



Global  
Digest

# FACILITIES MANAGEMENT

# INTRODUCTION

CASME held Facilities Management RoundTable meetings in Asia, Australasia, the EMEA region, Latin America and North America. The following main topics were discussed:

- FM requirements and strategies
- Integrated facilities management (IFM)
- Contracts and performance management
- Trends and technology.

This Digest provides the key points, good practices and insights into future trends identified by CASME members at the RoundTable meetings held around the world.

## SUMMARY

### FM Requirements and Strategies

- The approaches that are being applied to achieve alignment between Procurement, the key facilities management (FM) stakeholders, and companies' ongoing real estate strategies include:
  - Conducting structured stakeholder mapping to identify the real estate directors and project managers, the key FM stakeholders and budget holders within the business at the global, regional, local and site levels, and within business functions such as Finance, HR, Operations, and the environment, health and safety (EHS) team
  - Engaging with the key stakeholders to discuss the current FM and real estate strategies and identify changes to FM requirements resulting from the post-pandemic hybrid working model
  - Meeting regularly with the real estate and FM teams and senior executives to gain an understanding of the company's real estate and FM strategies and objectives, and collaborating with them to identify and achieve mutual objectives
  - Developing ongoing FM strategies and the business cases for change in collaboration with the key stakeholders based on these objectives, and obtaining approval and support from senior management for the proposed FM programme
  - Facilitating meetings between the key stakeholders, category managers and business unit managers to discuss and align the objectives of the FM strategy before developing the procurement strategy
  - Visiting facilities to establish effective working relationships with the local on-site stakeholders, to understand their requirements and challenges and gain their support for the global strategy.
- The hybrid on-site and working-from-home model has significantly reduced the number of employees working on-site at the same time, particularly within office buildings. The approaches that are being applied to adapt FM and real estate strategies to the decreased occupancy rates include:
  - Reducing the size of real estate portfolios by cancelling leases and/or selling underutilised buildings, and consolidating workspaces at the remaining sites
  - Establishing hot-desk areas and collaborative workspaces to optimise space and reduce the size of offices
  - Regularly reviewing the number of personnel working on-site within facilities, adjusting the amount and/or frequency of FM services, and renegotiating FM contracts and fees according to occupancy rates
  - Ensuring that contracts with FM providers allow the flexibility to scale services up or down based on occupancy rates, and terminating contracts for services that are no longer required.
- Procurement is addressing the impact of inflation and the shortage and high cost of labour on FM services by:
  - Discussing service requirements and the human resources required to fulfil demand with incumbent FM providers, to enable them to efficiently recruit the appropriate employees and transfer existing employees to different roles and/or sites
  - Obtaining additional information and references from potential FM providers to validate whether they have the capabilities and human resources to fulfil the company's requirements
  - Requiring FM providers to absorb increased inflation and labour rates
  - Establishing a pool of temporary labour to offset the limited supply in the market
  - Allowing FM providers to recruit temporary labour through the organisation's contracted agencies

- Implementing platforms for monitoring FM providers' service levels and their employees' work schedules, and maintaining time sheets to monitor the amount of time required to perform FM services and the related labour rates and costs
- Introducing automated technological solutions to reduce labour requirements and costs
- Offering higher rates to support FM employees and reduce turnover, and ensuring that the rates paid to new and existing low-level and mid-level personnel are fair and equitable.
- Procurement's strategies for achieving and maintaining customer of choice status to ensure that the company's requirements are prioritised by FM service providers include:
  - Implementing effective supplier relationship management (SRM) with FM providers and conducting face-to-face meetings with them to encourage collaboration
  - Consolidating the supply base and establishing mutually-beneficial strategic relationships with the most suitable FM providers
  - Continuously communicating and collaborating with FM providers regarding the company's fluctuating requirements, the impact of changes on their service levels and efficiency, the challenges that are being experienced by the company and the FM providers, and solutions for overcoming these
  - Partnering with and being a customer of choice for local FM companies for which the company's spend represents a large proportion of their revenue
  - Including a sufficient number of activities within the scope of FM contracts to ensure that the providers achieve rewarding profit margins
  - Discussing with FM providers the potential development of their businesses within the expanding FM programme
  - Awarding long-term, large-scale contracts to FM companies and partnering with them at the global level
  - Arranging strategic meetings between the senior executives of the organisation and the FM companies
  - Establishing robust governance and control policies and procedures that are valued by FM providers
  - Offering beneficial payment terms and ensuring on-time payment.

