5 Facility Management, Outsourcing and Contracting Overview

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Abstract. The discipline of facility management has basically originated from the experience of the field and most of the business models are driven from the American market. The majority of surveys agree that organizational objectives vary according to different business environments. The link between a given company and its facility management department has been studied in details with a widespread agreement on the importance of tailoring to the specific context the facility management organizational model and the approach to the relationships with suppliers. In Europe two Technical Committees of the Comité Européen de Normalisation (CEN) are currently adding to the body of knowledge terminologies, guidance to prepare agreements, control systems for maintenance management and directions of development. On the basis of findings coming from both the literature and the standardization state of the art, the framework reported here has been focused on the multi-service result-oriented approach. The standpoint if the framework is in the early recognition that the main problem in the field implementations of result-oriented approaches lies in determining whether the expected results have been achieved or not; then, given that two key tools are available, i.e. the service level agreement and the reporting system, the framework suggests a new organizational and managerial structure, even simpler than the traditional (i.e. not integrated) one and whose kernel is based on the Define, Measure, Analyze, Improve and Control (DMAIC) approach early introduced by six-sigma.

The International Facility Management Association (IFMA) defines facility managements as a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology (IFMA, 2008). The discipline of facility management was introduced in 1975 (Maas and Pleunis, 2001) and grew in the United States throughout the 1980s and around the world in the 1990s. In Europe, facility managements was first established in the United Kingdom and the Netherlands (Hassanien and Losekoot, 2002) building upon the lessons learned in the United States. Other European countries (including Italy) did not show a proactive awareness of the opportunity offered by the facility management movement nor did they develop an organizational model tightly linked to their specific market needs. More recently, European standards for facility management have been developed by the Comité Européen de Normalisation (CEN), which are adopted by each national standard body. From a research perspective, the field of facility management is relatively new. Some theoretical taxonomies on facility management services have been developed (Barret, 1995; Nutt, 2002; Chotipanich, 2004). Other researchers have fo-
cused on the relationship between an organization and its facility management provider, which may be an internal department or an external supplier (Friday, 2003, James and Mona, 2004; Lee, 2002; Rondeau et al., 1995; Magee, 1998; Kenneth et al., 1999; Piper, 2002; Atkin and Brooks, 2000).

In the followings, after an overview of the facility management, outsourcing and contracting framework, we build upon this growing body of academic knowledge by presenting several papers focusing on facility management, outsourcing, and contracting.

5.1 Facility Management, Outsourcing and Contracting Framework

Innovation of technologies recently increased the complexity of organizations in the real estate branch of industry (Barret 1995, 2000), mainly due to that (on average) more than 50% of the buildings’ value is tied to systems in their broader meaning, i.e. lighting, heating, hoisting, plumbing, electric installations, etc. whose effectiveness on the one hand improves the users’ life quality, while – on the other one – it significantly increases management and maintenance requirements (Teicholz 2001). This raised a relevant attention towards the discipline of facility management, according to the International Facility Management Association (IFMA), which defines facility management as the practice of coordinating the physical workplace with the people and work of the organization, integrating the principles of business administration, architecture and the behavioral and engineering sciences. Findings coming from both the literature and the standardization state of the art show that facility management is a rather new discipline for which there is a twofold need: on the one hand for a comprehensive framework, especially in conjunction with the outsourcing practice; on the other hand, for structured approaches and organizational models, especially in conjunction with multi-service result-oriented contracts (Cigolini et al., 2008).

In the recent years, service outsourcing has interested an increasingly greater number of business divisions, ranging from subcontracting some phases of the production process, to outsource logistics and transports. The reasons behind this trend are costs, know-how and service-level (Maurice and Greaver 1999, Auguste et al., 2002, Ritter and Sternfels 2004, Arrunada and Vasquez 2006). The outsourcing practice theoretically allows great savings, since subcontracted services are part of the supplier’s core business: the supplier should have developed a specific know-how, by comparison to the customer company for which the outsourced service represents a no-core activity. Furthermore, scale economies and investments in technologies – to optimize resources and processes – are preferably available for the supplier due to its services volume higher than the requirements of a single company. Finally, relying on external resources allows both to have on hand skilled and qualified personnel, and to simplify the organization, by improv-