BUSINESS PLAN

CEN/TC 348
Facility Management

EXECUTIVE SUMMARY

Business Environment
Facility Management is developing in European countries. The scope of Facility Management is still different in the various European countries, but in general expanding and is moving towards a general view on business services. Trends in various countries towards broadening the range of services are forecasted to continue. Facility Management is the profession that integrates processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities. Estimation on the market volume may vary but the estimation is a total market value of EUR 3.093 billion.

Outsourcing non-core and lately as core business is a very common business approach. In most situations it started from the cost effectiveness approach, but now it also emphasizes on the added value to the primary activities. It has become a vital part in organizations. More and more focus in given to ‘value for money’ (combination of cost and quality of the facility services) and comparing this with each other (benchmarking).

The work of CEN/TC 348 “Facility Management” is in line with the strategy of the European Council (EC) to pursue an open and transparent market in the area of services between market parties is. With an open and transparent market competitiveness and efficiency can be improved. Standards are a useful tool to support this.

Benefits
The benefits of standardization in the area of Facility Management should be:
- Improve competitiveness in global market
- Improve effectiveness of primary and Facility Management processes
- Improve transparency in procurement and contracting
- Quality improvement of output
- Supports certification
- Means of communication between stakeholders
- Development of new tools and systems

Priorities
To make European standards available related to benchmarking, 4 new standards to be developed were identified, all supporting the need to be able to compare and improve performance in the area of Facility Management. These new standards to be developed are:
1. Facility Management – Quality, service levels and key performance indicators
2. Facility Management – Taxonomy
3. Facility Management – Processes
4. Facility Management – Space measurement

The set of standards is planned to be published mid 2010, it will be a great step towards benchmarking. For benchmarking knowledge of costs, quality, indicators including measurements methods are essential.
1 BUSINESS ENVIRONMENT OF THE CEN/TC

1.1 Description of the Business Environment
Facility Management is developing in various European countries. Driven by certain historical and cultural circumstances, organisations and business areas have built different understandings and approaches. In general, all organisations, whether public or private, use buildings, assets and services (facility services) to support their primary activities. By coordinating these assets and services, using management skills and handling many changes in the organisation's environment, Facility Management influences its ability to act proactively and meet all its requirements. This is also done to optimize the costs and performance of assets and services.

Facility Management is defined in EN 15221-1 Facility Management – Terms and definitions as:
"integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities"

The following political, economic, technical, regulatory, legal, societal and/or international dynamics describe the business environment of the industry sector, products, materials, disciplines or practices related to the scope of this CEN/TC, and they may significantly influence how the relevant standards development processes are conducted and the content of the resulting standards.

General tendencies
Facility Management has changed considerably in the past years. From a discipline that was primarily building oriented it is becoming more and more a business service oriented discipline. European-wide the development has different accents, approaches and timescales but a few general tendencies can be addressed. The following tendencies are seen.

• The scope of Facility Management is different in the various European countries, but in general expanding and is moving towards a general view on business services. The added value of Facility Management is the integration of these business services. Trends in various countries towards broadening the range of services are forecasted to continue.

• It seems building Operations and Maintenance is still the biggest sector, but business services and ICT fastly growing in an emerging e-economy.

• In the process design-build-(operate)-maintain organizations extend their activities to the chain. Organizations build and maintain building for a period of time. Also the management and provision of several services may be included. Public policy is a driving force in this development process.

• Outsourcing non-core and lately as core business is a very common business approach. In most situations it started from the cost effectiveness approach, but now it also emphasizes on the added value to the primary activities. It has become a vital part in organizations.

• As the FM-market professionalises, it is foreseen that the length of contracts will increase.

• Service providers become more and more multi-service providers, including more services and the management of these services. Hard and soft services are being integrated.

• Generally, the FM-market remains diverse, highly fragmented and very competitive, with consolidation into very large, global operating companies but in also the introduction of smaller organisations.

• As facilities become an increasing part in costs, more attention is given from a financial point of view. Focus on benchmarking increases. Also the measured approach to service delivery is needed to ensure a consistent quality of service is maintained. Benchmarking is one of the major issues now and in the coming years.
The level of professionality varies throughout Europe, but the development of a more professional Facility Management within the different European countries goes fast. Standardization in the area of Facility Management supports the maturity of profession. Both within the Facility Management-sector, but also outside the Facility Management-profession.

