



FACILITIES MANAGEMENT

CBRE

First Generation Outsourcing

Embarking on
your FM journey

First generation outsourcing

35% of facilities management (FM) activity is still undertaken in-houseⁱ, and organisations are looking for a trusted advisor to help them navigate through the complexities of a post-Covid, fit for the future workplace. This means there are plenty of organisations which, having decided to test the outsourcing waters, find themselves approaching their options as ‘first generation outsourcers’.

This article provides a useful checklist of some key aspects which, in my view, should be considered by any manager seeking to deliver a successful outsource transition, especially in an environment where FM outsourcing was not previously practiced.



Consideration points



1. Agreeing a vision

The decision to outsource is usually made after analysis has demonstrated the project benefits from the change; after all, when executed responsibly, outsourcing can be one of the fastest means to unlocking an organisation's hidden value. However, demonstrating success to the satisfaction of the CFO, and potentially to outside investors, demands rich, current and accurate data about the 'before' and 'after' economics and operations.



2. Data underpins success

When it comes to the property estate, it is common for the basic data to be partial or perhaps, worse. It's not surprising that, in the same CBRE Occupier survey, 93% of respondents stated that there were challenges in resourcing internally to collect the necessary data required to effectively outsourceⁱⁱ. And yet finding such resource provides an immediate return. It means that any statements made by the CFO or others to justify the change are soundly based and rooted in evidence.



3. A solution tailored to your strategy

There has never been a one-size-fits-all answer to how an outsource arrangement should be structured. Different organisations will have a variety of expectations from the change and will apply their own unique blend of criteria – financial, commercial, service improvement, risk transfer, ESG support, workplace transformation and more.

An early decision will be whether to outsource to a different provider for each service required or adopting an integrated facilities management (IFM) approach whereby all services are consolidated under a single contract to one service partner. Each approach has its own advantages depending on your needs and desired outcomes. A solution should respect your uniqueness and seamlessly integrate into your workplace priorities and culture.



4. Building an early partnership

As FM contracts tend to be long-term, there is a premium on close collaboration throughout the tendering and solutioning phase. An investment of time, transparency and openness during this process, allows both client and prospective service partner to develop an optimal solution keeping the strategic pillars at the forefront. Once a contract 'goes live', this partnership will allow the delivery teams to anticipate, respond and flex to meet the changing needs of the client business.



5. What stays behind?

As with any external supplier, there should be clarity around accountability and results at the interface between client and supplier, it is important to consider the design and scale of the retained organisation.

The leanest retained teams are often found in conventional office space and those with building environments with heightened compliance and regulatory issues – such as manufacturing or life sciences – often opt for a mid-sized retained team of experts such as building engineers, even if this means accepting the expense of a degree of duplication.



6. Inspiring positive change

It is human nature to be nervous about change. The centrality of people engagement was reinforced in CBRE's recent occupier survey. This highlighted that, for 87% of respondents, a "clear people strategy" is imperative when implementing an outsourcing programmeⁱⁱⁱ. A robust change and communication plan to support your transformation should be developed as early as possible to ensure positivity and success in your change.

Putting it into practice: Pearson

Pearson plc is one of the most innovative, long-established firms on the FTSE100. With revenues exceeding £3 billion, the mission of its 20,000 strong workforce across 200 countries is to help people reach their potential, through a range of learning experiences and digital content supported by assessments and qualifications allowing learners to evidence their competence.

With the global learning market poised to grow by 40% over the next decade^{iv}, Pearson CEO Andy Bird has argued that “everyone should have the opportunity to learn because learning transforms lives and societies”^v. To accelerate Pearson’s transformation into a “simpler, more agile” business, Mr Bird has made a series of commitments – one of which is to only be in businesses that will drive growth, scale and value^{vi}.

One of the early changes towards this simpler, more agile model, taken under Mr Bird’s predecessor, was to outsource almost every aspect of the group’s UK facilities management needs, which were deemed non-core activities. This decision affected over 80 roles across the UK, in such specialisms as catering, security, health and safety, and mechanical and electrical maintenance. Given this was a first generation change, there was understandable nervousness amongst the staff involved, and the outsourcing process needed to be approached rigorously and transparently, in close collaboration with the chosen outsource partner – in this instance, CBRE.

Reflecting on the change, Andrew Spendlove, Pearson’s Director of Workplace & Facilities Management, UK and Europe, commented that the over-riding benefit had been “To professionalise how we run FM.” Beforehand, real estate decisions had been complicated by a lack of clarity about the full cost of occupation, and the FM provision had been slow to adapt to evolving business need.

As Spendlove remarked, “One example of the value of outsourcing FM was demonstrated when the pandemic hit; we implemented a ‘Workplace At Home’ philosophy, and the FM rose to the challenge.

There was a lot of detail to figure out – for example, we had to work together on specifying our digital workflow processes, and how this affected functions such as scanning, printing and archiving. In the end, the switch to home-working was far smoother than many expected.”

Even before Covid-19, other benefits had been in evidence. The move towards ‘hotelification’ of the Pearson offices had been accelerated through partnering with a provider with broad experience of what this involves, from many clients across multipole sectors.

Spendlove is particularly quick to address one of the factors that can cause first generation outsourcers to hesitate. When an organisation has no history of partnering with an external FM specialist, there will inevitably be rumours about how the change will affect individuals and the roles they perform. Left unchecked, this can breed fear and instability.

Spendlove himself joined Pearson after the outsourcing transfer had been completed, but he pays tribute to the managers on both sides who led the process – for being clear about the commercial objectives, for communicating openly and regularly, and for providing an attractive vision to staff of the future state. “We had many outstanding members of staff in the FM team, committed to excellence and knowledgeable about the trade. However their career opportunities within Pearson were limited, since their skills were not relevant to our core capabilities. One of the things that has delighted me is seeing how their careers can flourish when their employer is a professional FM company. The opportunities are so much greater.”

Introducing the recent annual report, CEO Andy Bird observed, “This is an exciting time for Pearson”, as it pursues its goal to become the world’s pre-eminent learning company. CBRE looks forward to making a small but vital contribution as this ambition becomes reality. As Pearson’s experts create new learning models for the students of the future. We will be using modern FM practices to support a world class culture among the workforce.

CLIENT SINCE:

2016

GEOGRAPHY:

UK and Ireland

SIZE:

Two buildings,

254,000 sq. ft

including Pearson’s London head office, 80 Strand which is a grade II listed building built in 1930–31

SERVICES PROVIDED:

Integrated
facilities
management

i Frost and Sullivan, ‘Technology and Sustainability to drive recovery in the UK facility management market’, Dec 2020

ii <https://www.cbre.com/insights/reports/emea-occupier-survey-2021>

iii <https://www.cbre.com/insights/reports/emea-occupier-survey-2021>

iv <https://plc.pearson.com/investors>

v <https://plc.pearson.com/en-GB/purpose/strategy>

vi https://plc.pearson.com/sites/pearson-corp/files/annual-reports/Pearson_AR20_Online_210426.pdf

How can we help?

For further information, please contact:



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