



FM5.02

Organisational and Strategic 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 5 Qualification in facilities management.

The sample is taken from one of the key units of the IWFM Level 5 course - FM5.02 - Organisational and Strategic Facilities Management. This is a mandatory unit for all versions of the Level 5 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 parts 1 and 2 of this workbook in their 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

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INTRODUCTION

IWFM Level 5 Qualifications

IWFM Level 5 qualifications in Facilities Management are designed for specialist facilities managers and those working at middle or senior management level who are responsible for specialised and complex functions. It is also suitable for those aspiring to work in such a role that currently work within the profession. The qualification will provide the skills needed to complete complex tasks and take on responsibility for planning and delivering solutions while developing your specialised knowledge of the profession.

This workbook

Purpose

FM5.02 is the mandatory unit for the Level 5 Award, Certificate and Diploma in Facilities Management.

The main aim of this unit is as follows:

- > To be able to analyse, implement, review and update the facilities management strategy

The course is about developing your skills and knowledge as a Facilities Manager and being able to apply those skills to the work environment. It is designed to equip you with the knowledge to enable you to continue your career progression.

Our ultimate hope is that, in providing you with this Facilities Management knowledge - Organisational and Facilities Management Strategy - will help fire up 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 a senior operational level and develops your understanding of a range of different functions across all sectors and considering both hard and soft services.

There are 5 learning outcomes that will lead to achieving this objective:

FM5.02 Learning Outcomes

- 1.** Understand how organisations develop and review their business strategy
- 2.** Understand approaches to developing facilities management strategies
- 3.** Be able to develop and implement a facilities management strategy
- 4.** Be able to review and identify the need to change the facilities management strategy
- 5.** Be able to communicate the facilities management strategy effectively

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 ensure that you have reached the required level of understanding to achieve 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 those markers mean.

Activity



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.

Key point



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

Take a break



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

Development and Review of Organisational Strategy

CHAPTER 1

The business strategy

Before going any further it would be useful to understand what we actually mean by a business strategy. To do this we must define:

- > What is a business?

And

- > What is a strategy?

Generally, businesses can be defined as:

".... an organization or enterprising entity engaged in commercial, industrial, or professional activities."

www.investopedia.com

This tends to suggest that businesses are primarily engaged in making a profit, but businesses can also be formed as not-for-profit or be state-owned. Perhaps 'organisation' would be a better term to use as this would encompass all sectors, both profit making and non-profit making.

A business strategy can be defined as a clear set of plans, actions and goals that outlines how a business will compete in a particular market, or markets, with a product or number of products or services. The business strategy, then is the long term plan, usually for the next five years, of what the business intends to do over that period of time.

Of course, the strategy is not set in stone and may change over the 5 year period but it provides the road map of where the business is heading.

Johnson and Scholes defined a strategy as follows:

"Strategy is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations"

Johnson & Scholes 1998

In other words, strategy is about:

- > Where is the business trying to get to in the long-term - the direction
- > Which markets a business should compete in and the type of activities involved in such markets - the markets and the scope
- > How the business can perform better than the competition in those markets - the advantages
- > The resources -skills, assets, finance, relationships, technical competence and facilities -required in order to be able to compete
- > The external, environmental factors affect the businesses' ability to compete - the environment

Before we start looking at how to develop a Business Strategy it is important to understand exactly what a strategy is.

A **business strategy** refers to the actions and decisions that an organisation or a business takes to reach its business goals and be competitive in its industry. Think about setting out on a journey to somewhere you have never been before – more than likely you will consult a road map – or a satnav – which will give you the direction in which you need to go. The strategy is the equivalent of a road map for the business. To develop a business strategy, or the FM strategy, which we will consider later in this workbook, there are several stages we should go through. We are focused on the overall business strategy here, but you would follow the same process when developing your FM strategy so remember this when we come to later chapters.

- 1. Gather the facts** – to determine where we are now and where we want to go. To know where you're heading, you must know where you are right now. So, before you start looking ahead, you should review the past performance, or the current situation. Look at each area of the business and determine what worked well, what could have been better and what opportunities lie ahead.

Using a partial **SWOT** analysis is always a good start. You would look internally at your **S**trengths and **W**eaknesses – what is going well and where the business is failing. To identify the **O**pportunities and **T**hreats to the business, you need to look externally, i.e. outside the business.

A good way of doing this is to undertake a **PESTLE** analysis – **P**olitical, **E**conomic, **S**ocial, **T**echnological, **L**egal and **E**nvironmental. The most important part of this process is involving the right people to make sure you're collecting the most relevant information.

- 2. Develop a Vision statement** – This statement should describe the future direction of the business and its aims in the medium to long term. It's about describing the organisation's purpose and values.

A vision is a vivid mental image of what you want your business to be at some point in the future, based on your goals and aspirations. A vision statement captures, in writing, the essence of where you want to take your business and can inspire you and your staff to reach your goals. Some notable vision statements can be seen in the box below:

IKEA

Our vision is to create a better everyday life for many people

Nike

Bring inspiration and innovation to every athlete in the world. (*If you have a body, you are an athlete.)*

McDonald's

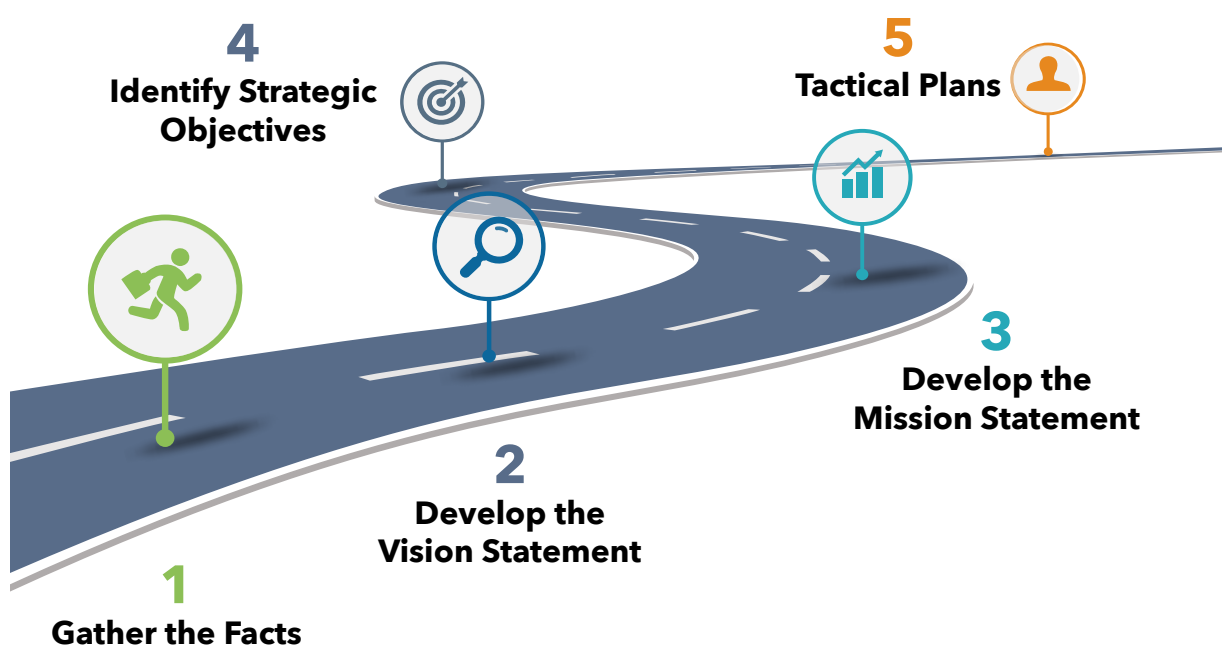
To be the best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness and value, so that we make every customer in every restaurant smile.

