions

FM is just one business function within an organisation whose role is to support the core business. Remember the definition of core business – the main activity an organisation takes part in. So, if we then think about the rest of the business and the departments within it we can identify other support functions. Some examples are listed below:

- > Human Resources
- > Finance Department
- > IT department
- > Procurement Department

In order to support the overall business function, the core business, the FM department should develop close working links with all these departments. Let's consider how FM might work with these individual areas

Human Resources – it is safe to say that at some time there will be a need to recruit into the FM department. The HR department should always be involved. They will be able to help the FM write suitable job descriptions, job adverts, oversee the interview process and the eventual induction of the new member of staff, all done within the minefield of Employment Law and Equal Opportunities.

HR has the expertise in areas such as recruitment and will make it more likely that you are able to recruit the right person at the right time with the right skills for the job saving time and money and the risk of litigation for possible discrimination.

Similarly, at the other end of the scale you will want to work closely with the HR department when staff are leaving, either through natural wastage, redundancy or following a TUPE transfer.

HR may also be involved in Learning and Development for both you and your staff. The L & D department in large companies usually falls under the umbrella of HR and you will need to liaise with them to organise appropriate training.

This ties in with the appraisal systems you may have in place within your organisation. Formal appraisals are usually administered by HR and the results filed on the individual's personal record along with the action plan.

Finance Department – the FM department will have a budget for both revenue and capital. The revenue budget is for day to day expenditure on consumables, utilities, rent, rates and so on. The Capital budget is for expenditure on larger items that usually have a life expectancy of several years. New buildings, refurbishment projects, assets such as photocopiers, furniture and so on would all be purchased from the capital budget.

Each year the FM department will have to submit a proposed budget for the forthcoming financial year. You will need to work closely with the finance department to develop your budget and also to make a financial case for capital expenditure.

Once you have your budget you then need to manage it and again the finance department can help you, particularly if you spend more than you have been allocated and have an “adverse budget variance”. The finance department will be able to help you get your budget back on track and suggest ways of addressing the variance.

IT Department – not all organisations have a separate IT department but where there is one, you as the FM will work closely with them particularly when it comes to office fit outs. They are the best people to advise you where to bring the cabling in for equipment including computers and telephony. They can help you with the space planning of the office so that you optimise the layout and get best value for money in terms of the number of staff you can accommodate.

They can also help you with adopting new technology into the FM arena – Smart phones, for example, which can be used to monitor buildings and assets, electronic entry systems and so on.

Procurement Department – again, not all organisations have a separate Procurement department but where they do, the FM department will work closely with them when procuring goods and services. Similar to HR, procurement is a minefield in terms of legislation – contract law, employment law, relevant when outsourcing services, bribery legislation and OJEU (Official Journal of the European Union) regulations relevant to the public sector when procuring goods and services over the European Commission set thresholds.

The Procurement department will also be able to assist when looking to procure ethically and sustainably, when setting up tender documents and, from the other side, should you have to tender to win a contract.

All of this, working with all these departments, is done to support the organisation’s core business!



We've come to the end of Part 1, which means it's time to tackle the first assessment of this unit. We've covered a lot of ground and some of the concepts we've looked at may be new to you, so before diving into the assessment, it would be a good idea to take a bit of time to digest what you've learned.

When you're ready, come back and have a look at the assessment questions.



The information in this section should give you all you need to answer task 1 on the associated assessment paper.

You don't have to complete this task now - you can leave the entire assessment until you've finished the workbook if you prefer. However it can feel less overwhelming if you break the assessment down into sections, so we'd recommend downloading the assessment from the Academy and having a go at the task before moving on to the next section.

Remember that there is a word count of 1500 words for this task, so be sure to strike a balance between detail and brevity - you'll need to fully answer the questions but avoid any irrelevant information as this will quickly take you up to your word limit.

Good luck!

End of Sample Workbook

For more information about our IWFM Qualifications, you can call us on [0330 912 5400](tel:0330 912 5400) or
e-mail clare.gairn@xenongroup.co.uk.

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