## Integrated Facilities Management (IFM)

- Procurement determines whether an IFM strategy is appropriate for fulfilling the company's requirements by:
  - Identifying the benefits of contracting an IFM provider instead of various FM services providers, such as improving processes and increasing efficiency, standardising and enhancing service levels, achieving cost savings, and increasing compliance
  - Conducting a request for information (RFI) to gain insights regarding IFM providers' capabilities
  - Establishing the types of soft and hard services potential IFM providers are most competent at delivering, and the types of sites in which they operate optimally
  - Assessing whether IFM providers have the capabilities to fulfil the requirements within specific countries and sites, as well as country- and industry-specific legal and regulatory compliance requirements
  - Identifying the extent to which IFM providers self-perform and subcontract services, and assessing the impact of their delivery models on service levels and total costs
  - Recognising that the capabilities and competitiveness of individual IFM companies vary between different regions and services, and that it may be necessary to contract a combination of several IFM providers to obtain the required service levels on a global basis
  - Analysing the benefits and risks of contracting more than one IFM provider to obtain the required service levels and geographic coverage
  - Considering the potential opportunity for increasing efficiency and cost savings by contracting IFM providers that deliver services to other companies with sites in the same locations as the organisation
  - Determining the level of support for the IFM programme from the business and senior management
  - Evaluating the levels of expertise and competency of the stakeholders who manage FM contracts and the value of delegating contract management to an IFM provider
  - Assessing the impact of implementing an IFM programme on the internal employees who are currently performing facilities services.

- Important considerations and activities when preparing to switch to a fully outsourced IFM programme include:
  - Analysing the cost of switching to an IFM programme, as well as the timescale and critical stages of the implementation, and the change management required
  - Ensuring that the in-house FM team has sufficient expertise to develop the technical specifications and standardise the service requirements for outsourcing
  - Obtaining support from the stakeholders and senior management to ensure the success of the programme, and overcoming resistance from stakeholders who are reluctant to change or to outsource technical services
  - Identifying incumbent FM service providers that are critical to the company's operations and may be transferred to the IFM provider's supply base to increase support from resistant stakeholders
  - Determining the number of employees currently delivering FM services who could be transitioned to work for the IFM provider
  - Establishing long-term contracts and partnerships with the IFM providers, and allowing sufficient time for them to gain a detailed understanding of the company's business and requirements, recruit and train the appropriate personnel, optimise their strategy, and deliver high-quality services to the organisation
  - Requiring transparency from IFM providers regarding their pricing and cost models, and benchmarking their cost and service models on a like-for-like basis, such as the cost per square metre for cleaning
  - Identifying the proportion of services to be subcontracted or self-delivered by the IFM providers, and defining approved subcontractors that IFM providers are allowed to use to ensure service quality and manage risk; or allowing them to select the subcontractors they use, with the relevant contractual conditions applied, to enable them to achieve their profit margins
  - Ensuring that the IFM provider's personnel have the appropriate personal attributes and relationship management skills to collaborate with the stakeholders, senior management and employees
  - Aligning the IFM programme and provider with the company's culture, and obtaining a balance between achieving cost savings and service quality
  - Ensuring IFM providers comply with the company's code of conduct, environmental, social and governance (ESG) and corporate social responsibility (CSR) policies, and regional and local laws and regulations
  - Establishing the governance protocols required to ensure that the IFM provider complies with the company's sourcing and invoicing policies and processes
  - Defining the roles and responsibilities of the IFM providers and the key stakeholders
  - Recognising the need to retain internal expertise to manage and monitor the IFM programme, and the benefits of allocating a procurement team member dedicated to managing the IFM contract.
- Good practices when switching to an IFM programme include:
  - Defining the scope of IFM services at the global level and engaging with the local stakeholders and procurement teams to obtain their alignment with and support for the global strategy
  - Rolling out the programme in staged phases, starting with piloting the IFM model in selected facilities or business units before gradually expanding the programme across different regions and countries
  - Developing and executing an effective change management programme with dedicated representatives from both the client and supplier companies to manage the transition and collaborate with each other
  - Communicating the benefits of implementing an IFM programme to the stakeholders and employees, and addressing the local stakeholders' concerns regarding replacing incumbent local FM service providers
  - Facilitating the development of effective working relationships between the on-site internal facilities managers and the IFM provider's personnel
  - Introducing and promoting the IFM providers' services to the stakeholders and encouraging them to invite the IFM providers to join their team meetings to enable them to develop an understanding of the company's culture and operations, and collaborate effectively with the stakeholders to achieve mutually-beneficial results
  - Influencing the stakeholders to develop strategic partnerships with the IFM providers, rather than transactional or 'master-and-servant' relationships
  - Establishing a robust contract execution and management framework to ensure compliance and achieve the expected benefits, and educating the stakeholders and procurement teams regarding the contract to facilitate execution
  - Requiring the IFM provider to implement an online system for recording data that can be used by the company for monitoring and measuring their performance
  - Implementing feedback and escalation processes to enable the on-site stakeholders to contribute to managing the IFM provider's performance and compliance with the contract
  - Obtaining budget information from the stakeholders and Finance in order to monitor the actual spend against the budgets.