Oxfam

A world without poverty

Vision statements should be concise, clear, future-oriented, stable, challenging and inspiring. You might think that the Oxfam vision statement above is somewhat unrealistic; however, it is certainly challenging, and it is hard to see how anyone would not be inspired and motivated by this short, but powerful statement

3. **Develop a Mission Statement** - Like the vision statement, this defines the organisation's purpose, but it also outlines its primary objectives. This focuses on what needs to be done in the short term to realise the long-term vision. So, for the vision statement, you may want to answer the question: "Where do we want to be in 5 years?". For the mission statement, you'll want to ask the questions:
 - > What do we do?
 - > How do we do it?
 - > Whom do we do it for?
 - > What value do we bring?
4. **Identify Strategic Objectives** - At this stage, the aim is to develop a set of high-level objectives for all areas of the business. They need to highlight the priorities and inform the plans that will ensure delivery of the company's vision and mission.
5. **Tactical Plans** - the strategic objectives need to be translated into more detailed short-term plans. These plans will contain actions for departments and functions in your organisation. You're now focusing on measurable results and communicating to stakeholders what they need to do and when. You can even think of these tactical plans as short sprints to execute the strategy in practice. These are the elements that you will performance measure to check that your overall strategy is working.





Watch the video clip which you will find on YouTube by following the link below.

[Watch the video](#)

Other factors in developing the business strategy - key drivers

Business drivers are the things that shape an organisation's strategy. They must be considered when developing business strategies as they will have a direct impact on the way the business is going. There are many different drivers that an organisation will have and they will vary from one organisation to another. The key driver for most, if not all organisations within the Private sector, will be to improve profits. This may come about through a sub-driver of increasing sales or, particularly as far as FM is concerned, cutting operating costs.

Organisations within all sectors will have a driver of managing risk, another driver which will have potential implications for the FM department. Other drivers may be to expand into new markets, or to become more tax efficient. With the public and not for profit sectors, as well as the private sector, drivers might centre on sustainability and preventing harm to people.

The vision and the mission statement of any business are the overarching determinants of the business strategy and generally these will be driven by key objectives or **DRIVERS** as mentioned above - increased share-holder value, reduced overheads, delivering best value or diversification, for example. In order to achieve the vision the organisation should determine what the key driver for the business is and then communicate this information to relevant stakeholders so everyone knows what they are working towards.

This can be particularly important for the FM team. If the key driver, for example, is to reduce overheads, this is going to affect the FM services which can be delivered and we will consider this in more detail in the next chapter.

Communication

Of course, the final stage in the development of any strategy is to communicate it to relevant stakeholders. Go back to the analogy of the road map; if stakeholders and in particular the employees of an organisation do not know where they are going, how are they going to get there? They need the road map; they need to know where the business is going so they can all work towards that destination. Of course, the destination may change en-route and this also need to be communicated. Communication is critical!

CHAPTER 2

The impact of the business strategy on the FM services

The business strategy will undoubtedly have an impact on both the FM services which can be delivered and the overall FM strategy.

What is Facilities Management?

Perhaps before we start to consider the impact on FM services it would be useful to consider exactly what Facilities Management actually is.

The new ISO41001 Facilities Management standard defines Facilities Management as:

“organizational 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”

This definition has also been adopted by the IWFM.

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

The History of Facilities Management

FM was first used in relation to IT in the mid 60s by Ross Perot, CEO of EDS. As a result of the energy crisis in the mid-70s, companies began to focus on operational costs. Herman Miller formed a group of property users and specialists in 1979 establishing the Facilities Management Institute in Michigan, USA. In 1980 the National Facilities Management Association was formed to distance FM from furniture et al, later changing its name to IFMA.

In the UK there were two FM organisations – the Association of Facilities Managers and a sub-group of the Institute of Administrative Management, the Institute of Facilities Management. The AFM was started by Derek Butcher, Derek Paxman and a small group of London FMs in 1986. The IFM was launched in 1990 although it had been related to FM, within the IAM, since 1965 and specifically had an interest in office design. The BIFM, which has now rebranded as the IWFM, was formed in Sep 1993 by the merger of the AFM and the IFM with a membership now around 14,000 (Mar 2021).

So, what exactly is Facilities Management?



Take a few moments to jot down everything that you, as a Facilities Manager, are responsible for.

Have you worked as a Facilities Manager for another company? If so, was your job exactly the same as it is now?

You can type your ideas and answers in the box below.

So, we have considered what Facilities Management is overall, but what services might come under the umbrella of Facilities Management? The first aspect we need to consider is the difference between the Core Business and Support Services.

The FM department is responsible for providing a range of services to support the core business. The core business is the *raison d'être* of the organisation. It is the primary area or activity that a company was founded on or focuses on in its business operations. So, for a school, the core business is education, for a hospital, health care, for Vauxhall or Ford, it is manufacturing cars and so on.

Facilities Management is there to support the core business, enabling it, through the provision of services to focus on healthcare, education or manufacturing. So, what services might be provided by the FM department? In 2011, a Canadian FM, Michel Theriault, proposed the FM Pie which identified the scope and responsibilities of the Facilities Manager (see next page). Look at the sub-divisions on the wheel and identify what services you may be responsible for.



When looking at these, we do need to be aware that the services we provide within the FM department will be determined by the overall business strategy and its key drivers and so we must take these into account.

If the key driver of a business is to make a profit, for example, how can the FM department affect this? FM is usually seen as a cost centre, i.e. it does not bring money into the business, it spends it! But, if we spend that money wisely, looking at how we can operate more efficiently and effectively, we can effectively 'bring in' as much profit as the sales team by reducing operating costs. Let's take a very simplified example to highlight the importance of the FM team in helping the business make a profit.

A salesperson sells a product which cost £90 to manufacture for £100. A £10 profit has been achieved and the MD is delighted.

The FM reduces £100 of expenditure by working more efficiently to £90. Each have essentially made the company £10 profit - leaving aside VAT and so on.

This is looking at the business driver of making profit but let's look at other business drivers which may be more applicable to the public and not for profit sectors as well.

Risk Management is a key driver for many organisations. Remember business risk applies to far more than just Health and Safety risk; so, if we take an example of financial risk; to manage risk we need to consider the likelihood of the risk occurring and the consequences if that risk does occur. So, we might need to think about reducing office space to reduce the financial risk, as an example.

If CSR and sustainability was a key driver for the business, we might need to look at increasing waste recycling, or introducing energy efficient lighting as examples. The services we provide can be impacted by the key drivers and again, we can undertake a SWOT analysis to see where our strengths and weaknesses lie in supporting the key drivers and where there may be opportunities or threats to FM services as a result of the key business drivers.

Let's undertake a SWOT analysis for a hypothetical business with a key driver to improve the carbon footprint of the buildings and see how it may affect the FM services we provide:

Strengths	Weaknesses
<ul style="list-style-type: none"> > Have changed all lighting in building A to energy efficient bulbs > GPS installed across the fleet which allows the collection of data that enables us to analyse the fleet's usage and make it more efficient. > Have a robust Reduce-Reuse-Recycle policy 	<ul style="list-style-type: none"> > As a result of Covid a large percentage of staff are now working from home so have empty office space > Locally controlled thermostats mean that staff are able to manually adjust office temperature > High quantities of food waste in the staff restaurant
Opportunities	Threats
<ul style="list-style-type: none"> > Could look at sub-letting spare office space > Potential Lease break in 2 years with negotiation on Building A > Look to move to electric vehicles across the fleet where possible > Install centrally controlled thermostats > Change offering in restaurant to reduce food waste - fewer choices > Increase vegan and vegetarian options which have a lower carbon footprint 	<ul style="list-style-type: none"> > There is a plethora of office space available in the local area so may be difficult to sub-let > Still have 5 years to run on the current lease on Building B > Staff may object to a change in offering within the restaurant and go elsewhere for meals

OK, so we have some ideas here across several services where services may need to be adapted to help the business meet its key driver relating to the carbon footprint. The opportunities, and to a certain extent the weaknesses, will determine how the services may be affected. You could undertake a similar SWOT analysis linked to the key drivers within your own organisation to determine how services may be affected.

Decision, Decisions

So, changing the services we offer might be one decision that we make with regard to the services that we offer, but whatever that decision it will be influenced by the overall business strategy and it is this that we must bear in mind when considering what services we can or cannot offer.

