


 Real Estate at KLM, Schiphol

Managing real estate at Amsterdams, Schiphol Airport is reviewed along with an update on the outsourcing of KLM's Facilities Management to Sodexo Altyx.

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In Brief

 **Traversing the FM Frontier: Keys to Successful Strategies**

In the first article, Mototsugu Nakatsu described the role of strategy, finance and TQC in FM. In this latest article, he now reviews in more detail what he considers to be the key component: strategy.

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 **Green Landlords**

How could FMs and occupiers be affected by landlords who decide to adopt "Green Leases"? The potential benefits and disadvantages are examined.

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 **Big savings on FM industrialization**

A successful FM strategy has enabled Norwegian Property's costs to drop from 6.1 percent of rental income to 5.6 percent. Norwegian Property and property manager Aili Klami has successfully created Norway's largest and most comprehensive agreement for Facility Management (FM)

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 **The Light at the Workplace**

Research findings have identified that different light equipment has different proven awakening or lulling effect. As a result of this, Employers should seriously consider choosing the right lighting in order to enhance the performance of employees related to tasks which require using their eyesight.

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Small and medium-sized enterprises are wary of using outsourcers and external providers, preferring to source services internally. This has been confirmed by a recent study by the Milan Polytechnic. It has been shown however that the benefits of FM should no longer only be the exclusive domain of larger corporations.

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Sponsored column by Océ

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Practice Network Group

By Helena Ohlssen, Chairman of the Practice Network Group

The Practice Network Group (PNG) is the organisation that represents all EuroFM members who are practitioners in Facility Management (FM). Members come from 35 National Associations and Corporate Associates in 17 countries across Europe. The overall goal of the group is to improve FM Business Performance by providing opportunities for continuous professional development within the EuroFM network. The PNG coordinates pan-European FM projects and facilitates exchange of national activities, developments and events. Projects are selected to prove value to members and facilitate communication between them.

The Leaders' meeting, held annually at the European FM Conference, EFMC, is the forum where the PNG aims to capture input from all associations and present the results from finalised and ongoing initiatives. Members also meet three times per year at the EuroFM meetings, where there is generally very good attendance with at least 10 countries represented at each meeting.

Ongoing Initiatives

EuroFM PNG collaborates with IFMA to assess the market for an **entry level international professional accreditation in FM**, in response to European Market demands expressed by the PNG members. The team is led by former EuroFM Chair, Jose Louis Garcia Cuartero and includes interviews, a survey and testing.

There is an ongoing project within PNG to collaborate with the European Standardisation body, CEN, to **promote and develop the FM related standards**. The group, led by David Martinez, will consist of representatives from each membership country in the PNG.

Former Chair of the PNG, Dave Wilson, is leading the **EuroFM Mentor programme** which this year has its first group of five mentors and mentees meeting at the EFMC. The programme has been established to enable senior International FM practitioners to share knowledge and experience with young talent. Confirmed mentees to date include Bronwyn Allanson of Service Works Global, UK who will be mentored by Olav Egil Saboe, ProFM in Norway and a French FM practitioner who will

be mentored by Dave Wilson, Stratus, UK. Mentees are welcome to apply via the EuroFM web page www.eurofm.org.

The **European Market Analysis** is a collaboration between the PNG and Rotterdam University in the Netherlands. Students Petra de Leeuw and Danielle Verhof are interacting closely with the national associations to create a format to establish how to continuously pull together information from the European FM market. The results will be presented in Manchester at the Leaders' meeting.

With these varied and exciting initiatives in our portfolio, our main concern is to find people who are



Helena Ohlssen.

willing to commit to the team and drive international projects. We encourage national associations not only to bring ideas but also resources to the table. Our vision is to interact at a project level with the other network groups within EuroFM. We also want to use more web based tools to enable the associations to easily follow the progress of the project within their groups. The future for practitioners in FM in Europe is looking very bright indeed!

The **Programme Advisory Group (PAG)** is responsible for the business content of the program of the EFMC. PNG elects the PAG together with IFMA and the national host association. The team reports into PNG. The group for 2009 is already in place and will meet for the first time in Manchester.



"Welcome Facility Perspectives"



European FM Insight welcomes Facility Perspectives as EFMI's newest publications partner. Facility Perspectives is the official magazine of the Facility Management Association of Australia and is produced in cooperation with Executive Media. It focuses on facility management issues at all levels, from strategic and management to operational, while providing robust coverage of industry news, views and trends and articles of topical interest. According to governmental sources, facility management is an important contributor to Australia's economy, employing more than 170,000 people and generating \$13 billion (Aus), representing about 1.6 percent of Australia's gross domestic product.

