



IFMA's  
**World  
Workplace**®

Your Facility  
Conference & Expo



**Oct. 3 - 5, 2018**  
**Charlotte, North Carolina**  
Charlotte Convention Center

# The Hidden Secret of Sustainable FM Partnerships

## *Choosing the Right Partner*

Educational program  
sponsored by





# INTRODUCTION



Glenn Hodge  
*Eurest Services*



# CEUs & CFM® MAINTENANCE ACTIVITIES

You are eligible to receive Continuing Education Units and Certified Facility Manager® maintenance activity credit for attending sessions at IFMA's World Workplace.

To receive CEU points, you must add the US\$12 processing fee to your registration. (Full Event PLUS! registration includes the CEU processing fee.)

## **To Receive 1 CFM Maintenance Activity (6 required for recertification)**

- Record your attendance for the three-day conference on your CFM Recertification Form in CAMP. Credentials Staff can verify your attendance.
- At re-certification time, submit your completed CFM Recertification Form.

## **Managing CEUs:**

- Log into the **Attendee Service Center**: <http://worldworkplace.ifma.org/features/attendee-service-center>
- Your log-in information was sent to you when you registered for the conference.
- Click "Start CEU Process" on the left-hand side.
- Click "Start" next to the session you attended.
- Complete the session evaluation.
- Click "Start Test" next to the session.  
After passing the test, your certificate will be available for download.

\*\*If you wish to receive CEUs or LUs for other organizations, you must contact those organizations for instructions on reporting credit hours.





## LEARNING OBJECTIVES

- 1:** Understand how traditional procurement processes hinder enhanced workplace experiences.
- 2:** Learn an innovative process to select your Integrated Facility Services (IFS) partner.
- 3:** Identify key stakeholder needs, and contract type, that best fits scope and desired outcomes.
- 4:** Gain exposure to IFS procurement models that deliver continued enhanced workplace experiences.





## AGENDA

- *WHY do something different?*
- *WHAT is the path to change?*
- *WHICH contract model will work best?*
- *HOW to make it from current to future state?*
- *WHAT are expected outcomes?*