A business wanting to cut overheads, for example, as part of its overall strategy, may require less space but still need the same number of staff so the FM department may need

to look at ways in which flexible working could be introduced. Similarly, diversification may require the addition of new property into the portfolio or a re-location both of which will have an effect on the services the FM can offer and thought may need to be given as to whether those services are best delivered in-house or outsourced.

Whatever decision is taken it must be guided by the business strategy, support the overall goal of the business and be a cost effective option which provides the services required, when they are required.

So, when planning FM services, we need to be aware of the overall business strategy and the key business drivers. Our prime objective is to support the core business and so we must be aware of where the business is heading and what its key objectives are if we are to ensure we meet our objectives.



We've covered a lot over the past two chapters and we're about to move on to a different topic, so now would be a good time to take a break, make a drink of your choice and reflect on what we've covered so far. Think about how it may apply to your own workplace and role.

PART 2

Organisational and Facilities Management Strategy

CHAPTER 3

Facilities Management services in context

No two FMs do the same thing, even within the same group. FM provides a coordinated support service, generally unrelated to, but essential in its support of, the core output of the business. It is a business enabler - an operational force multiplier.

We can consider a variety of contexts when thinking about how FM services may be delivered. Each context presents us with a strategy which we need to review at frequent intervals. Different strategies may include:

- > The Property strategy - whether to lease or buy property for the business
- > The Maintenance strategy - whether to adopt a Planned Preventive Maintenance, a Condition Based Maintenance or a Reactive Maintenance strategy
- > The CSR Strategy - which element of the seven pillars of CSR we, as the FM department will focus on. (We will discuss the seven pillars of CSR in more detail in unit FM5.01)
- > The Service Delivery strategy - whether to deliver all our services in-house or to look at outsourcing.

Each strategy will require us to look at the road map we discussed in Chapter 1 to determine where we are now, where we want to be, how are we going to get there and what might be in the way.

Let's take 2 examples from the above list to show how we can plan out our strategy moving forward.

1. The Maintenance Strategy

Maintenance strategies can largely be divided into two main categories, **planned** and **unplanned**, although there are also some sub-divisions within these categories.

Planned Maintenance - Planned Maintenance, also referred to as Planned Preventative Maintenance (PPM) can be said to exist when a schedule of maintenance activities is produced. PPM is planned maintenance of plant and equipment that is designed to improve equipment life and avoid any unplanned maintenance activity.

PPM includes painting, lubrication, cleaning, adjusting, and minor component replacement to extend the life of equipment and facilities. Its purpose is to minimise breakdowns and excessive depreciation. Neither equipment nor facilities should be allowed to go to the breaking point. In its simplest form, preventive maintenance can be compared to the service schedule for a car.

PPM can then be further subdivided into the following categories:

- > **Periodic maintenance** is carried out at fixed intervals, regardless of usage. This method may incur higher costs that could be, in part, avoided. However, it does help avoid downtime when systems fail.
- > **Preventative maintenance** is based on usage but is undertaken before problems occur. Again, this avoids downtime and can be more cost effective, particularly where downtime would mean loss of income for the organisation.
- > **Condition based maintenance (CBM)** is based on a system of monitoring - 'look,

listen and feel.' CBM can be further subdivided into three categories, Corrective Maintenance where maintenance is carried out following the discovery of an issue, Pro-active Maintenance which is identified during a walk around and Life Cycle Replacement (LCR) where parts are replaced when their end of life is scheduled.

- > **Risk-based Maintenance (RBM)** The RBM process is essentially divided into two main parts, screening and detailed analysis. The objective of the screening process is to identify systems which are considered low risk. A risk assessment will be carried out using the usual criteria for classifying risk (*risk = severity x likelihood*). The focus of attention in terms of the maintenance strategy will be towards the high-risk systems as these are the main contributors to the operational risk i.e. safety, environmental and business risk.

Unplanned maintenance - Unplanned maintenance is any maintenance that takes place outside of the routine scheduling. It is usually referred to as Reactive Maintenance. It too can be subdivided:

- > **Corrective** - faults are found, and the asset must be repaired before it can be used again. This means a period of downtime which can cost the organisation, but the process is generally cheaper than PPM as repairs are only made when the fabric or equipment fails.
- > **Emergency Maintenance** - is similar to corrective but must be undertaken immediately, often because of compliance issues. This is generally more expensive than corrective maintenance because of the urgency of repairs.

When formulating the maintenance strategy, part of it should cover supporting influential factors such as cost, current condition and availability of adequate resources, spares, urgency, future use, function and aesthetics.



Even if you have a Preventative Maintenance programme in place there are always going to be times when equipment or services fail unexpectedly and so you should always allow for, and budget for, a degree of Reactive Maintenance

Considerations in the Development of a Fabric Maintenance Strategy

The following should be taken into account when developing the fabric maintenance strategy:

- > Criticality of business conducted in building
- > Structure of building - solid or framed/pitched or flat roof
- > Type of business conducted
- > Type of maintenance system to adopt - preventative/reactive
- > Available finance
- > Develop a short & long-term maintenance plan & budget
- > Statutory requirements - e.g. statutory servicing of lifts
- > Review & manage/maintain the plan & update budgets

- > Freehold/Leasehold
- > Single property or portfolio of several
- > Lease obligations - FRI/Licence
- > Landlord/Tenant
- > In house/Out-source management of maintenance (professional advisors/consultants)
- > Length of lease/sub-lease - dilapidation clauses
- > In house/Out- source physical maintenance
- > Insurance obligations
- > Management systems
- > Sustainability/Environmental policies
- > Improving the capital value
- > Staff retention considerations
- > Age of building - is the building listed?

So, to develop our maintenance strategy we need to look at where we are now and where we want to be. As an example, it might be that we currently have a Periodic Planned Preventative maintenance strategy for the boilers in our buildings.

Whilst this has meant that we can be sure that when the boilers are running, they are running to optimum efficiency, analysis of data has shown that they are being maintained where perhaps no maintenance is required which is clearly an increased cost to the business and the regular stripping down of the boiler could potentially result in a shorter life span as there is increased risk of errors when reassembling the equipment.

So, we decide to move to a Condition Based maintenance strategy where maintenance is only undertaken when indicators show that the boiler is beginning to fail - a Look, Listen and Feel strategy.

Having undertaken a full analysis of the possibilities for change, we then need to decide what barriers might be in the way of us changing the strategy. Perhaps a key barrier could be that we have outsourced the maintenance and therefore, changing the contract could present issues.

If we currently maintain the boilers in-house, introducing a CBM approach could mean we have less work for the maintenance engineers and so we may either need to consider making engineers redundant or re-deploying them or look to outsource the maintenance as a more cost-effective approach. Either way, when looking to change a strategy, elements such as these need to be taken into account.

2. The Service Delivery Strategy

In exactly the same way as there are different options for maintenance, we also have a range of options for service delivery and, so that the FM department supports the core business most efficiently and effectively, we need to ensure that we adopt the correct strategy.

Let's consider the various options in a little more detail.

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 - Some or all of the estates related and facilities services are outsourced to independent service providers. Staff are employed by the outsourced organisations. An example would be the office cleaning outsourced to Initial or ISS.

Services can be partly outsourced, where some are delivered in-house and some services are outsourced, or wholly outsourced, where all services are delivered by external contractors. It is rare that all services will be delivered in-house. More often than not technical and specialist services will be outsourced.

An example might be Fire Safety checks. Under the Regulatory Reform (Fire Safety) Order 2005, for example, where previously the Fire Service would inspect all commercial buildings to ensure they complied with the requirements of fire safety, it became the responsibility of the building owners or occupiers to ensure this. Most owners and occupiers are not 'competent' to check the fire safety of their buildings and it would not be cost effective to employ someone just to do this; so they would outsource this function to a specialist. Asbestos assessment would be another example.

Outsourcing also offers various options that we will consider here in more detail:

Single service outsourcing - this is where individual services are outsourced to individual contractors and so you will have multiple contractors coming into the business to provide a range of services.