**Influencing factors**

**Political factors**
The European Council (EC) has declared that an open and transparent market on the area of services between market parties is desired. With an open and transparent market competitiveness and efficiency can be improved.

**Economical factors**
For every organisation ‘value for money’ is an important issue. When markets are made more transparent, the possibilities to start comparing cost and quality improves. In the market more and more interest is given to benchmarking.

Benchmarking is in??? defined as the process of measuring performance (including price) of facility services and comparing the results internally or externally. So with benchmarking an organization is able to compare their own performance with other organisations or with the benchmark (average performer or best performer) with the objective to improve the effectiveness of the facility services within the own organisation, which could a.o. lead to considerable savings. In order to do good and reliable benchmarking several tools are needed.

**Example benchmarking**
On the strategic level organisations want to have insight and see trends in for instance Facility Management costs per working place or per m². Organisation can compare themselves to this benchmark and see how they perform. In order to be able to gather data but also to take measures a classification system needs to be set up, defining and classifying the various facility services. Also in this example rules should be made on how to measure costs (costs on personnel, costs of goods and services purchased, depreciation costs, financing costs) and what is being understood with a working place. All is necessary to do a reliable benchmark.

**Social factors**
Facility Management is directly related to the workplace. Workplace and workplace innovation is in important issue within organisation, as organisations seek to improve productivity but also recognize the workplace as one of the aspects influencing the satisfaction of employees. For instance the concept of working at home may be further developed. There is a need to make the influence of culture, branches and different types of working groups on the productivity and sustainability of office work more transparent.

**Regulatory and legal factors**
Within Europe safety and health at work are important factors. Facility Management helps to develop and manage long-term awareness on this area. Standardization in Facility Management needs to be connected to relevant rules and laws concerning legal factors.

In the public procurement directives from the EC rules for established for the procurement process for the award of public works with the intention to enhance an open and transparent competition focusing on effectiveness and value for money.

**Stakeholders**
The target group for the standards to be made is public and private stakeholders. More specific this includes the board of organizations, facility managers, building managers, financial managers,
service providers, consultants, researchers, software developers and last but not least end users, as they receive the services.

Also European, national and local government bodies and relevant representative associations are interested organizations.

**Branches**

Facility Management is not limited to branches. Services are to be provided for every type of organization in every branch. CEN/TC 348 does not limit this.

**1.2 Quantitative Indicators of the Business Environment**

The following list of quantitative indicators describes the business environment in order to provide adequate information to support actions of the CEN /TC.

Within the existing classification system throughout Europe (Eurostat), Facility Management is not (yet) a separate class. Therefore it is very difficult to gather market statistics. On a level per country relevant information can be found, which give at least an indication of the size of the market. Also the fact that the scope of Facility Management varies throughout countries.

**European standards**

As the profession is still relatively young and the scope of Facility Management differs in various European countries. In EN 15221-1 Facility Management – Terms and definitions, the following sentence is part of the introduction: "The market of Facility Management (internal and external) in Europe with an estimated volume of several hundred billion Euros"

*Source: EN 15221-1 Facility Management – Terms and definitions*

**IPD and NFC Index**

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<tr>
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<th>2005</th>
<th>2004</th>
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<tr>
<td>Real Estate services incl. EU total</td>
<td>EUR 4.884</td>
<td>EUR 4.621</td>
<td>EUR 4.368</td>
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<td>Facility Services EU total 531 billion *</td>
<td>EUR 1.947</td>
<td>EUR 2.024</td>
<td>EUR 2.578</td>
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<td>External facilities EUR total 31 billion</td>
<td>EUR 112</td>
<td>EUR 415</td>
<td>EUR 578</td>
<td>1%</td>
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<td>Management/organization EU total 125 billion *</td>
<td>EUR 429</td>
<td>EUR 438</td>
<td>EUR 625</td>
<td>4%</td>
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<tr>
<td>Total per workplace per year (20m2) EU total EUR 3.093 billion *</td>
<td>EUR 11.657</td>
<td>EUR 11.740</td>
<td>EUR 12.349</td>
<td>100%</td>
</tr>
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* Estimations based on IPD and NFC Index figures, 2005

*Source: NFC Index, www.nfcindex.nl*

*Source: IPD Total Occupancy Cost Code, www.opd.co.uk*

*Source: Villa FM, www.villafm.eu*

In the UK estimates vary, but market research suggest that the sector is worth GBP 96bn per year.