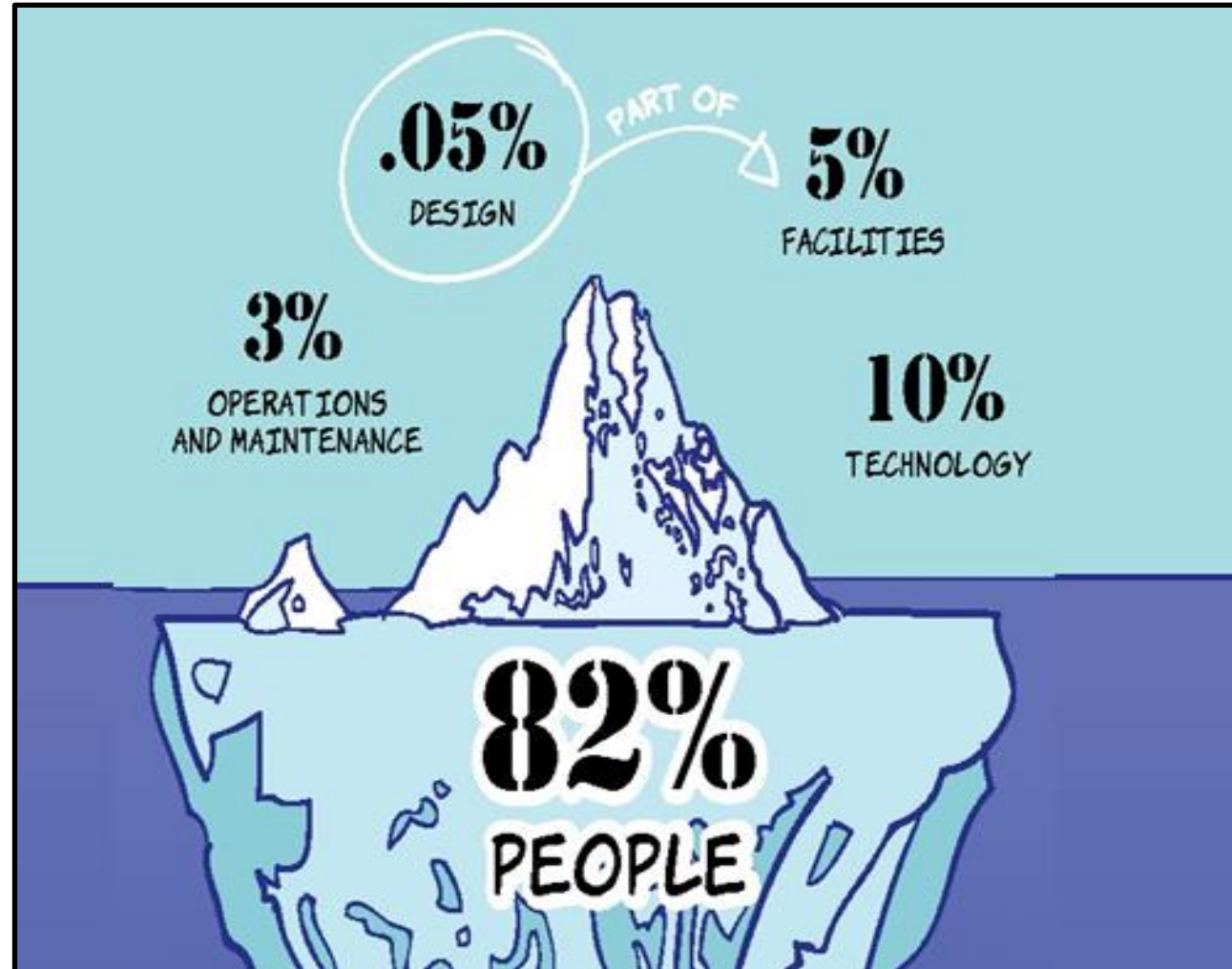




# WHY *do something different?*

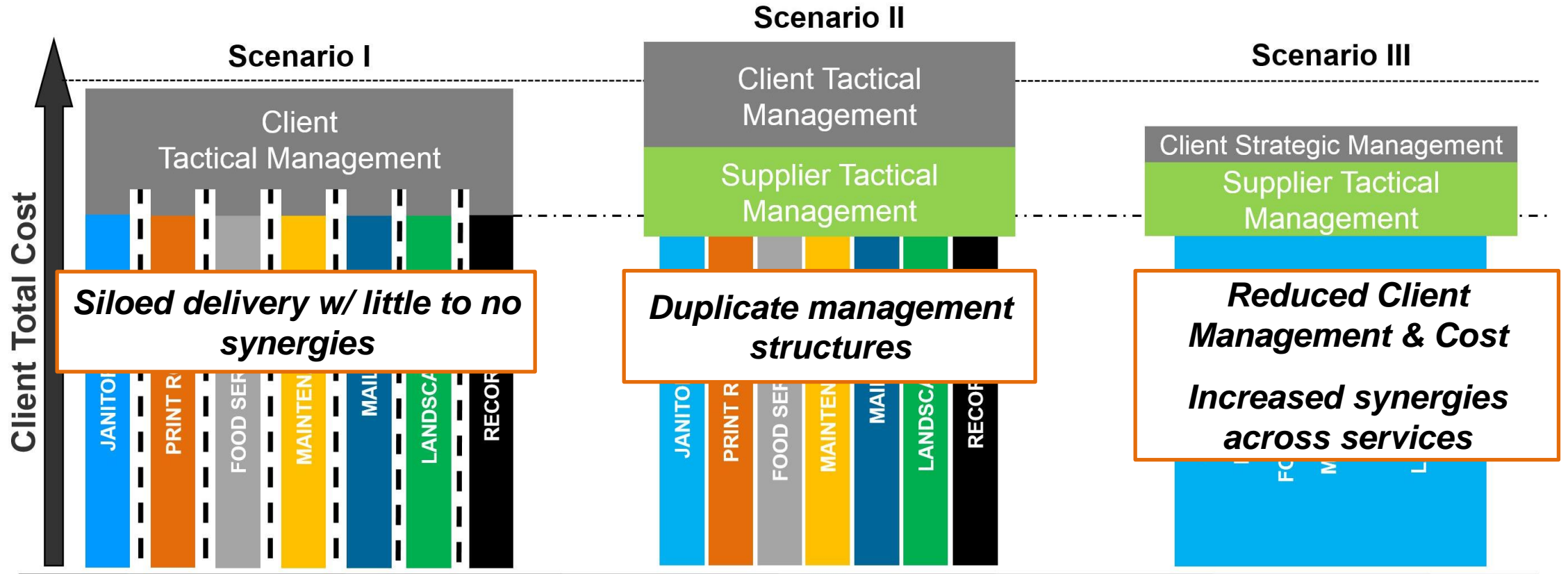


# WHERE'S YOUR FOCUS





# ORGANIZATIONAL DESIGN







# VALUE VS. COST



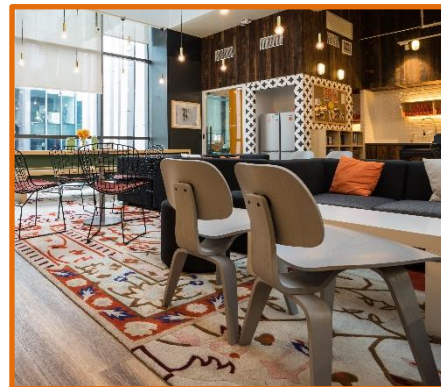
Engagement



Retention



Productivity



Recruitment



Innovation



# IT'S ALL ABOUT VALUE











# CASE STUDY: *Oil & Gas Client*

## SCOPE AND CHALLENGE



**90+ Locations**

Global IFM  
Americas, Middle East  
& Europe



**Health & Safety  
Excellence**



**Sustainable  
Cost Reductions**

## ONE TEAM SOLUTION AND RESULTS

- ✓ 98% client and customer satisfaction scores achieved.
- ✓ Delivered targeted cost savings of 12.5% in year one; additional 12.5% upon renewal
- ✓ Simplified Shell's supplier base, started at over 400.
- ✓ Self-perform approximately 70% of services.