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

An easy way to understand the difference between Single service and Bundled service delivery works is to think about your communications package you may have at home. If you have a single service delivery, BT might provide your landline, Virgin, your internet connection and Sky, your television package. Three different providers providing three different services. However, if BT delivers your landline, your Internet and you have BT vision, one company is delivering all three services and so you have a bundled package.

Total Facilities Management - The responsibility for providing services and for generally managing the facilities is placed in the hands of a single organisation. Prime examples of companies delivering a TFM package would include Mitie, Sodexo and Sewells.

TFM companies will often subcontract some of the services to other contractors; however, one of the main benefits of a TFM solution is that the TFM company then provides the interface between the client and those sub-contracted individual service providers - from the client perspective. This allows the client to be one step removed from day-to-day operations and able to concentrate on their core business.

The benefits of TFM solutions include:

- > One stop shop for FM needs
- > Single point of operational contact
- > Single monthly invoice
- > Access to professional skills on demand

- > Switch on/switch off skill streams
- > Economies of scale



For it to be a true TFM delivery package the one contractor must deliver **all** hard, soft and technical and specialists services. They may sub-contract certain services but as the client you will only have a relationship with the one, main contractor.

Where you have soft services delivered by one contractor and hard services delivered by another, these are **not** TFM contracts, they are essentially Bundled contracts.

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 (PFI) - launched 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 (PPP) - 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 - the PF2 method of service delivery was introduced in 2012 following a government review which suggested that the PFI model was both expensive and cumbersome.

PF2 aimed to provide better value for money for the public sector client, a shorter and more efficient procurement process, greater flexibility during the operational period and saw the introduction of measures to improve transparency and public confidence in projects.



Read the article which you will find in the Learning Resources section of the Academy for this unit on the new PF2 process entitled:

PF2 - Son of PFI



In the November 2018 budget the then Chancellor abolished the PFI/PF2 programme and so no new PFI/PF2 contracts will be awarded. A document published by the Treasury stated that that the model was inflexible and overly complex and pointed to PFI being a potential risk to government finances.

Current contracts will continue to run until expiry, the last one coming to an end in 2043, so although the concept has been scrapped for the future, you may still find yourself working on a PFI contract at some point in your career.

The graph to the right shows the decline in the number of PFI and PF2 contracts being awarded, particularly since 2008; another reason why the Chancellor decided to bring to an end this method of financing public infrastructure.

Special Purpose Vehicles

- these are organisations created specifically for the undertaking of one contract and at the end of that contract, the organisation will be dissolved.

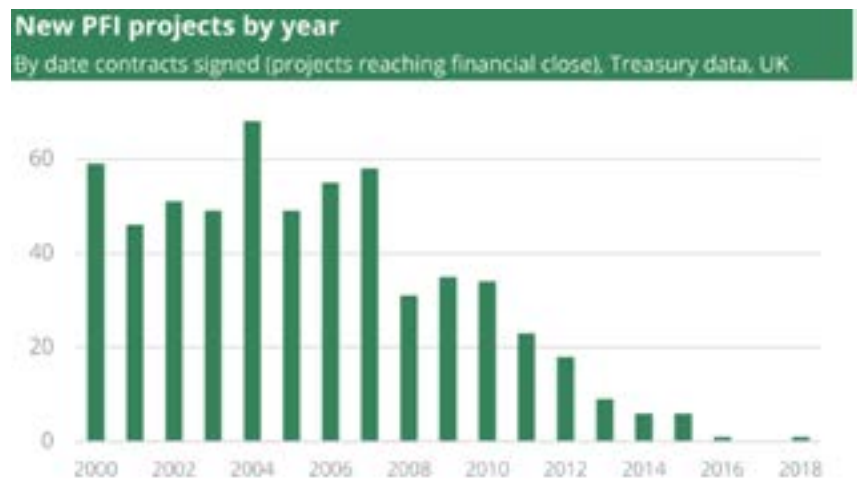
Usually SPVs are established either as a consortium or as a joint venture for undertaking the project. Arrangements exist to make it possible for companies of different sizes, financial strengths and objectives to participate in the SPV.

Participation is grounded in the added value of the skills that a company brings to the consortium/joint venture. (Atkin and Brookes).

Partnering - the essence of partnering is that the client organisation decides to work with a select number of firms or individuals who will share the work in a prescribed area. Several suppliers might combine to bid for a large client contract.

An example would be where a construction company would join with an FM company who would be joined by an IT company. All three or more companies would work in partnership to provide a comprehensive and large scale solution acceptable to the client.

One of the key issues regarding partnering is that each entity should be managing the risk which they are most proficient at handling.





What might the advantages and disadvantages of a partnership arrangement be?

Type your thoughts in the box below and compare with the suggested answers which can be found at [Appendix 1](#)

The Core Business and FM Strategy

As facilities managers we need to understand the dynamics of the relationship between business organisational and FM strategies and the ways that each influences each other. Once we have a policy defined, we should look at how the policy is to be delivered.

Until the mid-80s, it was natural to self-perform all support services - outsourcing was just about to be born!



Try to answer the following questions in the box below.

- > Which services might be outsourced and why? All, some or none?!
- > What are essential (core) services to the business?

It has been suggested that any activity which does not directly contribute to income, or productive external output, should be considered as 'non-core' i.e. peripheral to the core of the operation.

So, why the interest in the differential?

One of the primary reasons for identifying the distinction is to concentrate the attention of the organisation's management on those parts of the business - Core Business - forming an essential part of the end-product. Once the distinction has been achieved, the remaining operations, might be classified as Non-Core Business, and then could be provided internally or by external suppliers.

From this point on, Core Business is 'ring fenced'.

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 (Houston & Young, 1996).

The greatest advantage of outsourcing is access to:

- > The external service provider's investments, systems and procedures
- > Innovations
- > Skilled qualified professional people which is not equalled by the company in-house due to financial constraints (McCarthy, 1996)

Efficiency is gained through a single point of contact arrangement with the outsourcing company providing more control and focus to the client (Barrett, 1995).

There are also other ways in which the business can benefit from outsourcing.

- > **Focus On Core Activities** - In rapid growth periods, the back-office operations and the support services needed by a company will expand also. This expansion may start to consume resources (human and financial) at the expense of the core activities that have made the company successful. Outsourcing those activities will allow refocusing on those business activities that are important without sacrificing quality or service in the back-office.

Example: A company lands a large contract that will significantly increase the volume of purchasing in a very short period of time; Outsource purchasing.

- > **Cost And Efficiency Savings** - Support services may be complicated in nature, but the size of the company is preventing it from providing these services at a consistent and reasonable cost. Outsourcing these services can help to reduce the cost.
- > **Reduced Overhead** - Overhead costs of performing support services can be extremely high. Consider outsourcing those functions which can be moved easily.

Example: Growth has resulted in an increased need for office space. The current location is very expensive and there is no room to expand. Outsource some simple operations in order to reduce the need for office space. For example, outbound telemarketing or data entry.

- > **Operational Control** - Operations whose costs are running out of control must be considered for outsourcing. Departments that may have evolved over time into uncontrolled and poorly managed areas are prime motivators for outsourcing. In addition, an outsourcing company can bring better management skills to the company than what would otherwise be available.
- > **Staffing Flexibility** - Outsourcing will allow operations that have seasonal or cyclical demands to bring in additional resources when needed and release them when they are no longer required.
- > **Continuity & Risk Management** - Periods of high employee turnover will add uncertainty and inconsistency to the operations. Outsourcing will provide a level of continuity to the company while reducing the risk that a substandard level of operation would bring to the company.

Example: The human resource manager is on an extended medical leave and the two administrative assistants leave for new jobs in a very short period of time. Outsourcing the human resource function would reduce the pressure on the executive board - although it might come as a shock to the HR manager via the grapevine!

- > **Develop Internal Staff** - A large project needs to be undertaken that requires skills that internal staff do not possess. On-site outsourcing of the project will bring people with the skills needed into the company. Internal staff can work alongside of the outsourced staff to acquire the new skill set.