Real Estate at KLM, Schiphol

By Natalie Hofman, In conversation with Bert Hilhorst and Jan Schaatsbergen

Is managing the real estate at Amsterdam's Schiphol Airport different from anywhere else in the Netherlands? I put this question to Bert Hilhorst - who is responsible for all of KLM's real estate and who, with his years of experience, knows this business inside out - and to Jan Schaatsbergen - who is responsible for KLM's Facilities Management, which earlier this year was outsourced to Sodexo Alty's.

The primary function of an airport consists of transportation and of providing the facilities to make this possible. KLM is the national airline of the Netherlands: KLM cannot exist without Schiphol Airport, and the airport cannot exist without KLM. KLM has 587,000 m² of land at its disposal at the airport, of which 200,000 m² are devoted to office space, as well as six hangars. The airport, which plays a process-supporting role for KLM, is working according to a development plan aimed at the future. An important factor in this is to increase its accessibility. Without good transport links around the airport, its economic value is significantly diminished.

Marketable assets

Real estate is a support process for KLM. According to Bert Hilhorst (who is responsible for all KLM's real estate), real estate is the outer shell surrounding the process inside. Real estate has nothing to do with atmosphere, wellbeing or relaxation. Real estate is all about looking towards the distant horizon, about thinking now about changes in the future. KLM needs offices and production buildings to be able to offer its services, and these place different demands on it.

Real estate needs to be as inexpensive as possible for KLM, depending on the function of the building. The optimum balance between operating costs and investment costs must be determined in advance. In addition, KLM looks at optimizing the long-term total operating costs of the function, including the investment and management costs of the accommodation. To determine the value of real estate, KLM considers the parts which will appreciate in value compared with those which will depreciate. This is similar to a private house. The outer shell generally appreciates in value, while the interior (including, for example, the kitchen and bathroom) decreases in value over the years. KLM's real estate is therefore considered in terms of an "owner part" and a "user part". The owner part is approached from a long-term perspective, while the user part is focused on the needs of users. According to Jan Schaatsbergen (who is responsible for KLM's Facilities Management), the costs of structural alterations may be higher than the operating costs, because users' requirements change as a result of short-term economic developments in the aviation industry. A long-term

vision is required to make sure that these costs remain within reasonable bounds. The interplay between the responsibilities for real estate management and facilities management has changed. In the past, facilities management decided what requirements the accommodation must meet, whereas now the real estate department first looks at what can be done with the accommodation in the long term. Increasingly, the idea is that the real estate should be marketable: in the event of a change in market demand, the real estate can be put up for sale on a commercial basis. This aspect is also a factor in the development process. For example, KLM thought that a hangar would not be of any interest to a financial institution, but this proved not to be the case: the surroundings are interesting and have a solid, permanent value. This means that it is worthwhile to think about the commercial value of a hangar in advance. A long-term vision is essential for KLM. Maintenance suddenly becomes an important issue, because it can counteract the effects of depreciation.

Cost savings

Economic considerations are also an important aspect in the work of KLM's real estate department. KLM tries to avoid spending too much money when things are going well for the company and to save on costs during less prosperous times. KLM will always repair a roof if it is leaking, but in lean times KLM must, of course, take a careful look at its costs. But the commercial way of thinking has definitely changed how things are done within KLM. More consideration is now given to the long term, and cost savings must not be at the expense of long-term thinking in the area of real estate. Hilhorst believes that the way of thinking about real estate will change over the next ten years. In ten years' time he believes that employees themselves will be specifying what an office should look like and what requirements it must meet. In addition, the issue of accessibility will become increasingly important.

Outsourcing

Earlier this year KLM's facilities management was outsourced to Sodexo Alty's. This has certainly led to a change in the way the real estate department and facilities management work together. The interplay between the two is now based on a customer / supplier relationship. This has led to an increase in the amount of written documentation and the level of bureaucracy, as a commercial relationship has been formed. Agreements have to be recorded and monitored, and the collaboration is no longer based solely on trust. The

agreements must be regulated, which fits in well with an airline. The real estate department will have to specify its requirements more stringently and the supplier must be able to meet them. If the requirements cannot be met, there will be tension. According to Hilhorst, a partnership must be based on trust, and drawing up a Service Level Agreement is a way of establishing that trust. In some cases real estate cannot be covered by a Service Level Agreement. A development process also requires a visionary approach. Making a start somewhere and not knowing exactly where the process will lead. The pace of change is also hard to determine. The current form of cooperation requires this process to be monitored and regulated from the beginning, which in practice is not always possible. The development process should therefore be addressed in a different manner when it comes to real estate.