# EXPERTISE: *THE KEY INGREDIENT*

## Traditional RFP Process

- Arms length
- Run by procurement or consultants

## Best Value

- Find and leverage expert





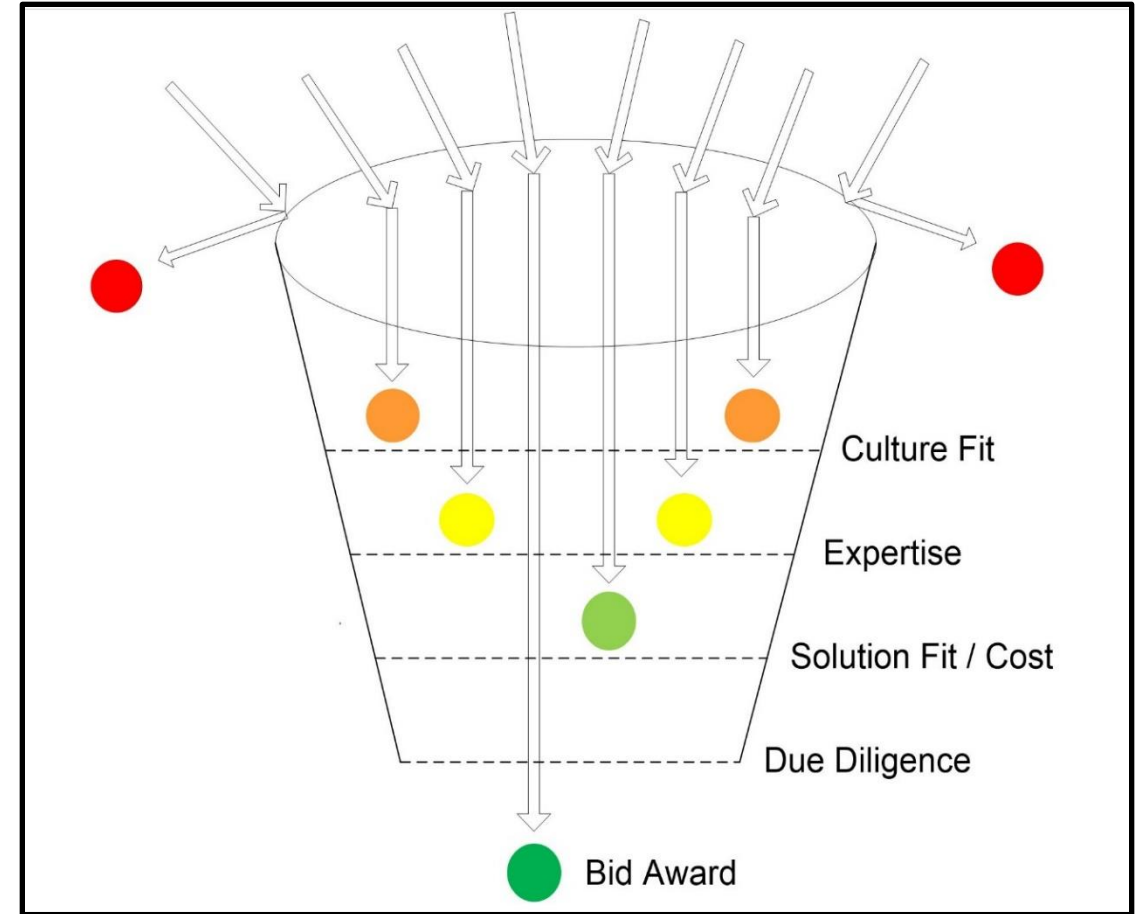


# WHAT *is the path to change?*



## SIX STEP PROCESS

- 1 Determine Best Sourcing Model
- 2 Look for Culture Fit
- 3 Find Expertise
- 4 Evaluate the Solution Fit / Cost
- 5 Perform Due Diligence
- 6 Bid Award





# ① DETERMINE SOURCING MODEL

		Relationship/Contract Model		
		Transactional <i>Market</i>	Relationship <i>Hybrid</i>	Investment <i>Vertical Integration / Hierarchy</i>
Economic Model	Outcome Based <i>Financials tied to Boundary Spanning / Business Outcomes</i>	Mismatch <i>Not a Viable Strategy</i>	Vested	Equity Partner <i>Joint Venture</i>
	Output Based <i>Performance Based / Managed Services Financials tied to Supplier Output</i>	Mismatch <i>Not a Viable Strategy</i>	Performance Based <i>Managed Services Agreement</i>	
	Transaction Based <i>Economics tied to activities drive behavior</i>	Basic Provider <i>Approved Provider</i>	Preferred Provider	Shared Services

## This is Pre-Work

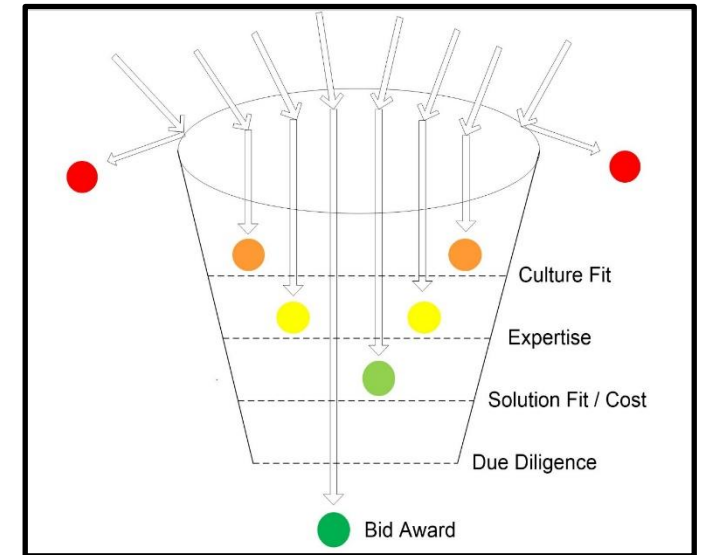
- Define spend category/categories
- Determine relationship model
- Determine economic model
- Develop a consensus internally for best Sourcing Business Model



## 2 LOOK FOR CULTURE FIT

*“What is the biggest key to successful outsourcing relationships?”*

- 88% said communication
- 87% indicated quality of relationship\*
- FM Partner will become your FM department
- Take time to get to know the potential suppliers
  - Have face to face meetings
  - Look for their leadership
  - Evaluate them through situational evaluation

