

INTRODUCTION

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Facility Management (FM) is a practice for managing non core business services. Its popularity among private companies and public administration has become well-known since the end of the seventies: as a matter of fact, it is accepted to date back to those years the first experiences of US multinational corporations, which recognized how non core services could hold a strategic role in the achievement of business results.

Consequently some companies developed specific business units to manage those activities with the purpose to design, plan and carry out services. On the other hand, many other companies decided to outsource one or more of those activities to specialized companies in order to focus on the core business and to turn FM fixed costs into variable costs or to learn by the professionals the non core service management, improving meanwhile their know-how.

The practice to outsource non core services, which was more and more adopted in the last decade, results in a new sector – the FM one – formed by many services (e.g. maintenance of buildings and plants, cleaning, catering, waste disposal).

In the public sector the paradigm of the new public management, which emerged at the beginning of the eighties, led the public administrations toward decentralized and market oriented models, strongly directed to outsource non core services to private companies as well as to non profit organizations. This process, which influenced also FM activities, resulted in a higher demand for non core business services.

The FM sector has nowadays reached a relevant dimension. According to IFMA Italia, the FM market in the top six European countries in dimension and development (Germany, the Netherlands, the United Kingdom, Italy, France and Spain), amounts to almost 160 billion euro. Furthermore the value of the outsourced market is just half of the potential one, which means that the FM sector can grow further.

Nevertheless, it seems like FM is not yet able to hold a strategic role in supporting the core business. Instead of an opportunity to increase the business value, FM is too often associated with cost cutting. Following this approach, based only on service costs, FM is lowered to a commodity service that is offered at the lowest price by unspecialized suppliers. Consequently, the client risks to sign rigid and strictly defined contracts, as if they were goods with certain specifications and foreseeable configurations.

These contracts are inadequate for FM. Due to the complexity and dynamism of



this sector, they can be incomplete at the very beginning of the relationship. These contracts become more and more strict during their lifespan. Considering that FM contracts have usually long lifespan (in case of project finance the lifespan can be longer than 20 years), it is easy to understand that, during this period of time, many changes can happen (new clients' requests, new end-users' needs, new technologies, etc.). Contractors, with the budget and the processes defined ten years before, could hardly guarantee adequate service quality.

In case of long and complex relationships, the relation between client and contractor cannot be based only on the contract (even when extremely detailed). The contract has rather to be supported by appropriate coordination mechanisms, allowing the contract and the relationship between the parties to be easily adjusted.

With this book we want to stimulate FM professionals and researchers to strengthen the debate about the FM added value for the client, instead of focusing on cost cutting. We suggest that inadequate contracts have to be avoided in order to make FM an effective support to the company business. These contracts can in fact become a problem for a right facilities management and, in the most critical cases, they can even jeopardize the client-contractor relationship.

In the text we assume that three principles should be adopted in case the services are outsourced: i.e. contractual flexibility, mutual information sharing and organizational coordination among the parties. The book suggests a model – named Open Facility Management – which is based exactly on these principles and can be practically adopted through operative tools: the flexible contract with service level agreement, the shared performance measurement system and the partnership table. In fact, through this innovative model, we intend to realize a real partnership aimed to give an added value to the client.

The book also illustrates the results of a successful OFM experience between a public administration and its FM services provider. OFM implementation has enabled the parties to overcome service management criticalities and has transformed this contract into a best practice acknowledged by the sector.

The book has two parts and seven chapters. The first part proposes the theory around the FM discipline and describes the new model, named Open Facility Management.

In **chapter 1** Alberto F. De Toni and Fabio Nonino define and classify the facility management. It is presented as a multidisciplinary approach for the integrated and coordinated design, planning and management of non core services. These services support the strategic core activities and are necessary for the effective and efficient functioning of an organization. In this chapter the authors analyze FM, paying particular attention to real estate activities; on the contrary, FM for the built environment (street maintenance, urban waste management, public lighting) has not been discussed. FM concerning the built environment extends the FM concept, from the management of the sole services inside a building to the architectural planning, the management and the maintenance of entire areas of urban territory.

In **chapter 2**, Alberto Ferri and Fabiana Pala analyze the current FM market in Europe and Italy. The authors emphasize the differences among the top six European countries in dimension and development (Germany, the Netherlands, the United Kingdom, Italy, France and Spain). Concerning the Italian market, the FM evolution in the public sector has been specifically analyzed. Lastly, the authors point out how the policy applied in the FM field by most of the major operators, public and private clients as well as service providing companies, may contribute not only to create value (particularly in the public sector) but also to promote the internationalization of companies (as it is happening now in the Eastern Europe market).

In **chapter 3**, Massimiliano Brugnoletti and Sandra Fogli make a thorough analysis of the juridical aspects regulating the public FM contracts. These refer to services outsourced to third companies operating in non core business sector.

The FM organizational models are explained in **chapter 4** by Fabiana Pala and Elisa Melzi. Different models are defined in relation to the management, the coordination and the integration of non core services. These are then associated by the authors to specific company needs. Therefore characteristics, strengths and weaknesses of the different models are assessed.

Alberto F. De Toni and Mattia Montagner suggest in **chapter 5** an innovative approach to manage FM services: the Open Facility Management. This approach fits particularly well with the public market, where to outsource the service delivery it is necessary to refer to the Directive 2004/18/EC of the European Parliament and the Council of 31st March 2004. OFM is a new model to manage FM contracts. It is based on the principles of contractual flexibility, mutual information sharing and organizational coordination among the parties. For each principle, appropriate operative tools, deriving from different areas, are proposed. These tools are the flexible contract with service level agreement (in the juridical area), the shared performance measurement system (in the managerial area) and the partnership table (in the organizational area).

In the second part of the book a FM case study is presented. **Chapter 6**, by Andrea Fornasier, Alessandro Ganzit, Fulvio Franza and Mauro Busana, analyzes an interesting FM Italian case: the outsourcing contract that the Health Agency of Trieste has awarded to a consortium of services providers. The authors, considering strengths and weaknesses of this contract, point out the criticalities that negatively affected the service management and delivery.

Finally, Alberto F. De Toni and Mattia Montagner describe the implementation of OFM in the case study and verify whether OFM allows to overcome the identified criticalities. In **chapter 7** the results of the model implementation are presented: OFM turned out to be an effective approach to solve the FM criticalities and it enabled the counterparts to improve and develop the provided services. This way, this contract has become a nationally acknowledged best practice.

In conclusion, Andrea Fornasier and Gianluca Zanutto present a **road map** of the major books, magazines, associations, institutions, conferences, main authors and web sites concerning FM. The information provided in this section is a helpful starting point for experts or novices of the sector that want to delve into the FM.