Height control zones

Real estate at the airport is governed by specific rules. The airport is divided into a number of zones. Any real estate plans must comply with the requirements of the airport. For instance, the airport has a number of height control zones. These are fan-shaped areas around the runways, in which the movements of the aircraft must be taken into account. High-rise buildings and anything which affects wind shear are subject to strict controls. The "view from the tower" must also be taken into account, as the airport wants to be able to see all flight movements from the control tower. This means that high-rise construction is only possible to a limited extent. The availability of radar must not be disrupted by the surrounding companies. If a building is located at the side of the airport, special rules apply to its façade. The façade, for example, may not represent any wind nuisance to aviation traffic. According to Hilhorst, building at the airport demands specific knowledge. Without this knowledge there are most likely to be long delays. Schaatsbergen adds that all plans must be approved by the airport. The airport determines what can and cannot be built, and the requirements often go further than the statutory regulations. The construction and management of real estate at Schiphol Airport is a dynamic discipline and requires even more specific knowledge from the real estate department than a construction project at an average site in the Netherlands.



Jan Schaatsbergen (l), Bert Hilhorst



Traversing the FM Frontier Second Installment: Creating the Japanese FM model

By Mototsugu Nakatsu

Entrusting FM Wisdom and Dreams to the Next Generation

In the second of this two-part series, I will present part of the lecture material from the "FM Frontier Juku" (meaning "cram school"), a program designed to pass along the essence of FM to the younger generation. In the first issue, I described how FM's three points of origin, "strategy," "finance" and "TQC," grew in my own mind. The second installment talks about the one I consider to be the most important of the three - "strategy."

My Experience with Strategy

My strategy-related experience can be divided into three stages. The first stage was from the late 1960s to 1984, working at the development and manufacturing divisions of IBM Japan Co., Ltd., where I dealt with strategy in the introduction of new machines and semiconductor-related technology. The second stage was from 1985 to 1993, covering CRE/FM strategy primarily for IBM Japan as the director of real estate and construction. And the third stage is my current work as a consultant providing CRE/FM strategy support to Japanese customers, which I began in 1994.

What was waiting for me back in 1985, when I started working at the real estate and construction department, were 20-odd company offices in rental properties scattered solely around Tokyo, as well as plans for a huge staff increase to gear up for the onset of the information age. During that period, the economy was going strong and one building owner after another was

requesting sharp increases in rent. If I took no action, it was estimated that within a few years, occupancy costs (hereafter called simply "costs") would mushroom on a scale of several hundreds of million dollars and their percentage of the sales total would double. I was presented with clear-cut objectives: 1) Prevent cost increases and 2) Build a workplace befitting of the information age.

First, I created a committee consisting of the heads of each department. I classified which departments had to be based downtown and which ones would be fine in the suburbs, and then I obtained the executive board's approval on a long-term workplace vision. I then planned, proposed and implemented a strategy for a series of workplace relocations. Examples include consolidating the sales department -- then scattered over 10 different sites in the city -- at the Hakozaki office (opened in 1989), moving and consolidating the development department at the Yamato

office (expanded in 1989) and locating the SE development and education departments at the Makuhari office (completed in 1991). As a result of these relocations, the ratio of downtown office space fell, the ratio of leased buildings fell and we achieved our initial cost objective.

In terms of workplace design, I started with a study of sales employees' behaviors. It became very clear what the sales staff were doing when and where, and the FM strategy of a flexible address system that does not assign people to fixed seats came into being. Then, in collaboration with the sales department, we introduced a "group address office" for the company's 3,000 sales employees when we opened the Hakozaki office. It was a challenging situation, since there were no laptops, mobile phones or Internet at the time, but I think the top management, who wanted to lead the way in ushering in the information age, and the zeal of the sales department made the impossible possible. This system was later put in place at IBM sites around the world.

The next year, 1990, I had the opportunity to present IBM Japan's facilities strategy and the Hakozaki office's group address project at the International Society of Facilities Executives (ISFE) hosted by Mr. Kreon Cyros. This presentation at MIT seemed to make quite an impact. After that, the concept of group addresses was untiringly improved upon as IT technology developed. I think the current ODWS (On-Demand Work Style) constitutes the system's fourth generation.