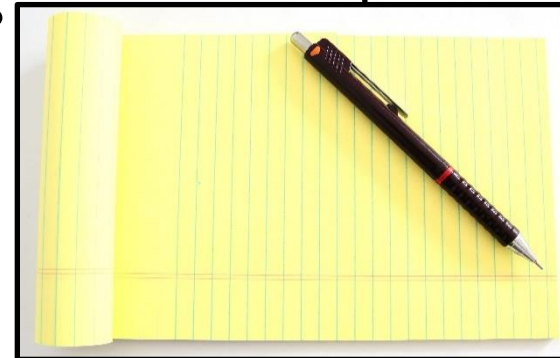
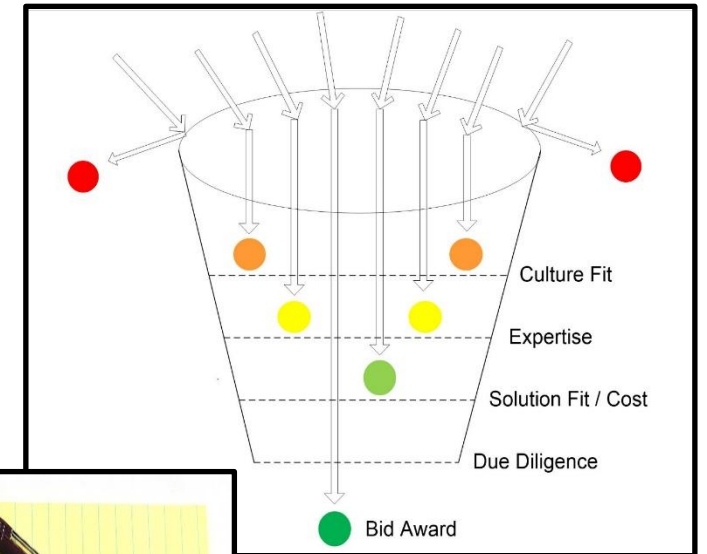


*....this can not be over emphasized!*



### 3 FIND EXPERTISE

- Employ Experts to deliver best value and cost
- Have them help to design the solution through yellow pad sessions, ask:
  - *How would you....*
  - *What pricing models do they recommend/why?*
  - *Identify risks in the project and how to mitigate.*
- Don't be overly prescriptive

