

Developing a Commercial Outlook in Integrated FM Services

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Areas of Focus



- **Background**
- **Wigan's approach to integrated FM Services**
- **Potential Barriers & Challenges**
 - Academies, Free Schools & a fragmented client base
 - Workforce Engagement
- **Opportunities**
 - Using a successful franchising operation
 - Tendering for new work; managing cross boundary arrangements
- **Gaining volume: A commercial outlook**

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Background



Property Maintenance & Facilities Group (PMFG)

- *Service Portfolio:* Hard and Soft FM including
School Meals, Caretaking Services, Cleaning Services, Pest Control Services, Building Maintenance & Repair Services
- Combined Turnover of £22 million
- Workforce of circa 900 employees
- Combination of traded and base budget services
- Part of the wider Wigan Commercial Services Group including
Waste Services, Fleet Services & Infrastructure Maintenance Services – combined turnover £52 million, 1300 employees

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Wigan's Approach to Integrated FM Services



The Journey so far....

- Co-location of all operational services to a single depot
- Restructuring of service areas to enable a more flexible and cross cutting approach to service delivery
- Multi-skilling of front line operational teams
- Development of an Alternative Delivery Model (ADM)
- Four workstreams supporting the transition to the ADM
- Developing and refining the service offer
- Integrated FM model for the schools market

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Potential Barriers & Challenges



Academies, Free Schools and a fragmented client base

Drivers/Challenges

- School Funding Reforms 2013/2014 (England only)
- Potentially increased business risk through:
Emergence of “clusters”, Academies – much more business focussed, Free Schools – understanding the relationships
- Diocese don't necessarily recognise LA boundaries
- Schools forums and relationship with LA's

Actions to mitigate

- Stabilise business – removal of cross subsidies
- Operating terms – flexible approach, able to adapt to change
- Bespoke solutions – financially & operationally
- Longer SLA's linked to investment
- Understanding the differentials between you and your competitors
- Added value through bolt on, integrated and other services/products
- Commercial approach – management fees, contract price, transparency

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Potential Barriers & Challenges



Workforce Engagement

- Listening into action sessions
- Front line operational teams involved in workstreams
- Ownership, accountability and empowerment
- Communication

Opportunities – Using a successful Franchise operation



- First step – recognising that you can't do it all yourself or in house
- Expansion of service portfolio and products by using an established brand
- Opportunities to use other partnering arrangements to expand services:
Building Services, Pest Control, Waste Services, Infrastructure Services
- Reduces need for investment into development, research and equipment
- No need for additional infrastructure, storage, resources etc
- Costa Coffee
 - “Proud to Serve” for contract catering operations – 25% less than retail SP
 - No “Franchise” tied buy in
 - Initial investment outlay £10k
 - Return on investment – academic year (190 days) based on average daily sales of 60 drinks at 89p GP per cup
- Bringing retail operations into public sector arena

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Opportunities - Tendering for new work; managing cross boundary arrangements



Tendering for new work

- Pre-Qualification Questionnaire & understanding the ITT
- Clarification questions and tender site visits
- Bid structure – quality of bid, relevant information and USP's
- Non compliant bids & BAFO – Negotiate!
- Personalise tender presentation – ensure operational input

Cross boundary arrangements:

- Approach - not aggressive – opportunistic
- Full risk analysis – shared risk and reward
- Understanding the barriers to entry and exit - sensitivities
- Contract Award for The Federation of Catholic High Schools – Warrington
- Increased turnover by 6% & additional bottom line surplus of £17k in first year
- Bolt on of additional services; building maintenance; caretaking