In my third stage of strategy-related work, as a consultant, I formulate FM strategies, and sometimes assist in implementing them, for a wide variety of clients, including companies and local government offices, inside and outside of Japan. There are times when the desired results are not obtained, or when they take a long time to crystallize. However, I have earned the trust of some outstanding managers and FM-related executives, and there is something about the pleasure I experience when our plans bear fruit that differs from the successes I had during my IBM Japan days.

Why is Strategy Important Now?

So, what is strategy? I define strategy as "the systematized process required to embark upon unknown territory and achieve one's dreams." In the age of geographical discovery, Columbus aimed to reach the frontier of the American continent. From the industrial society that lasted for hundreds of years, we have stepped into the frontier of the knowledge society. In that world, challenges await that no one has experienced before, such as the degradation of the global environment, the multipolarization of the world through the rise of BRICS and population declines in advanced countries. After losing WWII, Japan had a strategic target for the country and its companies to "Get rich by

manufacturing," and we achieved that with flying colors, to the point of being praised as "Japan as No.1" in the late 1990s. During this time, local governments depended on politicians and the central government, small- and medium-size enterprises depended on large companies and individuals depended on companies. This was an era when you were rewarded even if you did not have a strategy, as long as you were working as hard as you could.

On the other hand, in today's knowledge society, it is impossible to forecast how things will develop. Each organization and individual must have its or his own strategy, gathering information and taking advantage of the wisdom thereby obtained. If you learn and master the essence of strategy through FM, even if you switch from being an FM manager to working in a different field, those concepts can be applied to your new job as well as adapted on an individual level.

Japanese FM Characteristics and Keys for Success

In 1994 I founded Nakatsu FM Consulting and began working as an FM consultant. For the 32 years before that, as I mentioned before, I handled a wide variety of FM-related tasks at IBM Japan. While working at IBM, which is a foreign-owned company, I believe I naturally acquired the mentality and methodology of a global company with regard to management and strategy.

That caused me to experience somewhat of a culture shock when I began doing FM consultancy work. When I started working for Japanese companies, local governments and public entities, I encountered a situation very different from that of global companies, and I was somewhat bewildered.

The characteristics of Japanese FM that I have become aware of in working as an FM consultant for Japanese companies and public entities are: 1) There are no across-the-board data to visualize the overall picture, 2) There is no leadership to keep tabs on the overall picture and ensure complete optimization and 3) The structures are entirely vertical and not cross-organizational. This situation creates a three-way deadlock.

In order for Japanese FM to succeed, I think it is necessary to break free from this deadlock. Below, I have listed the conditions required for Japanese FM to succeed.

1) Maintenance of centralized data

For FM strategy to succeed, the ability of a facility manager to devise and implement strategy is an important element, but first, there must be FM data that can represent the overall picture. Only when sufficient data are available it is possible to identify problems and put together a strategy that will allow the FM manager to win management executives' approval and exercise leadership. The same is true for related departments such as the operations division. If a strategy has clear

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Speech about group address offices at the 1990 ISFE

Traversing the FM Frontier

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objectives and persuasive power, it can earn positive cooperation from even vertically structured departments.

Looking back now, I realize that when I began my assignment at IBM Japan's real estate and construction division, internal FM data were already in place. Those data are what enabled me to draw up an FM strategy for workplace relocation.

In thinking about the future development of FM, a new challenge that companies will face is FM on a consolidated group level. Consolidated accounting is performed on a pro forma basis, but in reality, the circumstances and risks of the affiliate companies behind the consolidated land and real estate assets are not understood at all. Across-the-board control is an urgent task, one that begins with understanding the different terminology, definitions and laws concerning FM data for overseas affiliates in particular.

The importance of FM data is the same for public sector FM. Data for property management appears to be centrally managed in public registers and such, but actually, the basic data required to carry out FM strategies such as overall cost reduction and building maintenance is not organized in one place but rather scattered among the controlling departments and sections.

2) Exercise of executive leadership

While it is an issue that may be difficult to achieve right away, executives must be enabled to exercise leadership. In Japan, one problem is that company executives rarely view facilities as business resources or indicate a preferred course for them as a personal business challenge. As such, facility managers must take the initiative in approaching executives with an FM strategy that is linked to management strategy. And what serves as their leverage when they do so is the "visualization" made possible by data analysis and proper presentation.