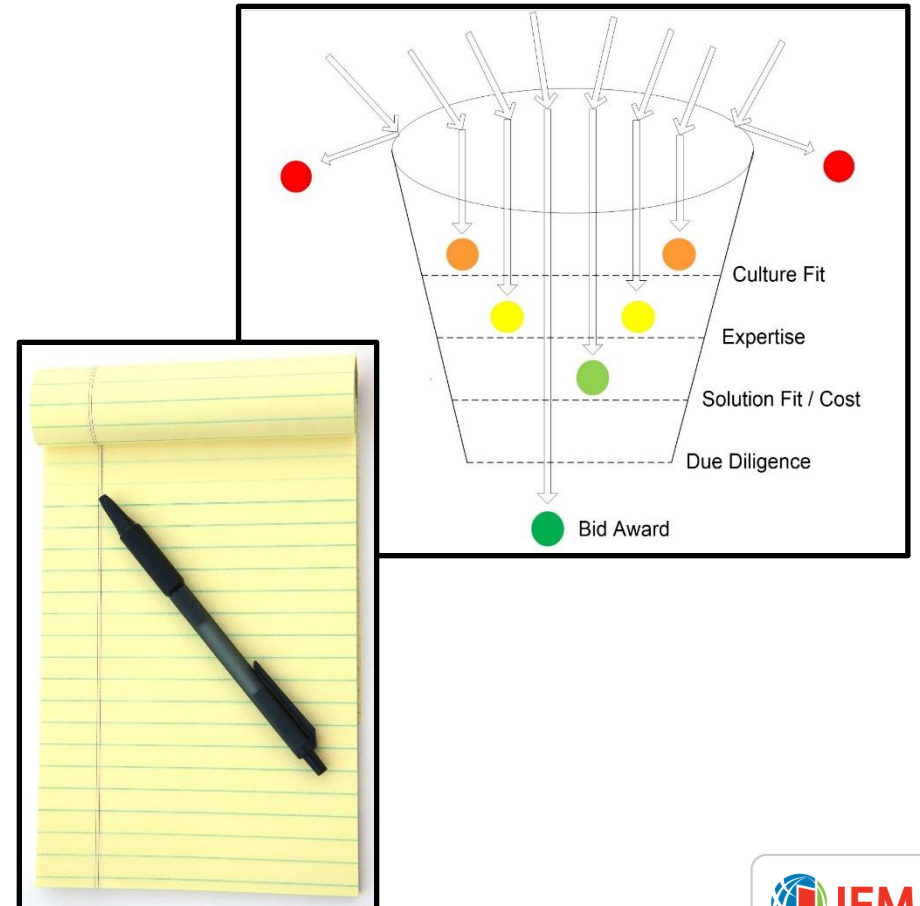






## 4 EVALUATE THE SOLUTION & COST FIT

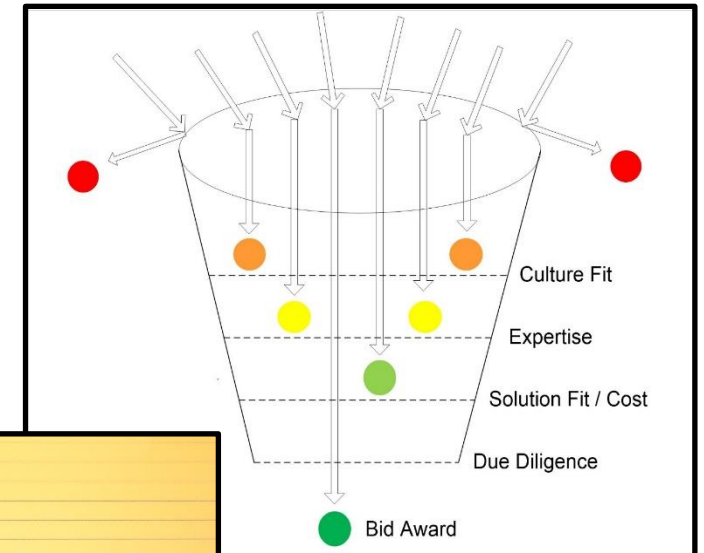
- 2-3 potential partners
- Share scoring matrix with suppliers
- Most time intensive
- Full transparency with data
- Use yellow pad sessions to identify gaps/opportunities





## 5 PERFORM DUE DILIGENCE

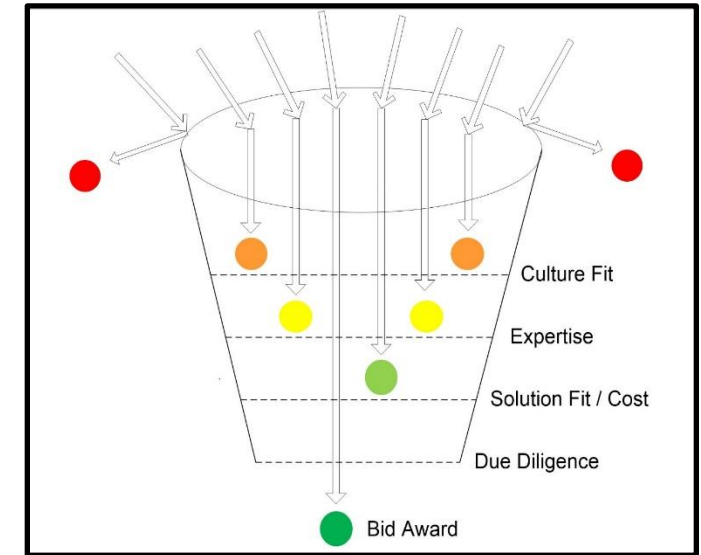
- Down to one potential partner
- Full transparency of all data
- Ask supplier to provide due diligence template
  - *You can ask for a sample early in the process*
- In parallel – start contract negotiations





