

## ***Shared Services***

### *Overview*

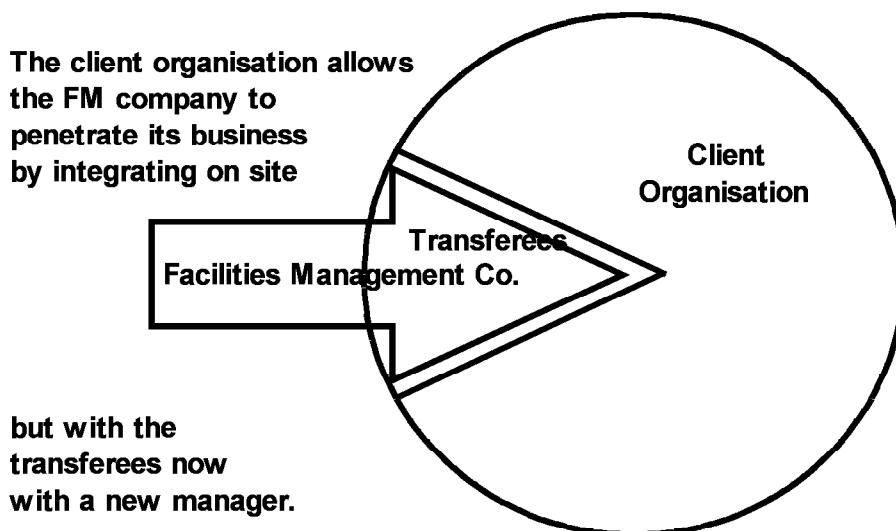
Recent developments in the philosophy of facilities management have, quite correctly, identified the benefits to an organisation when concentrating on its core competencies. This has led [and in some industry sectors, is leading to] an activity familiar to most as '*outsourcing*'. Those activities which are indirectly connected to the core business are bundled and the responsibility for the management and/or provision of those services is passed on to an organisation whose core business is indeed just that.

Interestingly this enhances control to the client organisation. They have immediately transferred a considerable fixed cost to variable. This appeals to Finance Directors in the guise of marginal costing - capability coupled with demand. Shareholders, the owners of an organisation, are also comfortable. They know the trustees of their investment have reverted focus to the activities, which directly generates the revenue and profits. Management too, in our experience, has been found to welcome the opportunities delivered in outsourcing. No longer is a significant amount of valuable time spent attempting to orchestrate activities, which do not attract contribution. Their comfort zone is not only that the FM Company would have been chosen for its track record, but that underpinned by contractual obligations.

So, isn't outsourcing the answer to enhancing effectiveness and efficiency? Well, yes it is, however, in some instances organisations tend to forget the most important stakeholder in the process: the transferring employees.

### **Diagram 1**

**Typical Outsourcing Can Be Depicted As Follows:**



### *Lost Assets Forever?*

When a fundamental decision is taken to outsource a substantial element of its business, an organisation is effectively divesting itself of a wealth of knowledge, skills and thus value. Whilst the gift of the FM organisation is all this, it should be an addition rather than displacement.

The major opportunity for staff transferees is that it will be joining an organisation, which has full empathy with the historic duties of the employee. For instance, where Facilities Management is the core business, and as such there exists a defined career structure which encourages our most valuable assets to develop both horizontally based skills - learning and multiskilling - and vertically via the routes of functional and technical knowledge, team leader skills and management.

There can be no mistaking the risks of typical outsourcing - same people, lack of innovation, same practices and dangerously, the same client-side approach to those carrying out the work.

### *Strategic Advantage*

I argue there is a key strategic advantage when a client considering reducing its fixed costs approaches the Facilities Management Company who recognises and enables a true partnering opportunity. This advantage is understanding the true value of people. For example, it is not uncommon to hear organisations today say '*our people are our greatest assets...*' If this was a comment based on belief, one wonders why, metaphorically speaking, with the arrival of outsourcing as a generic strategic tool, are employees removed from the fixed assets of an organisation's Balance Sheet! I struggle to think of any other assets [least of all '*...our greatest assets...*'] that are given away so easily. Indeed, in the minds of many analysts, this is a decrease in the value of the corporation.

The existing ideals of outsourcing are sound and fit comfortably with today's free market. The vision for the future is of a repositioning of outsourcing from operational advantage [including reduction of costs and enhanced quality] to that of a strategic nature. Any self-respecting organisation cannot genuinely believe that by divesting a significant element of its assets it will gain anything other than a short-term advantage. Short-term strategies are inimical to sustainable long-term development.