3) Cross-organizational framework of centralized management

Nearly all Japanese companies and organizations are structured vertically. These individual, vertically-structured groups are doing the best they can, but they rarely venture out of their own, silos (a condition known in Japanese as tako-tsubo, or "octopus-pot"), a practice which inhibits the achievement of complete optimization. For facilities, too, a vertical structure in which they are managed by the respective business divisions or the government offices responsible for them is the norm. Under these circumstances, even if an executive tried to exercise leadership, he would not be able to see the overall picture. There are many organizations in which, even though finances, human resources and IT are centrally managed in a cross-organizational way, facilities management has retained its vertical

structure. In order for Japanese FM to succeed, it is absolutely essential to develop a "consolidated framework" that centrally manages facilities as the important business resource that they are.

In light of the fact that Japan's version of the Sarbanes Oxley Law (the Financial Instruments and Exchange Law) will take effect beginning in March 2009, this is a challenge that companies must develop into centralized management of facilities, including those of group subsidiaries. On the surface, we have moved into an era in which Japanese companies publicly disclose their consolidated financial statements, but it is difficult to say that "consolidated business management" is actually working. Nevertheless, if we think about this year's prominent corporate scandals, rather than trying to gloss over their problems and keep up appearances, companies are being confronted with the need to conduct consolidated management that reflects actual conditions. I believe this is the way to meet compliance requirements as well as the proper track for management to take. These regulations should serve as a tailwind to urge FM along.

Conclusion

In the two-part series "Traversing the FM Frontier," what I wanted to convey to the next generation of facility managers is that the Japanese FM that you are learning about liberally embraces systematic management ideas,

including CRE. I firmly believe that if some of you were to end up working in other fields besides FM, the basic management ideas and techniques would be the same, and what you have learned would be very useful to you in your work. I also want you to put the FM that you have learned into practice in your business routine and to further develop Japanese FM as well as global FM. In addition, I hope that people who are involved in FM grow and develop through that experience.

To the Readers of European FM Insight

When writing this paper, I only envisioned having Japanese readers. As things turned out, I was fortunate enough to have European FM Insight readers read it as well. Thanks to being at IBM Japan, I was able to interact with people from the US, Europe and various Asian countries, and I learned about a variety of cultures and ways of thinking. It is my hope that this article will serve as an opportunity to further FM exchange between Japan and Europe.

My door is always open to those aspiring to pursue FM. If you have any questions or would like advice, etc., please e-mail me at monakat@attglobal.net.



Green Landlords?

By Dave Wilson

Could FMs and occupiers be dictated to by landlords that adopt 'green leases'? Dave Wilson predicts that 'green leases' could bring financial incentives and penalties tied to tenant use of the facilities and landlord investment in plant and equipment.

So far as 'Green Issues' are concerned, confusion and uncertainty afflict us all. As the recent spat over the proposed Severn barrage between climate change campaigners (for) and the ecological lobby (against) demonstrates all too well, there are no simple solutions, no purely beneficial measures available to us: everything seems to have a downside. For facility managers, building occupiers and landlords (and their assorted agents, advisers and funders) the drive towards so-called 'green leases' could create similar tensions between aspiration, legislation and practicability – unless we understand why it is happening and can take an informed approach.

In practice many FMs, like the population at large, are both worried and bemused by climate change and the various means proposed to respond to it. James Lovelock¹ claims "a

marked similarity between attitudes [in 1938] towards the threat of war and those now towards the threat of global heating. Most of us think that something unpleasant may soon happen, but we are confused ... over what form it will take and what to do about it. ...The Kyoto agreement was uncannily like that of Munich, with politicians out to show that they do respond but in reality playing for time"

Clearly we ought not to doubt the evidence of our own senses as well as the unanimity of the (at least) 928 published scientific papers² on global warming. Our buildings account for around 52 per cent of overall UK energy consumption, so improved energy efficiency in buildings must have a significant positive impact on our collective contribution to climate change, on our costs, and on the

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Green Landlords?

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economy of the UK. The question is whether 'green leases' are an appropriate response, and if so, why?

FM as policeman

Certainly organisations like Greenpeace and Friends of the Earth think so, and have advocated the adoption of green leases for buildings they occupy as tenants. But if you are an ordinary building occupier or FM caught in the middle of this fast changing landscape, then you probably need some help, not least because, according to the Sunday Telegraph², under 'green leases' FMs are about to become police: "Office workers could be forced to turn off lights and use less water under proposals [from] ..landlords and their advisers." (my emphasis). Leaving aside for the moment why FMs should be dictated to by landlords, the reality is that enforcement rather than persuasion and education is being advocated. As this role is not a natural (or desirable?) one for FMs, we need to work out why it is being proposed for us.