However, as with any solution, there are disadvantages to adopting an outsourcing strategy. Look at each one of the outsourcing disadvantages listed below and think about what impact that item would have on the business. If the outsourcing disadvantages outweigh the advantages of outsourcing, then outsourcing those operations should be avoided.

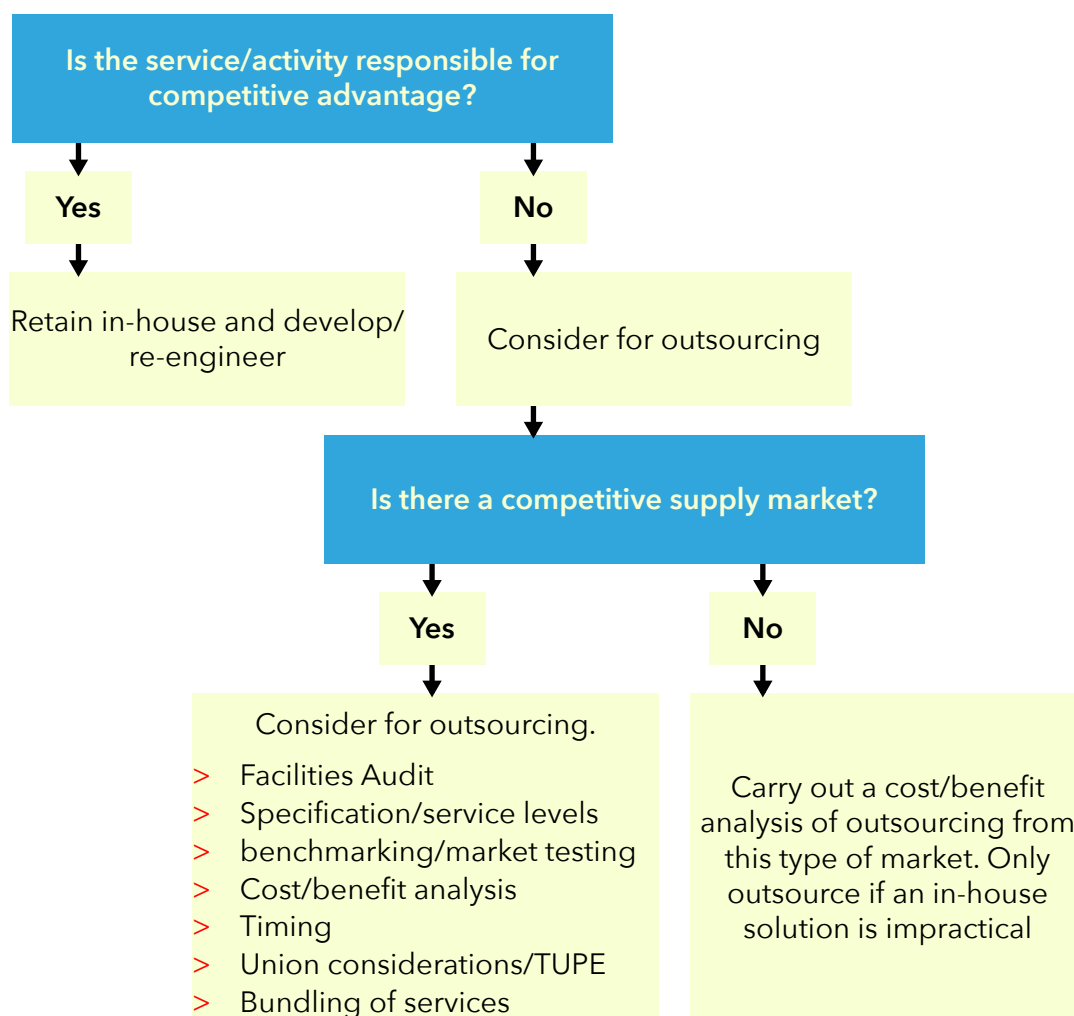
- > **Loss Of Managerial Control** - Whether a contract is signed to have another company perform the function of an entire department or single task, the management and control of that function is being turned over to another company. True, there will be a contract, but the managerial control will belong to another company. The outsourcing company will not be driven by the same standards and mission that drives the client company. They will be driven to make a profit from the services that they are providing.
- > **Hidden Costs** - A contract will be signed with the outsourcing company that will cover the details of the service that they will be providing. Anything not covered in the contract will be the basis for additional charges. Additionally, there may be legal fees to retain a lawyer to review the contracts signed. Remember, this is the outsourcing company's business. They have done this before and they are the ones that write the contract. Therefore, the client will be at a disadvantage when negotiations start.
- > **Threat to Security and Confidentiality** - The life-blood of any business is the information that keeps it running. Any confidential information that will be transmitted to the outsourcing company increases the risk that the confidentiality may be compromised. If the outsourced function involves sharing proprietary company data or knowledge (e.g. product drawings, formulas, etc.), this must be taken into account. The outsourcing company must be evaluated carefully to make sure data is protected and the contract should have a penalty clause if an incident occurs.
- > **Quality Problems** - The outsourcing company will be motivated by profit. Since the contract will fix the price, the only way for them to increase profit will be to decrease

expenses. As long as they meet the conditions of the contract, the client will pay. In addition, the ability to respond rapidly to changes in the business environment will be lost. The contract will be very specific and the client will pay extra for changes.

- > **Tied to the Financial Well-Being of Another Company** - Since part of the operations of the business will be turned over to another company, the client will now be tied to the financial well-being of that company. Think about the impact the demise of Carillion had at the start of 2018. This wasn't the first time that an outsourcing company went bankrupt and left the client holding-the-bag, and it probably will not be the last!
- > **Bad Publicity and Ill-Will** - The word "outsourcing" brings to mind different things to different people. When hearing the term 'outsourcing' many people immediately think of call centres being outsourced to countries in other continents and receiving poor service. If parts of the operations are outsourced, morale may suffer in the remaining work force.

The Outsourcing Decision

The following diagram provides a flow chart to help decide whether outsourcing should take place or not.



Other Contexts to Consider

So, we have considered the Maintenance Strategy and the Service delivery strategy in some detail but as mentioned at the start of this chapter, there are other contexts we could consider also. Let's take a very brief look at these now.

Technology

The use of technology in FM is expanding at a vast rate of knots and as FMs we should be up to date with the latest developments so we can decide if their use can help us to support the business strategy and whether this use would provide a more cost effective way of delivering the service.

This unit is not the appropriate place to consider in detail the wide range of technological advancements but let's take one example to briefly demonstrate how technology might affect the services we provide.

A *building management system* (BMS) is a computer-based system for centralizing and optimizing the monitoring, operating and managing of a building. For this reason, a BMS is considered the central nervous system of a building. The "smart" building concept upon which the BMS is based utilizes the latest technologies to intelligently decide how the building's electrical and mechanical systems should optimally perform. BMS' can be very simple controlling security lighting, for example, or can be extremely complicated controlling everything from access to alerting the FM that maintenance is required at a remote site.

Clearly, the type of BMS required will depend very much on the type of building(s) you are responsible for - an 'all singing - all dancing' system will not necessarily be required for a basic office block but may well be required if you are responsible for several sites or one site where maintenance of the ambient temperature and humidity, for example, is crucial to the smooth running of the core business - a pharmaceutical company, for example.

Corporate Social Responsibility (CSR)

CSR is becoming more and more critical in today's business world. In the not so distant past most organisations, particularly those in the private sector, were concerned only with the 'bottom line' - the amount of profit they made. However, in recent years the 'Triple Bottom Line' has taken over as a key factor in ensuring a successful business. For the most part, organisations are no longer just concerned with making a profit - the planet and the people who live on it are becoming an important part of most organisations' business strategy. The '3Ps' are critical to successful trading:

- > People
- > Planet
- > Profit

Of course the cynical among you might say that Profit is still the key driver. Organisations that are focussed on sustainability - looking after the planet today for future generations - and looking after both their own staff and the wider population, makes them more attractive as suppliers and therefore their profits will increase but, at the end of the day, having a robust CSR strategy can only help the people and the planet.