## 6 BID AWARD

- Prepare for the bid award:
  - Ensure path forward is clear internally and with vendor
  - Appropriate stakeholders “on-board” prior
- Be prepared to offer a written statement of bid award
- Expedite the time between award and signature
  - Most transition work will not commence until there is a signature





# WHICH *contract model* *will work best?*



	Fixed Price	Cost Plus	Gross Maximum Price
Price trend 5 year model			
Risk	customer <input type="range"/> supplier	customer <input type="range"/> supplier	customer <input type="range"/> supplier
Required Data Quality	low <input type="range"/> high	low <input type="range"/> high	low <input type="range"/> high
Transparency	low <input type="range"/> high	low <input type="range"/> high	low <input type="range"/> high
Admin Efforts	low <input type="range"/> high	low <input type="range"/> high	low <input type="range"/> high
Saving	low <input type="range"/> high	low <input type="range"/> high	low <input type="range"/> high
Characteristics	<ul style="list-style-type: none"> <li>Price agreed for services against a predefined SLA.</li> <li>Price adjustments are made based on beforehand defined key performance indicators.</li> <li>Total price is virtually fixed over contract duration (generally only index-driven adjustments).</li> </ul>	<ul style="list-style-type: none"> <li>All costs, and cost drivers, are disclosed and billed without mark-up.</li> <li>Profit is added either as a fixed fee or a variable fee (fixed percentage based on costs).</li> <li>Total price varies over time.</li> </ul>	<ul style="list-style-type: none"> <li>All costs, and cost drivers, are disclosed and billed without mark-up.</li> <li>Variable profit tied to predefined targets, e.g. costs and/or performance.</li> <li>Agreed maximum price, shared additional costs.</li> <li>Fully open book</li> </ul>







# *HOW to make it from current to future state?*



# TRANSITION

## UNLOCKING VALUE THROUGH CHANGE MANAGEMENT

1

### BUSINESS CONTINUITY AND RISK MITIGATION

- Ensure no negative impact on customer's business
- Consumers only notice **positive** changes/**improved** workplace experience

2

### TRANSPARENT DECISION MAKING AND CONTROL

- Routine progress report
- *Fit-for-purpose* governance; clear ownership/escalation structure across both organizations

3

### COMMUNICATION IS KING - 1ST IMPRESSION LASTS

- Demonstrating success to key stakeholders from the beginning

4

### TRANSFER OF PEOPLE - ENSURE THE BEST TEAM

- Labor market legislation has to be diligently complied with
- Kick off event with your new employees. Employee engagement = elevated customer service