The EU's Energy Performance of Buildings Directive will set out an 'energy rating' for a building similar to energy labels on domestic appliances to enable prospective buyers and tenants to compare the energy performance of buildings. What is happening under the move to 'green leases' is an attempt to link energy use, water consumption and waste management to financial penalties and incentives for tenants and landlords under the lease obligations.

That must be admirable, and we might hope that all responsible organisations would seek to do such things anyway in discharging their Corporate Social Responsibility commitments. There is, of course, a simply financial reason for doing all that. However, there is a risk that, once more, FMs face distorted priorities and potential conflict with their customers in pursuit of someone else's agenda, which might divert them from other, more effective, remedies.

For example, recently there have been negative comments in the media about office lights being left on at night in landmark buildings. But in practice FMs know that there are often perfectly good reasons for this - not only safety and security, but also the need for out of hours cleaning and maintenance and, especially in London, the number of people working to support global round-the-clock operations. In any case, lights may not be much of a contributor to the problem of global warming.

The issue of who determines priorities and delivers benefits is what is of particular concern to FMs. Most of them are actually perfectly well

aware of the issues around energy consumption, waste and environmental impact and are striving to make real change happen. What constrains their ability to deliver is often organisational inertia – the gap between aspiration and delivery across the whole entity. To deliver a reduced impact requires senior corporate management commitment without which facilities staff cannot finance reduction measures or enforce behavioural change. There is no reason why such change can't be achieved, of course, and many FMs are driving, leading or supporting it in highly innovative and engaging ways. The payback period for such investment can be very quick – as little as six months according to research by Royal & Sun Alliance. For most organisations, education is a more natural route and cost effective process than imposition, and the whole organisational culture and processes often needs to change to meet these new challenges.

Pressure

So, with that in mind, why is there still pressure for 'green leases'? Paul Jayson of global legal services business DLA Piper explains that landlords now face a critical problem which arises when a property is given an EPC rating resulting from the way the occupier behaves, which is likely to affect its value as an asset. Having a poor operational energy rating may affect the value and yield of the asset, but currently the investor has no direct control over the behaviour of the tenant, so is unable to materially improve the building's operational energy performance, and thus cannot maintain their asset value. This scenario is driving demand for a relationship through which landlord and tenant can work together to achieve optimum building performance. 'Green Leases' have emerged as a response.

Jayson explains that 'green leases' essentially address the log jam caused by the present landlord and tenant relationships. He believes that the existing separation of responsibilities between landlord and tenant is one of the most significant obstacles to improving the sustainability of the commercial building stock in the UK. The net leasing system creates a disincentive for landlords to make capital expenditure to improve the energy, water or waste efficiency of their property assets, since the financial benefits accrue to the tenant in the form of lower utility bills, rather than to the landlord in terms of higher yields. In addition, this is especially problematic in multi-tenant buildings where the landlord provides and manages most of the core building utilities. In this case in particular, 'green leases' enshrine firm mutual commitment to everyone's benefit.

Jayson says that there is no evidence yet of occupiers paying higher rents for buildings with strong sustainability credentials, even where the organisation claims in their CSR policy to try to reduce their carbon footprint. The market consensus seems to be that occupiers will instead become unwilling to pay prime rent for a building that doesn't have strong sustainability credentials – making capital expenditure a form of risk mitigation for landlords but not creating a scenario for the quick investment in change that is needed to tackle climate change.

Equally, tenants also have little incentive to invest capital on a building they are likely to occupy for a relatively short time when pay back times on some of investments often exceed 10 years. As lease periods become shorter, in line with tenant demands for greater flexibility and leases more aligned to business strategy, this further reduces the incentive for tenant investment in the property.

“What is happening under the move to ‘green leases’ is an attempt to link energy use, water consumption and waste management to financial penalties and incentives for tenants and landlords under the lease obligations.”

The upshot of this, especially where old building stock is being let, is the 'green lease' with financial incentives and penalties tied to tenant use of the facilities and landlord investment in plant and equipment.

If it is disappointing that this response is necessary then probably both landlords, owners of energy inefficient buildings and tenant organisations, failing to focus sufficiently on reducing utilities use fast enough, are both to blame. However, we ought not to lose sight of the fact that for FMs, while their building's environmental impact may be a major contributor, it may also be quite 'fixed' in the short term, and there may be more quick wins available elsewhere. Thus, there is a need for FMs to create rounded plans which look at the whole of their organisation's activities and promote change across the entirety, working with senior managers and directors.