However, we have to ask if it is feasible or realistic for all organisations to adopt international standards such as ISO14001 (environmental) or Investors in People.

It might appear to be the ideal but remember, when taking strategic decisions we have to ask ourselves four key questions when determining the right course of action, and therefore the overall strategy for our own organisations. We mentioned these questions at the start of the chapter but they are so important to the development of our strategy that we wanted to repeat them again here.

- > Where are we now?
- > Where do we want to be?
- > How do we get there including options for achieving the required outcome?
- > What is in the way?

Asking these questions should enable us to develop the right strategy, whether it be the maintenance strategy, the service delivery strategy or any other strategy within the FM department that we want to develop and/or improve.

CHAPTER 4

How organisational and FM strategies influence each other

As facilities managers, we need to understand the ways in which organisations work to achieve their objectives, and the relationships between them. For an organisation to operate successfully, it has to be well managed.

For successful management, there has to be a range of interactive abilities working towards a common goal. The successful manager will generally follow a suite of principles.

The Nature of Managerial Success

The table below shows the key principles for any manager to implement if he/she is to be successful. Essentially, always adopt the mantra '*Plan - Organise - Motivate - Control*'.

Plan	<ul style="list-style-type: none"> > Current Analysis (where are we now?) > Goals & Objectives (where do we want to be?) > Organise & Motivate (how do we get there?)
Organise	<ul style="list-style-type: none"> > Manpower > Materials > Machines > Money
Motivate	<ul style="list-style-type: none"> > Ability of the manager to get his/her subordinates' commitment to organisational goals
Control	<ul style="list-style-type: none"> > Setting performance standards > Take corrective action > 'Actual' performance

Successful managers have to both make decisions and abide by decisions that have been made for us. Our understanding needs to encompass both decisions which we as facilities managers can influence, decisions taken outside our area which will affect us and decisions that we ourselves can make without reference.

How do we make a decision? There are six key steps in the decision making process which apply to any decision that has to be made, no matter how large or small.

The steps can be easily remembered by using the mnemonic D.E.C.I.D.E

- D** etermine the overall aim
- E** xamine the status quo
- C** onsider all options
- I** solate the best option
- D** o it
- E** valuate

This model is “classic” in that it is sequential and provides feedback to then re-define the problems and issues, and recommence the process if necessary.

- > Define the problem/issue
- > Collect the relevant data
- > Develop the alternative solutions
- > Assess the consequences
- > Select the optimum solution
- > Implement the solution
- > Measure the results
- > Recommence the process if required

However, it may not be quite as simple as this. There are several external influences which must be taken into account when making any decision. A facilities manager cannot make business decisions in isolation.

The business in which they operate must be considered. There will be differing constraints depending on the FM's parent organisation and the organisational structure within which the FM works.

Organisational Structure

Organisational structures are formal systems of relationships that exist within a business. Organisational structures allow management to monitor and control the business process while facilitating working relationships among employees from top to bottom.

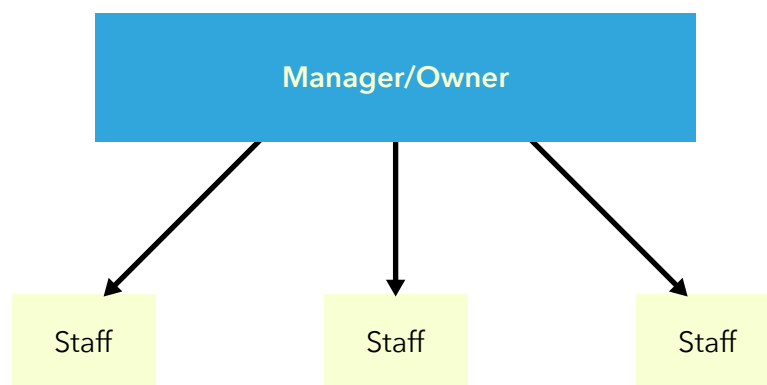
There are three principle types of organisation structures which impact upon facilities management delivery:

- > Flat or Simple
- > Tall or Hierarchical
- > Matrix

A Flat Structure

A flat structure is usually, but not always, associated with smaller organisations. A flat organisation structure has few levels of management between the executive level and the front-line employees.

The premise behind a flat organisation structure is to minimise bureaucracy and empower employees by making them a larger part of the decision-making process. Communication occurs more easily between upper managers and baseline employees, allowing for more rapid change and problem resolution.



In traditional organisational structures for larger companies, there are many levels of management between baseline staff and top-level management. Decision-making often has to go through a process at each level, leaving front-line employees to explain delays to customers and experience less productivity while they wait for answers.

A flat organisational structure eliminates layers of middle management, allowing the entire organization to be more productive and speeding up the delivery and decision-making processes.

However, it may be that this type of organisational structure is dominated by autocratic management and consequently it may be difficult to influence the business strategy and therefore the facilities management strategy.

There are advantages and disadvantages to a flat structure and these are summarized in the table below:

Advantages	Disadvantages
<ul style="list-style-type: none"> > Simple in lines of authority > Ease of Communication > Ease of Control 	<ul style="list-style-type: none"> > Depends on abilities & knowledge of manager/owner > Difficult to control as business grows and increase in number of tasks > Growth usually results in development of a departmental structure

Hierarchical Structure

Hierarchical organisational structures are common for larger, more complex companies with greater process standardization. They can be either a departmental or divisional structure.

Generally, the greater the size of the business, the greater number of divisions or departments. Compared to the simple structure, the tall or hierarchical structure has many levels of management or supervision.

A tall management hierarchy employs several layers of middle management characterized by a limited span of control and resulting in some middle managers reporting to other middle managers. A traditional hierarchical structure clearly defines each employee's role within the organisation and defines the nature of their relationship with other employees.

Hierarchical organisations are often tall with narrow spans of control, which gets wider as we move down the structure. They are often centralised with the most important decisions being taken by senior management. There are advantages and disadvantages to the hierarchical structure:

Advantages	Disadvantages
<ul style="list-style-type: none"> > Authority and responsibility and clearly defined > Clearly defined promotion path. > There are specialists managers and the hierarchical environment encourages the effective use of specialist managers. > Employees very loyal to their department within the organisation 	<ul style="list-style-type: none"> > The organisation can be bureaucratic and respond slowly to changing customer needs and the market within which the organisation operates. > Communication across various sections can be poor especially horizontal communication > Departments can make decisions which benefit them rather than the business as a whole especially if there is Inter-departmental rivalry.