*Source: Britisch Institute for Facilities Management (BIFM), www.bifm.org.uk*

**Centre of Facilities Management (CFM)**
CFM has conducted desk research to collate, update and supplement recent market research reports from various sources and CFM’s database of market intelligence. Main electronic sources used include i-FM, Mintel and Keynote. CFM work in specific sectors, particularly in healthcare FM, has been included in this study.

For the purposes of this market research, CFM defines Facilities Management as ‘the processes by which an organisation plans, delivers and sustains excellent support services in a quality environment to meet changing strategic business objectives at best cost’. Based on this limited study, CFM estimates that the UK market for FM has grown by £44.05bn over the past three years to £174.44bn in 2005. All sources indicate a consistent and continuing growth in excess of GDP and forecast further market expansion in the near term.

The UK FM market is forecast to continue to thrive. Mintel estimated that the market value is set to grow by 32% over the next five years. The trend towards outsourcing will be sustained and this larger sector will continue to increase its share of the overall market up to 2007. As such, this sector of the market is predicted to grow at a rate of 30% over the period under review, more than double that of the in-house sector.

Source, Centre for Facilities Management, University of Salford

DTZ Research on Global Office Occupancy Costs
A report by DTZ Research on Global Office Occupancy Costs gives a guide on accommodation costs in major prime office locations. Occupancy costs are defined as the average total cost of leasing approximately 10,000 sf (929 sm) if net useable office space in a modern, well-specified office building within a prime Central Business District location. They include rent and outgoing, such as maintenance costs and property costs if these are normally payable by the occupier but exclude rent-free periods, fitting-out costs and other leasing incentives. Occupancy Costs per Workstation Occupancy costs per workstation reflect differing space utilisation standards which are defined as the net usable area divided by the number of planned workstations for which the space is intended.

- For Western Europe the total office occupancy costs in 2004 in USD per workstation per annum is 8.494.
- For Central % Eastern Europe the total office occupancy costs in 2004 in USD per workstation per annum is 4.612.


FM-Markt Deutschland (GEFMA)
The total of Facility Management turnover in 1999 was estimated on 100 billion DM (EUR 50 billion) with the market for integrated Facility Management estimated on 5 billion DM (EUR 2.5 million).

Source: Der Facility Manager April 2000, GEFMA, www.gefma.de

Benchmarking Quality and Costs, CFM the Netherlands
The influence of the quality of services on facility costs is high. In collaboration with CFM, 30 profit and public organizations the FM advisory group of Capgemini Netherlands investigated this subject. They developed a scientific tool to support this investigation. Their latest report shows that combining costs and quality can reduce facility costs up to 30 %.

Source: Benchmarkreport Quality and Costs Facility Activities 2006. Capgemini and CFM.

2 BENEFITS EXPECTED FROM THE WORK OF THE CEN/TC
Scope
Facility Management covers and integrates a very broad scope of processes, services, activities and facilities. The distinction between the primary activities and support services is decided by each organisation individually. Annex B illustrates the relation between facility services and other
support services. The field of Facility Management can be grouped around client demands, which can be summarised under two main headings:
– Space and Infrastructure;
– People and Organisation.

The intended focus on demand is to underline the client orientation of Facility Management. For each type of client demand, Annex B provides examples of services that respond to these demands to illustrate the scope of Facility Management. Due to the complexity and the changing markets, client demands are subject to change.

The basic concept of Facility Management is to provide integrated management on a strategic and tactical level to coordinate the provision of the agreed support services (facility services). This requires specific competencies and distinguishes Facility Management from the isolated provision of one or more services.

The scope of the CEN/TC is the preparation of European standards for Facility Management (FM) covering operational, tactical and strategic levels to support primary processes.

Benefits
Facility Management is defined in EN 15221-1 Facility Management – Terms and definitions as: "Integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities".

The main benefits of Facility Management approaches in organisations are:
– Clear and transparent communication between the demand side and the supply side by dedicating persons as single points of contact for all services, which are defined in a Facility Management agreement.
– Most effective use of synergies amongst different services, which will help to improve performance and reduce costs of an organisation.
– Simple and manageable concept of internal and external responsibilities for services, based on strategic decisions, which leads to systematic insourcing or outsourcing procedures.
– Reduction of conflicts between internal and external service providers.
– Integration and coordination of all required support services.
– Transparent knowledge and information on service levels and costs, which can be clearly communicated to the end users.
– Improvement of an organisation sustainability by implementing a life cycle analysis for the facilities.