- Good practices when moving to second-generation and subsequent IFM contracts include:
  - Benchmarking the first-generation contract and identifying issues and challenges that need to be addressed in the second-generation contract
  - Identifying and prioritising the stakeholders' objectives for the next IFM contract term
  - Defining the updated requirements in order to adjust and refine the scope, service level agreement (SLA), contract and remuneration model according to the changes
  - Determining the stakeholders' satisfaction with the incumbent IFM provider's service levels
  - Conducting RFx that include both the incumbent and potential new IFM providers; and changing the incumbent providers in the locations where they are not delivering satisfactory performance levels
  - Recognising the amount of effort and costs involved in changing IFM providers, and that it may be more beneficial to develop corrective action plans with underperforming IFM providers than to switch
  - Understanding that it may take IFM providers the full initial contract term to fully align with the company's strategy and develop partnerships with in-house teams to achieve mutually-beneficial results
  - Awarding additional business to IFM providers with which successful partnerships have been established, to benefit from their expertise, support their business development, and strengthen partnerships
  - Restructuring the cost-savings targets in second-generation contracts with incumbent IFM providers and negotiating the delivery of additional value when extending the contract
  - Establishing long-term contracts and [vested relationships](#) with incumbent IFM providers.

## Contracts and Performance Management

- Procurement ensures that FM programmes and contracts allow the flexibility and scalability to address changes in service requirements and scope by:
  - Including the provision in contracts to increase or decrease the scope and volume of services and the related human resources when necessary, as well as a clearly-defined change control process with a minimum notice period for both parties to be notified of changes
  - Contracting large FM companies that have the capabilities to adapt their service delivery in response to changing requirements, market conditions and legislation
  - Initially limiting the scope of services, then increasing or decreasing the scope as the FM provider demonstrates their capabilities or weaknesses
  - Conferring with FM providers regarding transferring FM personnel between different types of services and establishing a shift programme
  - Applying outcome-based remuneration models relating to the occupancy rates within facilities, instead of fixed fees for a specific number of personnel and hours for performing services
  - Negotiating rebates for services that are within the scope but not used.
- Other approaches for maintaining flexibility include:
  - Managing the expectations of FM service providers and promoting the importance of a dynamic, flexible approach to service delivery and staffing levels
  - Developing relationships with the stakeholders and service providers to maintain communications and remain up to date with any changes that may be required
  - Retaining sufficient internal expertise to perform some FM services in-house
  - Sourcing providers of technical services that can be used on an on-call basis to perform maintenance and repair services independently from the FM provider.
- Inflation and the associated cost increases are being addressed in FM contracts by:
  - Requiring FM providers to provide data to justify their proposed price increases
  - Including clauses that stipulate the maximum annual percentage for cost increases based on inflation rates and/or market prices, and the consumer, materials and/or wage price indexes that will be used to define annual cost increases, and regularly monitoring these