Matrix Structure

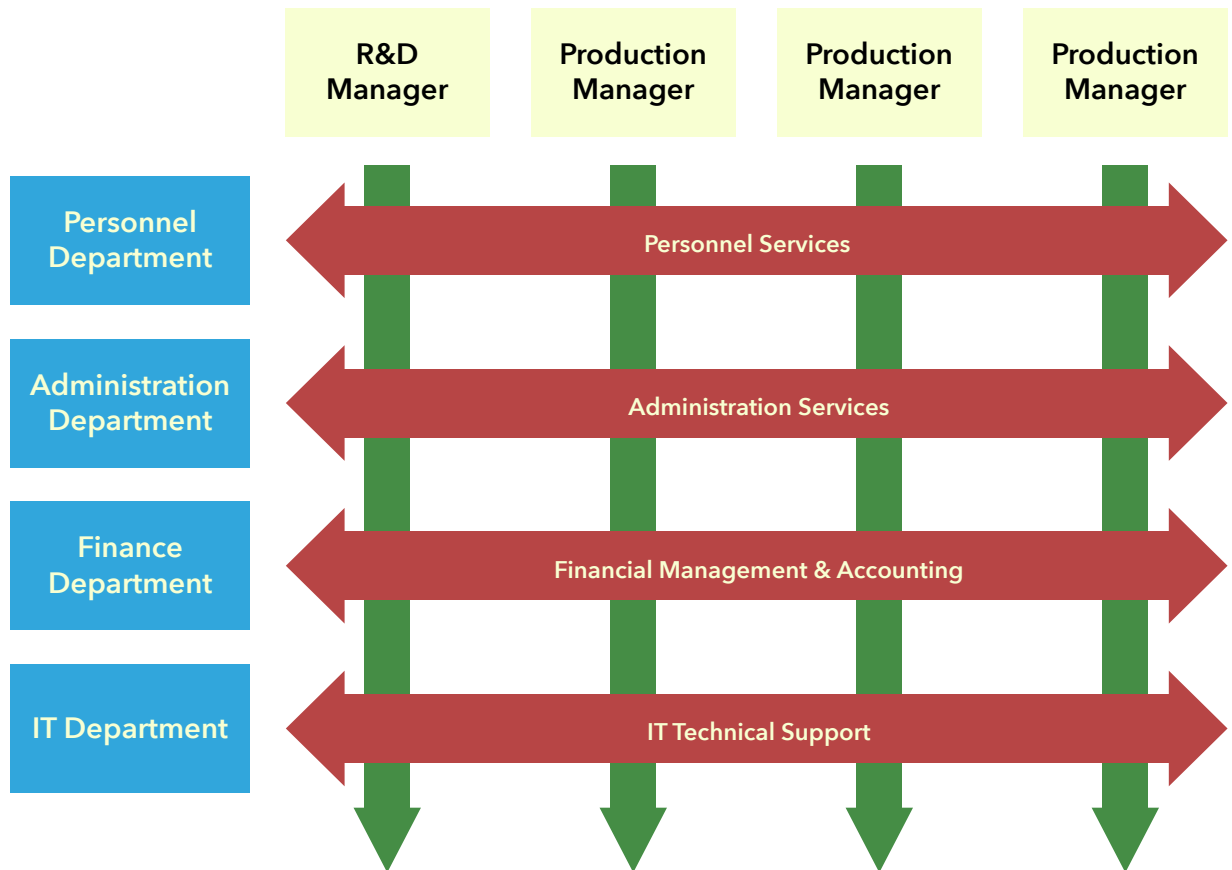
A Matrix Structure was originally developed in the USA in response to large number of companies working on the same project. Matrix Management is a type of organisational management in which people with similar skills are pooled for work assignments.

For example, all engineers may be in one engineering department and report to an engineering manager, but these same engineers may be assigned to different projects and report to a project manager while working on that project.

Therefore, each engineer may have to work under several managers to get their job done. Matrix organisational structure can be defined as:

An attempt to combine the advantages of functional specialisation with those of project management recognising that lateral negotiated relationships, complementary for superior-subordinate authority relationships, are essential for the performance of highly complex and interdependent technical tasks and for the promotion of organisational adaptiveness and flexibility

An example of a matrix structure can be seen below.



As with all organisational structures there are advantages and disadvantages. These are summarized in the table below.

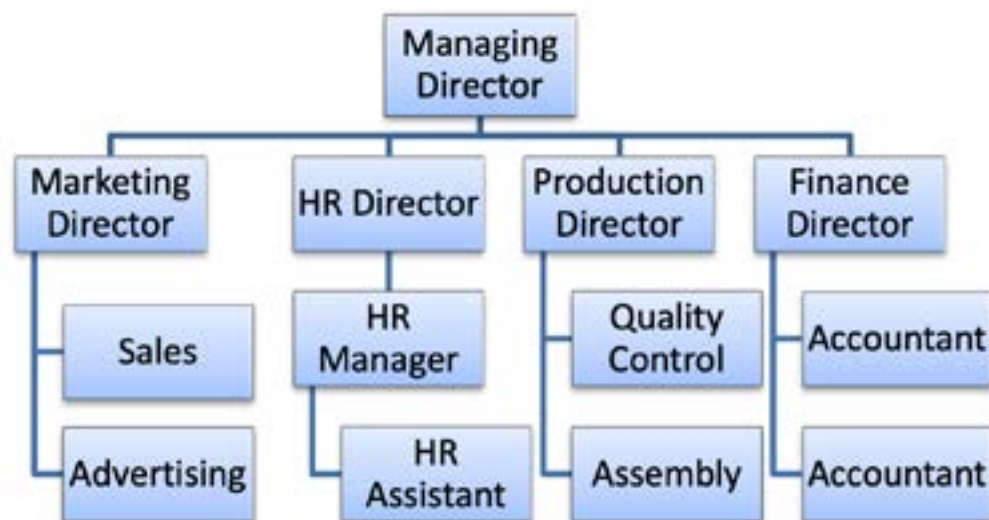
Advantages	Disadvantages
<ul style="list-style-type: none"> > Well suited to the organisation that needs to combine a bank of expertise with the ability to innovate and feedback > Members of a project team will normally participate more fully in decision making process > Well suited to activities which require contributions to be made by highly qualified individual specialists, acting as peers > Increases organisational flexibility 	<ul style="list-style-type: none"> > Increases the possibility of conflict by placing responsibilities on both the project manager and the division/function managers > Conflict can be caused by individuals having loyalties split between the projects and their division/department/function base.

Organisations can then be further subdivided depending on how the organisation is managed or how it performs as a business. The sub-divisions are usually categorised as:

- > Functional
- > Product based
- > Divisional
- > Geographical

Functional Structure - The most common structure found within organizations, functional structure consists of units or departmental groups identified by speciality, such as engineering, development, marketing, finance, sales or human resources.

Activities are grouped into departments, with a departmental head all contributing to a common mission. Co-ordination of departments is achieved through the appointment of an overall director backed by an executive committee or board.



Advantages	Disadvantages
<ul style="list-style-type: none"> > Less need for a large number of managers > Co-ordination of activities can be left to top managers > Grouping specialists together increases potential for efficient utilisation of personnel across organisation > Easily recognised career paths for specialists > Management of different specialities is relatively simple 	<ul style="list-style-type: none"> > Diversification into different products, services or markets may be difficult > Possible lack of motivation amongst managers to develop new products or services > Minimal time available to devote to areas not identified as manager's prime area of responsibility > Encourages sectional conflict

The functional structure was designed on the concept that high specialization and high control yields high efficiency. Each unit in a functional structure includes employees who are trained to perform specialized tasks.

A **Product-based structure** is grouped around different products or services. It may involve duplication of services but usually all departments 'share' core services such as Human Resources, Finance and Marketing.

The diagram below is an example organisational chart showing a product based structure.



Again there are advantages and disadvantages to having a product based structure.



Make a list of possible advantages and disadvantages of a product based structure and compare with the table at [Appendix 2](#).

A **Divisional Structure** involves splitting the organisation into separate and sometimes autonomous units. Each division provides a total service for any one client, product or market. Each division has at its head a divisional manager/director. Below this there could be functional, product or even matrix structures.



Advantages	Disadvantages
<ul style="list-style-type: none"> > Corporate strategic control with production and marketing independence at divisions > Suitable for international companies who are highly diversified, working in more than one country > Corporate & future planning is committed to the development of the overall organisation rather than any individual division - a corporate structure is therefore necessary above the divisional structure > Any one division can respond more freely to particular needs in certain local areas 	<ul style="list-style-type: none"> > Duplication of effort with each division and HQ > Missed opportunities if information is not shared across the divisions

And finally a **Geographical Structure** is organized, as the name implies, by geographic area or region. Each region is its own complete entity; its goals tied to the overall goals of the business.

There is usually a regional manager overseeing the entire operation, who will report to head office, but will otherwise have complete responsibility for the regional unit.

The structure can be applied nationally across regions within the UK, for example, or more commonly it can be applied internationally, where regions are split up by continents or subcontinents.

Automobile manufacturers and multinational fast-food chains often follow this business organization structure. In some cases, products will remain the same across all regions, while in other cases, a product may be slightly modified or a new product introduced to meet local needs.

It is important to understand the company structure to enable the FM strategy to be developed in line with company culture. We will look at culture in the next section but an important point to finish on...it is a common mistake to refer to the Public Sector & Private Sector as being the two types of organisational structure.

These are not organisational structures but sectors. The public sector tends to have a hierarchical structure which is often 'product based' where the product is the service provided.

The private sector is made up of organisations which have a wide variety of different organisational structures. Make sure you understand the difference between the sector and the structure!

