Building flexible FM relationships – the evidence

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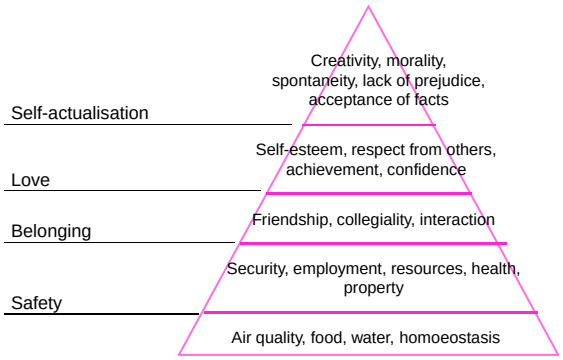
Combined national meeting:
APSE building cleaning advisory group
APSE catering advisory group

Overview of presentation

- The commodisation of FM
- Limits of commoditisation
- Risks of inflexible relationships
- Types of flexibility
- Flexibility manoeuvres



The experience economy ...something approaching a theatrical experience

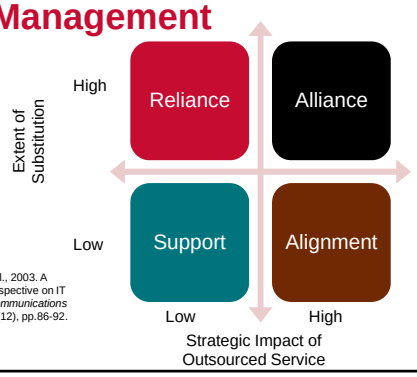
'We shall go far beyond any functional necessity, turning the service, whether it is shopping, dining or having ones haircut into prefabricated experiences'

Toffler, Future Shock, p.207

Emerging world of experiences

Economic Offering	Commodities	Goods	Services	Experiences
Economy	Agrarian	Industrial	Service	Experience
Economic Function	Extract	Make	Deliver	Stage
Nature of offering	Fungible	Tangible	Intangible	Memorable
Key Attributes	Natural	Standardised	Customised	Personal
Method of Supply	Stored in bulk	Inventoried after production	Delivered on demand	Revealed over duration
Seller	Trader	Manufacturer	Provider	Stager
Buyer	Market	User	Client	Guest
Factors of Demand	Characteristics	Features	Benefits	Sensations

Understanding Outsourcing Relationships in Facilities Management



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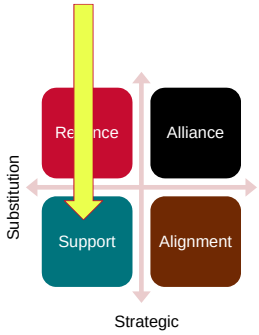
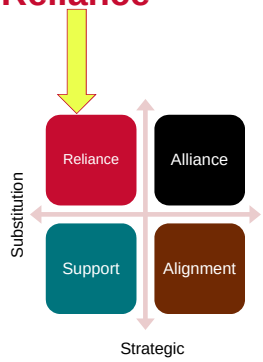
Support



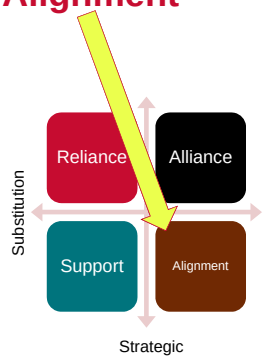
- Low strategic impact
- In-sourcing is common
- Lowest switching and set up costs
- Benchmarks and market price established
- Price sensitive
- Commoditisation is a challenge

Reliance



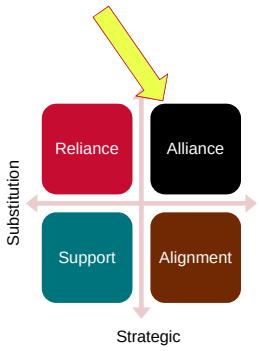
- High level of substitution
- Driven by desire for cost-reduction
- Longer contract terms
- Outcome based controls rather than behaviour based
- Risk associate with transfer

Alignment



- Low level of substitution
- Consulting type approach
- Project based
- Access to world-class expertise
- Integration of existing and new approaches

Alliance

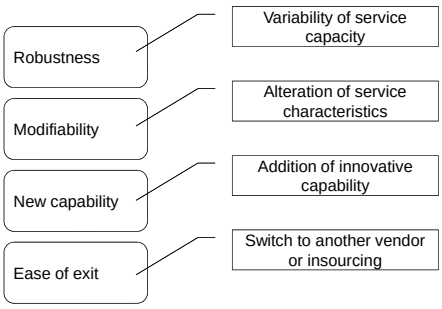


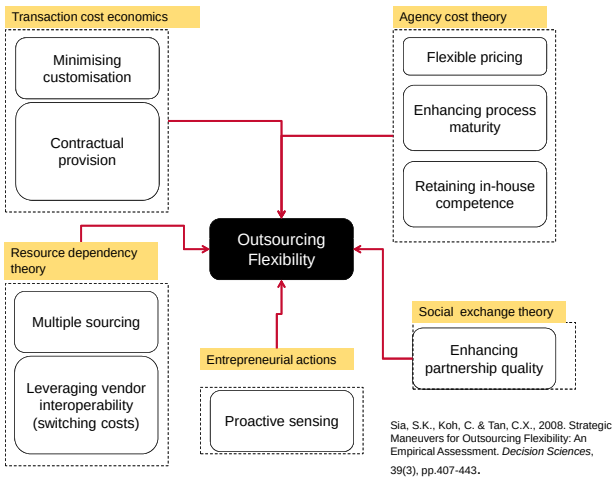
- High level of substitution
- Behaviour based performance
- Strategic partnership
- High level of mutual trust
- Profit sharing rules

Implication of the 'Four outsourcing relationship types' (FORT) model

Provides a 'road map' for the development of FM services
Identifies how firms in the 'support' quadrant can migrate to others, considering:
- Costs
- Expertise
- Change in performance measurement methods
- Relationship
- Risk

Dimensions of flexibility





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Many thanks for your attention

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