  - Including a clause in FM contracts stating that the service provider absorbs cost increases up to a defined percentage threshold, with negotiation required for increases above the threshold
  - Referring to the [International Monetary Fund \(IMF\)](#) to compare the inflation rates in different countries
  - Requesting FM providers to develop and implement strategies to mitigate inflation; or collaborating with them to establish joint action plans to reduce the impact of inflation
  - Implementing a model for dividing inflation between the company and the FM provider linked to their achievement of specific KPIs
  - Dividing any cost savings achieved above a defined threshold between the company and the FM provider to mitigate annual price increases for both parties
  - Negotiating additional services and value from FM providers to offset inflation and price increases
  - Requiring price guarantees to ensure that the prices quoted by FM providers remain the same between the RFP and contract implementation stages.



- The key performance indicators (KPIs) that are being applied to measure and manage the performance of FM service providers include requirements and metrics regarding:
  - Service delivery time frames
  - Minimum quality standards
  - Stakeholder and employee satisfaction scores
  - Response and issue resolution timescales
  - The number of complaints received
  - Work order completion timescales
  - The number of repeated issues and recurring work orders
  - Equipment uptime and downtime
  - Health and safety, accident rates and reporting
  - Invoice accuracy and processing
  - Cost savings and cost avoidance
  - Continuous improvement
  - Performance and financial reporting
  - The recruitment and training of FM personnel
  - Innovation
  - ESG criteria.
- Review meetings may be conducted with FM providers at the global, regional, country and/or site level, and on a weekly, monthly, quarterly, six-monthly or annual basis. These may be weekly operational performance reviews, monthly technical reviews, quarterly business reviews (QBRs) and/or six-monthly or annual executive business reviews.
- The objectives of the review meetings include:
  - Reviewing the performance of the FM providers against the SLAs and KPIs
  - Identifying areas for improvement and developing improvement strategies
  - Reviewing the progress of the relationship between the company and the FM providers based on the results of stakeholder feedback and 360° surveys
  - Applying SRM with key FM providers
  - Developing strategic relationships between the senior executives of the company and key FM providers
  - Discussing future projects and objectives
  - Obtaining information from FM providers regarding trends and innovation in the market
  - Enabling FM providers to offer innovative solutions and alternative options for resolving challenges.
- Good practices for managing the performance of FM providers include:
  - Applying a limited number of measurable KPIs focused on essential business requirements, with appropriate weightings and reporting frequencies for each KPI, in order to effectively monitor and evaluate supplier performance, and encourage continuous improvement
  - Regularly reviewing and updating the KPIs to continuously align them with the company's requirements, business strategy and objectives
  - Using performance-based bonuses and gain-share models to incentivise FM providers to aim for high performance levels and continuously improve their operational efficiency
  - Conducting separate operational and strategic review meetings, using data and agendas prepared in advance to ensure the efficiency and effectiveness of each meeting
  - Documenting the discussions during review meetings, and monitoring the completion of corrective and improvement action plans by both the FM providers and the company.