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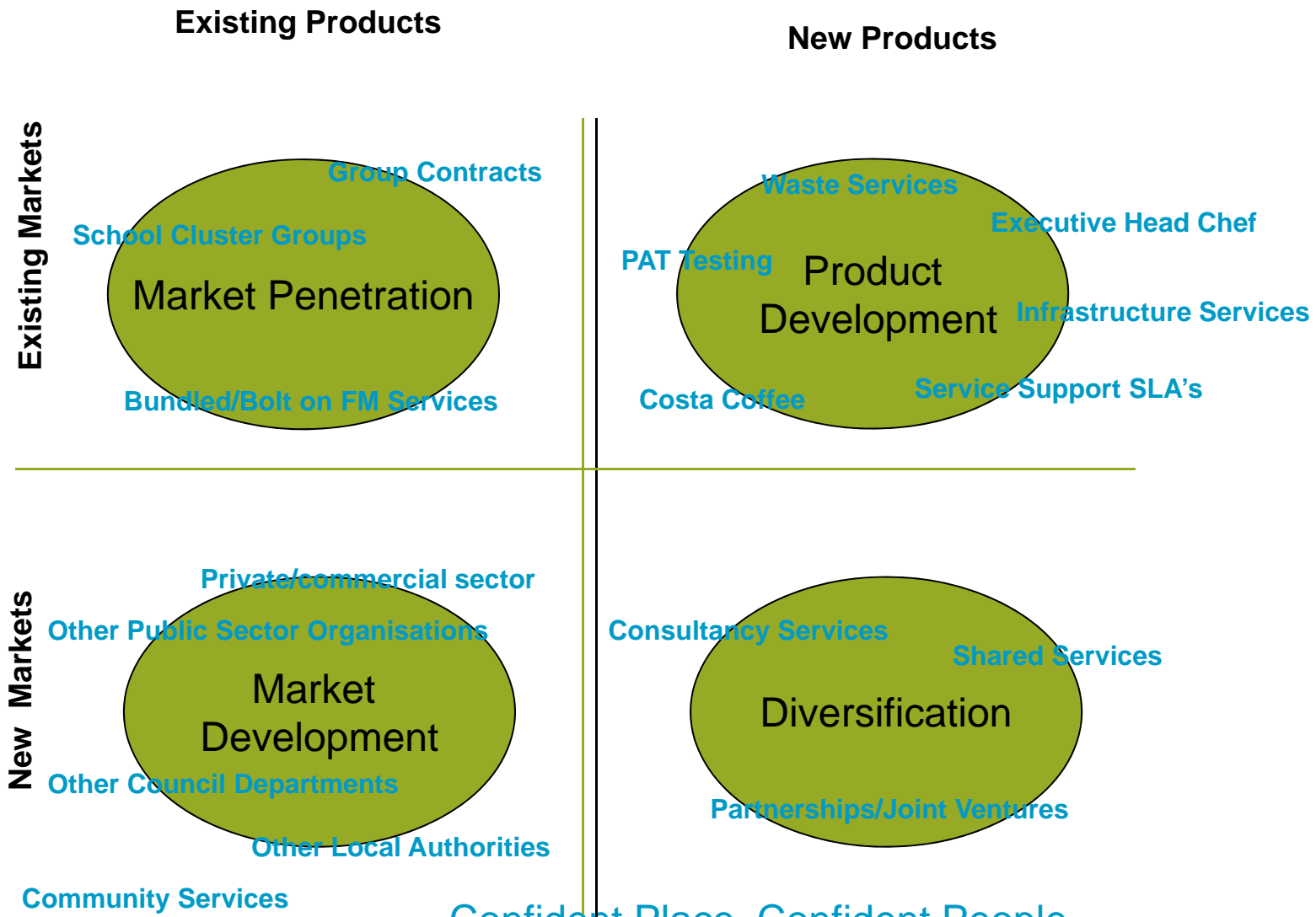
Gaining volume; a commercial outlook



- Starting point – unpicking & understanding your business models
- Entrepreneurial leadership
- Business strategy – Short, medium and long term; Growth & Profitability
- Values and Vision – embed as part of the culture – staff engagement
- Structure - multi skilled, skills gaps, fit for purpose
- Systems – unify, remove silo working and culture
- Innovative delivery of services – use of technology
- Bolt on FM Packages – discounted rates
- Fully integrated FM service delivery
- Market research and segmentation
- Competitor analysis

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Business Growth



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And Finally.....



A company can out perform it's rivals, only if it can establish a difference it can preserve

Michael Porter

Real strategic change requires inventing new categories, not rearranging old ones

Henry Mintzberg

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