5

### SUPPLY CHAIN CONSOLIDATION

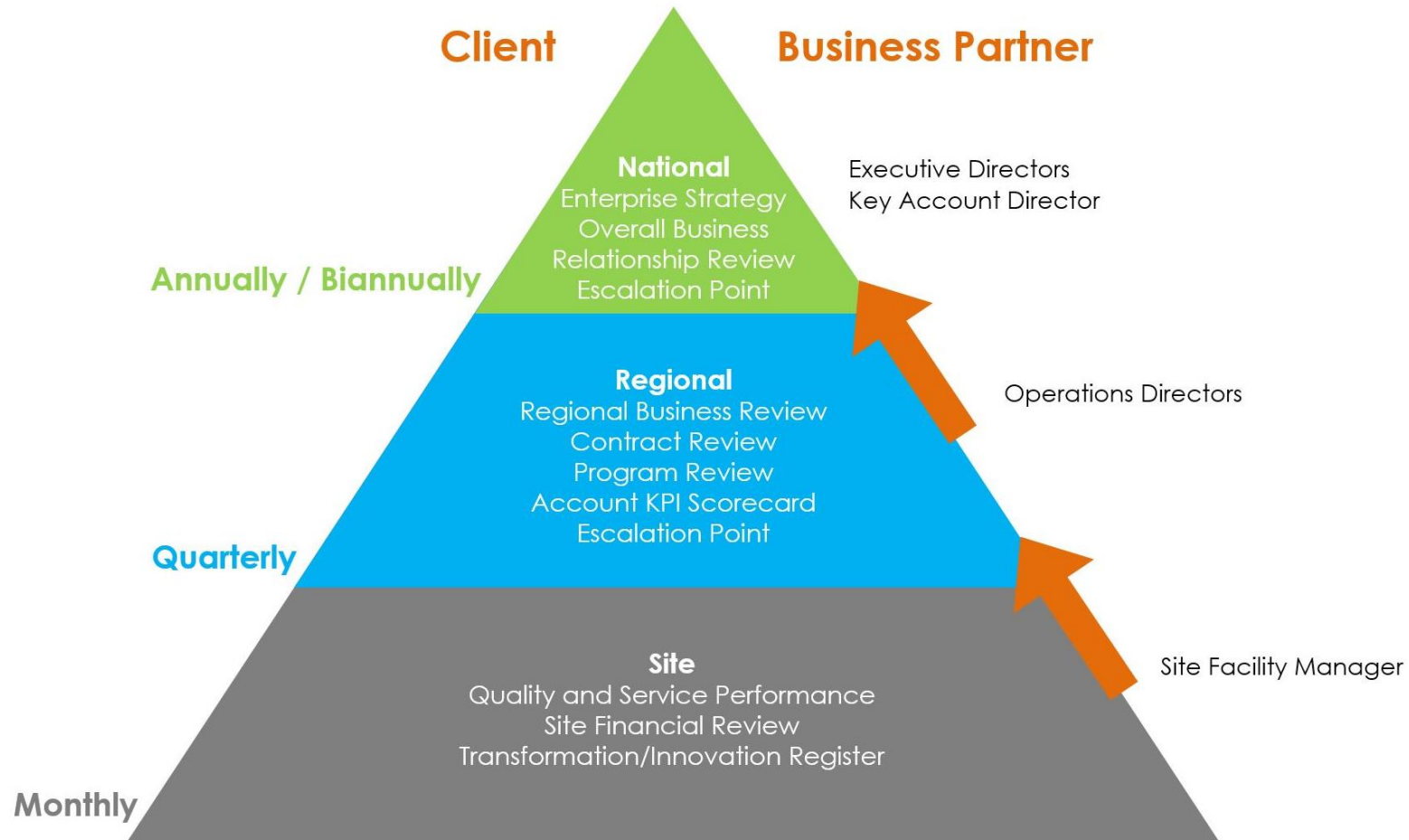
- Evaluate current supply chain, agree upon future efficiencies
- Vetting of future supply chain is essential for compliance





# GOVERNANCE STRUCTURE

*RISK MITIGATION ACROSS ALL SCENARIOS*



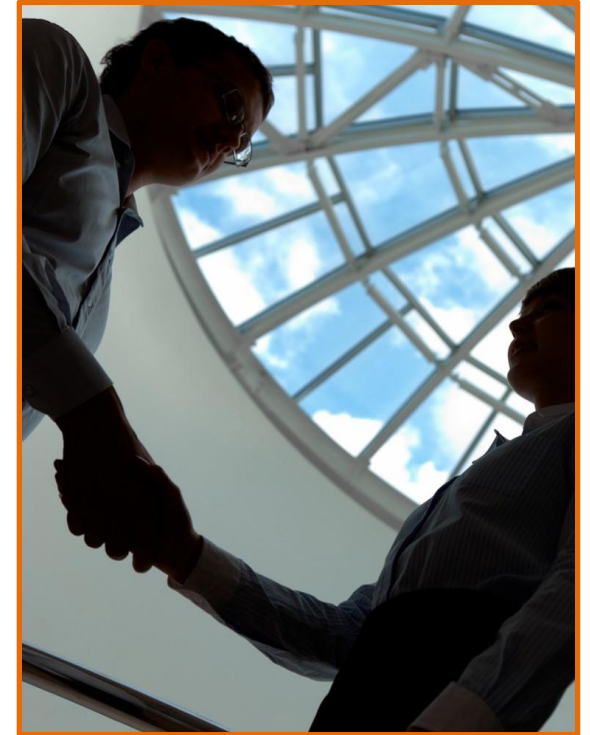


# WHAT *are expected outcomes?*



## EXPECTED OUTCOMES

- Establish partner relationship
- Collaboratively develop the desired solution
- Reduce the time and inputs needed to develop right solution
- Shorten timeline to agreement







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# Thank You