Rounded approach

This is line, at least partly, with the BIFM's position⁴, which is to advocate a more rounded approach, including energy-use ratings for existing buildings, but extending to:

- Greater involvement of FMs in building projects to ensure energy efficient design takes into account the whole life cycle of the building and how it will be used
- A greater profile for the role of FM in energy efficiency
- Inclusion of environmental reporting requirements in Business Reviews
- Stressing the role of FM in advising on and implementing energy efficiency measures.

The risk with 'green leases' is that they become a substitute for a more rounded approach: symbolic, perhaps, of our desire for positive action, but creating a focus on buildings rather than organisational activity as a whole. Jayson agrees that lease obligations can achieve a certain amount of benefit, but they cannot do everything.

There are both opportunities and pitfalls ahead as we all explore this new challenge. For example, we might think that business travel should be tackled more coherently. But the risk is of some 'green' responses being over simplistic. For example, homeworking may be an attractive contributor, reducing the size of an organisation's building requirements and reducing home to work travel – but who has yet calculated whether the energy used by all those individuals sitting at home is higher or lower than having them in one building?

There are no simple answers. 'Green leases' are a response to a particular local UK problem, but they cannot be the whole of the solution, and we should not allow senior management, landlords or the property industry to portray them as all that is needed if we are going to effect positive change. As a short term measure, the 'green lease' is far better than doing nothing, but it cannot, and must not, be the only response which property owners and occupiers develop in this changing world.

Dave Wilson is MD, Stratus Management Limited, a strategic management consultancy specialising in change within the international facilities and property industries. He is Deputy Chair of the BIFM.

More info

¹The Revenge of Gaia, Penguin, 2007

²John Lanchester in the London Review of Books, 22 March 2007

³Jonathan Russell, Sunday Telegraph 16 June 2007

⁴BIFM Energy Position Paper, January 2007

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European Awards

Twelve finalists are competing for the four European FM Awards in 2008, presented at the Gala Dinner of EFMC2008, the only European FM conference and research symposium held this year in Manchester on June 10-11

THE SECOND EUROPEAN FM AWARDS once again focus on best practice across the countries of Europe. New this year is a category for **European FM of the Year** that recognises the extending role of individual senior facilities manager in multi national companies, and in FM service providers delivering support to companies across several international boundaries in the European region.

The existing Award categories reflect the core focus of the EuroFM network and the many national organisations that comprise its membership.

- **European FM Researcher of the Year** Award recognises important work undertaken at universities across the continent working to extend knowledge in FM theory and practice.
- **European FM Student of the Year** supports the academic institutions that teach FM courses to undergraduate students and the international perspective they give to their studies.
- **Partners Across Borders** reflects the growing need for FM services to be delivered to support organisations that operate internationally in an increasingly global business environment.

European FM of the Year

The European FM of the Year Award reflects a growing trend that sees senior facilities managers increasingly being required to absorb responsibilities for people and property outside their organisations national base.

The first three finalists this award are:

PETER BACKSTROM, is the Johnson Controls' Customer Business Director for EMEA region for a global telecommunications supplier, and joint Regional Executive for its operations in Sweden and Finland. He leads a large multicultural team and under his direction, he has generated a range of innovations resulting in management consistency across 12 countries. In Sweden and Finland he is responsible for coordination of the business and utilisation of resources, and acts as a central point of contact for Johnson Controls clients and staff.

SERGE DELON is Chief Operating Officer of Faceo. He has supervised the launch of a network of subsidiaries in 10 countries in Europe, set up a key account management division for Faceo's Pan European clients, and is constantly developing a European business culture within the Group including sharing of best practice from each country from Faceo's 1000+ operational sites. He has established efficiency and energy saving strategies across Europe, and following the establishment of an



European FM Awards 2008

Energy Champions programme in the UK, plans to extend this solution to other countries.

PETER DOHERTY is Regional Facilities Manager at Jones Lang LaSalle on the Nortel account, and he leads FM operations for Jones Lang LaSalle in EMEA. At Nortel he is responsible for outsourced FM services across eight countries and acts as an advisory capacity to Nortel's real estate department for another 10 countries. He qualified as a building services engineer and achieved an MSc in FM. He has a team reporting to him across EMEA, and his innovations have delivered FM consistently and effectively across the region, and deliver efficiency and energy savings.

FM Researcher of the Year

The three finalists selected from a strong field of entries are:

KARIN DIEZ, from the University of Karlsruhe where she has developed a FM cost estimation model to help address the rising costs in healthcare sectors across Europe. The model allows FM costs to be allocated transparently to relevant cost drivers including cleaning, laundry, sterile goods, maintenance of medical equipment and building maintenance. The

model estimates costs in relation to changes of primary performance portfolios. She is presenting her research at the Research Symposium in Manchester.