Company Culture

As facilities managers, we need the ability to identify the company culture of the organisations in which we work, and to understand how the work environment plays an important part in enabling or restricting cultural change.

The FM role can influence company culture and make a positive contribution to change in this area. So what do we mean by the culture of a company?

Organisational culture is that which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organization. It has been defined as:

"The specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."

Hill & Jones 2001

When we walk into an organisation we get a certain 'feel' for it, whether it is a forward thinking, modern organisation or whether it is still operating from somewhere back in the 19th Century. This feeling is referred to as the 'organisational culture'. Culture is about how the organisation organises itself; its rules, procedures and beliefs make up the culture of the company.

Essentially, there are six types of company culture:

Role Culture - Common in most organisations today is a role culture. In a role culture, organisations are split into various functions and each individual within the function is assigned a particular role. The role culture has the benefit of specialisation. Employees focus on their particular role as assigned to them by their job description and this should increase productivity for the company. This culture is quite logical to organise in a large organisation.

Power Culture - Within a power culture, control is the key element. Power cultures are usually found within a small or medium size organisation. Decisions in an organisation that display a power culture are centralised around one key individual. That person

likes control and the power behind it. As group work is not evident in a power culture, the organisation can react quickly to dangers around it as no consultation is involved. However this culture has its problems, lack of consultation can lead to staff feeling undervalued and de-motivated, which can also lead to high staff turnover.

Task Culture - A task culture refers to a team based approach to complete a particular task. They are popular in today's modern business society where the organisation will establish particular 'project teams' to complete a task to date. A task culture clearly offers some benefits. Staff feel motivated because they are empowered to make decisions within their team, they will also feel valued because they may have been selected within that team and given the responsibility to bring the task to a successful end. NASA organise part of their culture around this concept i.e. putting together teams to oversee a mission.

Person culture - Person cultures are commonly found in charities or non-profit organisations. The focus of the organisation is the individual or a particular aim.

Forward and backward looking cultures - Organisations that have an entrepreneurial spirit, always embrace change and listen to staff and customers are said to be forward looking.

Forward looking organisations are risk takers and do well because of it. We can argue that Dyson the vacuum cleaner manufacturer embraces this culture.

A backward looking culture does not embrace change and is led by systems and procedures. They do not take risk and because of it are usually left with a business not doing so well. UK store Marks and Spencer is said to be 'backward looking' i.e. slow to change.



Try the following multiple choice questions to check your understanding of organisational culture. The answers can be found at [Appendix 3](#).

A Forward Looking Culture is where....

- The power lays with one individual
- The organisation has a team based approach
- The organisation has an entrepreneurial spirit and always embraces change
- The roles are split into various functions

A Role Culture is where....

The organisation splits into various functions

The organisation does not embrace change

The power in the organisation is based around one person

The organisation embraces change

A Company with a Power Culture....

Splits all tasks into roles

Is forward looking

Adopts a team based approach

Centres all decisions made within the organisation around one key individual

A Person Centred Culture is based on....

A team based approach

An individual or particular aim

A system based approach

A power sharing approach

A Task Culture is where

Decisions are made by one individual

The company does not embrace change

The roles are split into functions

There is a team based approach to complete a particular task

A Backward Looking Culture is where...

The company embraces change

The company adopts a team based approach

The company does not embrace change and is led by systems and procedures

Decisions are made by one person and cascaded down

How did you do?

What type of culture does your organisation have? Does this affect how you manage your staff?

An important point with regard to organisational culture is that the culture of an organisation can have a marked impact on various aspects of the performance of the organisation itself. It is interesting to note that the Health & Safety Executive have published guidelines relating to the fact that culture can impact on Health and Safety within the workplace.

An organisation's culture will influence human behaviour and human performance at work. Poor safety culture has contributed to many major incidents and personal injuries within the workplace.

Cultural Change

A culture change process can take several years because organisational culture grows over time. People, particularly senior managers, are usually comfortable with the current organisational culture – even if they complain about it! For people to consider culture change, usually a significant event must occur.

An event that rocks their world such as flirting with bankruptcy, a significant loss of sales and customers, or losing a million pounds, might get people's attention. Even then, to recognize that the organisational culture is the culprit and to take steps to change it is a tough journey. When people in an organisation realize and recognize that their current organisational culture needs to transform to support the organisation's success and progress, change can occur.

Differing factors influence how the working environment can bring about cultural change in organisations. Factors such as the organisational objectives, finance available, current legislation, changing technology, environmental issues, customer requirements and the influence of Trade Unions and Staff Associations can all play a part in determining whether organisational change can happen.

Let us have a look at a couple of examples to highlight the influence of these factors. Legislation, for example, may compel the organisation and its employees to change working practices or adopt policies which provoke hostility.

Alternatively, legislation may result in the introduction of policies and practices which make for a happier and more contented workforce. Similarly, the drive to increase profits may cause friction between individuals, units or departments within an organisation.

Changing technology may bring about resistance from personnel unable or unwilling to adapt working practices or re-train and Trade Union or Staff Association policies may encourage or discourage cooperation with management on the issue of changing working practices or policies.

Organisational culture change is possible but to enable it to happen requires understanding, commitment, and tools. It is generally accepted that there are three major steps involved in changing an organisation's culture:

- > Understand the current culture, or the way things are now.
- > Decide where the organisation wants to go and define the strategic plan. To do this it is necessary to decide what the organisational culture should look like to support success. What vision does the organisation have for its future and how must the culture change to support the accomplishment of that vision?
- > The individuals in the organization must decide to change their behaviour to create the desired organisational culture.

The organisation must plan where it wants to go before trying to make any changes in the organisational culture. With a clear picture of where the organisation is currently, the organisation can plan where it wants to be next.

Again, you can see the process of identifying where we are now, where we want to be and what might be in the way.

Remember the organisation's Mission, Vision, and Values. To provide a framework for the assessment and evaluation of the current organisational culture, the organisation needs

to develop a picture of its desired future. What does it want to create for the future? The mission, vision and values should be examined for both the strategic and the value based components of the organisation.

The Relationship Between the Business Strategy and the FM Strategy

So, having considered the influences on the business in terms of the structure and the culture, it is also important to remember that the various departments within an organisation can influence the overall business strategy and the FM department is no exception. Similarly, the business strategy will influence the FM strategy.

Each business will be different and to determine the influence you need to consider your own organisation. Think about what your organisation's business objectives are. What is the organisational structure and what is the overriding culture of the organisation? These will all have an impact on the FM strategy and how you go about developing it. For example, if one of your business objectives is to cut operating costs but the culture is somewhat backward thinking, you might struggle to introduce innovative ideas that may require some upfront investment but will cut costs in the long run, a new BMS system for example. This can be where there may be conflict between the business strategy and the FM strategy.

At this point it might be a good idea to find your own organisation's business strategy and identify the objectives it has set itself for the short, medium and long term.

How do these objectives tie in with the specific objectives for the FM department? Are there any synergies and perhaps more importantly, are there any conflicts between the two?

An example where the two might synergise would be if the business wants to cut overheads and the FM department wants to bring services back in-house. Conversely, where there could be a conflict might be where and FM objectives might be to move to new, cheaper to maintain buildings but this would require an initial investment and the business is not prepared to 'invest to save'.

One way round the issue of conflict is for the FM department to become more active at Board level, helping the business as a whole to understand what it can offer through an understanding of the marketplace which will support the business objectives. Raising the profile of the FM department is critical in this process so that senior management sees FM, not just as the department responsible for maintaining the building, providing cleaning, catering and security but as a critical part of driving down the operating costs of the business.



Another section down and another of the learning outcomes covered - we think now would be a good time to take a break and reflect on what you've learned.

If you haven't already, you may also want to think about downloading the assessment paper for this unit and starting to outline some of your assignment. There's no strict requirement to do this but sometimes it can be easier to break the assignment down into more manageable chunks rather than leaving it all to the end!

End of Sample Workbook

For more information about our IWFM Qualifications, you can call us on [0330 912 5400](tel:03309125400) or e-mail clare.gairn@xenongroup.co.uk.

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