The benefits of standardization in the area of Facility Management should be:
– Improve competitiveness in global market
– Improve effectiveness of primary and Facility Management processes
– Improve transparency in procurement and contracting
– Quality improvement of output
– Supports certification
– Means of communication between stakeholders
– Development of new tools and systems

This is exactly in line with the policy of the EC to declare that an open and transparent competition on the area of services between market parties is desired.

The development of standards on Facility Management would help smaller and larger organisations offering facility services in this market to cooperate and exchange knowledge and business on international bases. By creating a European platform this will break down barriers between markets for Facility Management service providers as well as their customers.

As these are voluntary standards, the intention is that the market accepts these standards as beneficial to enterprise and implements them. Only if standards are accepted as useful to business and implemented, will the goals will be reached. If not, the standards will be useless.

3 PARTICIPATION IN THE CEN/TC

All the CEN national members are entitled to nominate delegates to CEN Technical Committees and experts to Working Groups, ensuring a balance of all interested parties. Participation as observers of recognized European or international organizations is also possible under certain conditions. To participate in the activities of this CEN/TC, please contact the national standards organization in your country.

4 OBJECTIVES OF THE CEN/TC AND STRATEGIES FOR THEIR ACHIEVEMENT

4.1 Defined objectives of the CEN/TC

The objective of CEN/TC 348 "Facility Management" is to reach the benefits of standardization as described in section 2.

With the publication of EN 15221-1 Facility Management – Terms and definitions and EN 15221-2 Facility Management – Guidance on how to prepare a Facility Management agreement a base it for further standardization is established.

During the development process CEN/TC 348 drafted a shortlist of possible new standards. After a consultation of all members, it was decided to give the main focus on benchmarking. From the shortlist, 4 new standards to be developed were identified, all supporting the need to be able to compare and improve performance in the area of Facility Management. These new standards to be developed are:

1. Facility Management – Quality, service levels and key performance indicators
2. Facility Management – Taxonomy
3. Facility Management – Processes
4. Facility Management – Space measurement

The set of standards is planned to be published mid 2010, it will be a great step towards benchmarking. For benchmarking knowledge of costs, quality, indicators including measurements methods are essential.

4.2 Identified strategies to achieve the CEN/TCs defined objectives.

– CEN/TC 348 proves to be a good platform for developing the standards. Within a relatively short period of time, good results have been booked. The main importance is the quality, professionalism and commitment of the people involved within CEN/TC 348. This could also be seen as one of the weaknesses as the system strongly depends on (voluntary) work of
participants. From a project point of view, the strategy of CEN/TC 348 is to limit the number of standards to be developed simultaneously. Coordination between standards is very important. Capacity of the participants is limited and quality is of the biggest importance.

- Standardization will only be successful if participants see this benefits and participate actively ("broadly based"). This means that all interested parties should participate in the development of the standards. Partially this is handled by the CEN system with mirror committees in various countries. But the communication around CEN/TC 348 and standardization needs to be improved and facilitated, in order to create more awareness for the interested organizations.

- A liaison with EuroFM is established. It is important because EuroFM is the leading FM-network in Europe with a wide exposure and a lot of knowledge.

- At the end standardization is not successful as standards are being developed, but only if these standards are also used. Standardization of Facility Management is accepted by national branches and EuroFM. This could enhance the implementation. A successful implementation depends on the availability of products and tools that eases the implementation of a standard. An important restriction is that the effort for implementing standards is reasonable. Another critical issue for successful implementation of standards is that they are broadly based as the results will be a balance of the different interests between the demand side and the supply side.

- The work within the CE/TC 348 is done in an open, respectful and professional manner. More and more countries become aware that standards have a lot of added value to the profession. This doesn’t mean that there are (fundamental) different ideas, opinions, approaches etc., but as standardization is a process of consensus, at the end coming to a conclusion and publishing standards is of highest importance.

5 FACTORS AFFECTING COMPLETION AND IMPLEMENTATION OF THE CEN/TC WORK PROGRAMME

- The WGS strongly depend on experts resources are not sufficient to perform the work in the WGs

- The project strongly depends on the cooperation of parties concerned. Projects will have the best chance of success if they are led as collaborative European initiatives. The CEN/TC and WGs are best led by persons who commands the respect of the other members without introducing any competitive element which will destroy the harmony needed to reach agreement.

- The establishment of mirror committees in the CEN-member states is essential. Only if this is done well, really a European representation is realized and it is qualified to speak of a European standard.