## Trends and Technology

- The ways in which FM procurement is expected to develop in the next two to three years include Procurement:
  - Continuing to be recognised as a trusted business partner that delivers value and is integral to the company achieving its objectives
  - Becoming increasingly strategic, and outsourcing tactical and operational processes such as purchase order (PO) and invoice payment processing
  - Improving relationships with the FM stakeholders, cross-functional collaboration, and visibility within the FM category
  - Partnering with Real Estate, and increasing engagement between the category managers and stakeholders for FM, IT, HR and professional services, to exchange information and expertise
  - Implementing additional IT solutions to improve the collection and use of FM data

- Collaborating with the FM providers and the suppliers, distributors and manufacturers within the supply chain to develop solutions for ensuring continuity of supply and mitigating risk to the company
- Developing output-based models for managing the performance of FM providers
- Focusing on increasing automation and generating innovation within the facilities category
- Increasing the company's involvement in the recruitment and selection of the personnel the FM providers assign to the company's account, to ensure their compatibility with its culture and the key stakeholders
- Placing greater emphasis on ESG and CSR requirements within procurement processes, and modifying the KPIs applied to FM providers to align with the company's ESG objectives.
- Procurement is addressing ESG, sustainability and diversity requirements in the FM category by:
  - Including compliance requirements in RFPs, supplier evaluation criteria and contracts
  - Requiring FM providers and their subcontractors to comply with the organisation's policies and standards, and monitoring their compliance
  - Implementing strategies for decreasing energy consumption, reducing carbon emissions, improving waste management, increasing recycling, and eliminating single-use plastics
  - Contracting specialists such as [ASPIRE](#) to assist with improving waste management and developing circular economy programmes
  - Engaging with FM providers and the relevant internal teams to identify opportunities and develop strategies for achieving the company's sustainability targets
  - Investing in physical or virtual power purchase agreements (PPAs/VPPAs) and obtaining renewable energy credits (RECs)
  - Participating in projects for installing solar panels at the company's facilities for self-generating renewable energy, as well as providing on-site electric vehicle chargers for use by employees
  - Requiring key suppliers to register with [EcoVadis](#) and participate in sustainability programmes that align with the company's objectives
  - Identifying and inviting diverse suppliers to participate in RFPs, and requiring FM providers to commit to the same diversity objectives as the company
  - Contracting large IFM providers that subcontract or have bought shares in diverse businesses
  - Directly contracting and remunerating diverse FM providers while delegating the management of these to the global IFM provider
  - Using platforms such as [supplier.io](#) to source diverse suppliers for specific types of services
  - Including ESG and sustainability initiatives and objectives in the discussions during QBRs.
- The technological and digital solutions that are being used for increasing the efficiency and reducing the cost of FM services include:
  - Building management systems (BMSs) for monitoring and controlling the lighting, heating, ventilation and temperature of facilities
  - Sensors that monitor the occupancy of rooms and movement of people within facilities to control lighting and enable on-demand cleaning
  - Energy management systems to monitor and ensure supply and switch between energy sources
  - Sensors and analytical artificial intelligence (AI) applications within equipment and machinery that indicate when maintenance and repairs are necessary and provide data for planning predictive maintenance
  - GPS technology and radio frequency identification (RFID) touch pads located around buildings to ensure that security teams are patrolling all areas, as well as security robots with facial and spatial recognition capabilities, and drones for conducting security and maintenance surveillance
  - FM portals for recording issues, monitoring, measuring and reporting supplier performance against the KPIs, and obtaining data to develop strategies for improving the performance levels of FM providers
  - Robotic process automation (RPA) applications that streamline operational facilities management and procurement processes
  - Booking platforms for employees to reserve desks and meeting rooms on a self-service basis, which also provide data for monitoring the location of employees and occupancy rates within facilities
  - Workplace management platforms such as [MRI ManhattanONE](#)
  - Mailroom management software to automate and streamline incoming mail delivery and distribution.

# RESOURCE CENTRE LINKS

The following are links to the full meeting reports for each region:

[Asia](#)

[Australasia](#)

[EMEA](#)

[Latin America](#)

[North America](#)

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