## *Current Thinking*

Current thinking is that concentration on core business is vital for success. Peripheral activities with little or no direct impact on that core business should undoubtedly be undertaken by a Facilities Management company of which there are likely to be a handful of active players supplemented by the inevitable 'toe-dippers' - who are experienced in both organisational needs and have sufficient resources across a broad spectrum.

This spectrum has to include every ad-hoc activity likely to be needed by a client organisation - from Disaster Recovery to Project Management to an understanding of up-to-date legislation. The organisation should be innovative and proactive and, if you have currently outsourced some activities, you will be aware that the good providers are constantly delivering good ideas, which are enhancing the quality of your working environment.

## *A European View*

The transfer of human beings from one organisation to another is always a demander of sensitivity, experience and change management. This transfer of staff can also be complicated by legislation and culture within the country in question. I offer the discussion point to all readers [and invite responses accordingly] that any transferring group of people who can be reconstructed to form a team will generate the following outputs:

- ◆ increased self-esteem giving
  - ◆ increased productivity giving
    - ◆ enhanced quality of service to
      - ◆ improve the effectiveness and efficiency of the client's environment orbiting their core business.

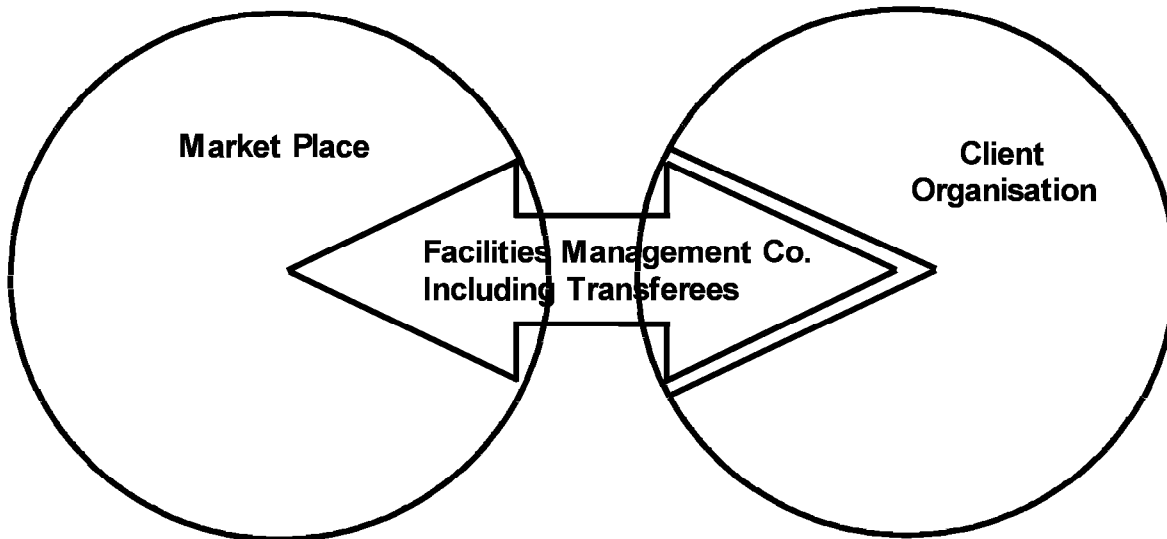
The team therefore begins to add genuine value to the client organisation. This valuable entity, as it finds better ways of doing things and prospers through the empowerment a good FM company thrives on, will itself recognise it has excess capacity. This spare capacity is a marketable commodity. The revenue generated through successful marketing will both defray client-side costs and increase flexibility of the workforce. The latter point is key in that it creates opportunities for transferring staff outside of the business as usual. It also, by definition, broadens the potential for learning, an added hidden value and one unquantifiable for all parties.

This team or New Co is sometimes referred to as Shared Services, where the existing in-house team partner with an external organisation, which reinforces the inevitable weaknesses that occur within an in-house operation without loosing the existing strengths.

Thought through correctly, and with all stakeholders who will live with the solution having an opportunity to help design it, an organisation who today thinks it may wish to outsource may just realise one step further exists too!

An illustrative description may show:

Diagram 2



### *Summary*

The ideas in this article may stimulate debate. Indeed, the article should confirm:

- a] corporate restructuring requires great thought
- b] the right FM partner should be identified
- c] anything is possible thereafter

FM companies receive transferees from client organisations. Where we believe the key differentiator lies is that combination of commercial skills brought from the external organisation combined with the relationships and knowledge of the in-house team provides the customers with the best of both worlds. Additionally the normal problems associated with outsourcing are mitigated by the enthusiasm of the in-house team to be part of the solution and future of the New Co.

Where we go one step further is in our belief that the client organisation should neither lose those skills nor a share in the value-add obtainable when their greatest assets are developed.

Samsara Group PLC