HERMEN JAN VAN REE is successfully combining his PhD research at University College London (UCL) with his role as Head of Research & Development at IPD Occupiers. At IPD Occupiers, he has developed new performance tools across the FM sector and published his research paper, *Quality is Ballet*. As Senior Research Fellow at the Workplace Innovation Centre at UCL, he has developed a model to assess and benchmark real estate organisations, as well as a model to uncover the value added impact of real estate and support services on organisational performance.

SVEN A TEICHMANN a PhD student at the International Real Estate Business School and IRE/BS Real Estate Academy, at the University of Regensburg, Germany, is conducting an international research study on best practice in integrated facilities management. Called, *'Integrated Facilities Management in Europe – Definition and Controlling of Value Added Partnerships, Market Analyse and Trend Study'*, he is analysing the integration potential of leading FM suppliers across Europe, and studying international market demand for FM.

FM Students of the Year

Brimming with achievement and ambition, the three finalists are:

MARCEL BROUMELS, 23, obtained a first degree in Hotel Management in the Netherlands before working on a second degree in Facility Management. During his third year he undertook a work placement at the Scottish Parliament for six months. As part of his studies he developed an interest in 'Imagineering' which formed part of his graduation project called *'Experience Level Agreement'*. His project is to be presented

in Manchester as part of the Student Poster competition. He plans to continue his studies at the Imagineering Academy in the Netherlands. **WALTER BARON VON KOSKULL**, 22, is a student at FH Kufstein Tirol University in Austria. His thesis is examining the effects of local district heating in small residential areas as a means to reducing CO₂ emissions, as well as building and operational costs. He is currently project leader of a team of eight students working on a case study looking at energy concepts, energy accounting and real estate benchmarking for the province of Tyrol.

NORA ROTHACHER, 20, studies at FH Kufstein Tirol University in Austria and is planning a career as a FM consultant and project manager. She has undertaken work experience in Germany and participated in international study schools. She is currently working on a thesis on *'Redevelopment of industrial landmarks'*. She plans to ultimately work in Eastern Europe and has recently spent an exchange term in Riga, Latvia. With fellow student Daniel Wagonsoner, she is submitting at poster on *'Passive refuge houses in alpine regions'* about the refuge huts used by climbers and walkers

Partners across Borders

INCENTIVE FM with DELPHI are undertaking a European review of the FM structure at Delphi, the leading global supplier of mobile electronics and transportation systems. Incentive has already produced benchmarking reports on Delphi's automotive component manufacturing sites in Romania, the Czech Republic, Slovakia and the UK and is now looking at sites in Turkey, Morocco, Portugal and Poland. The objective is to drive down costs whilst improving standards with particular emphasis on compliance, headcount and cost effective purchasing.

INTERSERVE DEFENCE LIMITED and CSP with DEFENCE ESTATES: Interserve Defence has been providing land, property, asset and estate management services to the Defence Estates, the Ministry of Defence and Defence industries for over 15 years, and was selected as Infrastructure Support Provider (ISP) for Property Management and Capital Works across six military sites in Cyprus in May 2006. The contract covers airfields, communication facilities, accommodation blocks and administration centres in a three-way partnership between Defence Estates (the client), Interserve Defence and Cyprus Service Provider (CSP), a JV of six local and expert companies - Cybarco, Atlas Pantous, Giovanis, Telmen, Kyriakides and Thermosolar.

MICROSOFT with BUSINESS & FACILITIES
The programme to harmonise the real estate and FM provision across the Microsoft property portfolio in Europe has progressed since this partnership entered these Awards last year. More countries have been included in the programme, the supply chain has been rationalised and more economies made. The aim is to provide consistent and effective FM provision from one company in each country with the process managed by Business & Facilities and the Corporate FM Alliance who provide local expertise in each country.



Opened last year after a £6m restoration, the Gorton Monastery provides a dramatic backdrop to the second European FM Awards. The nave of the Pugin-designed former church is the centre piece of restoration that has created a unique urban retreat, conference and events venue overlooking the cloister gardens.



Action Learning for Facility Managers

The Ideal Method for Sharing Knowledge in FM Practice

By Peter W.G.Ruepert

In modern vocational education a curriculum is built on competences to be obtained. Facility managers need general managerial competences and special ones. A good, effective and efficient method for learning is action learning. Action learning is an ideal method for part time pathways of facility management for students working in practice.

Competences for facility management.

In The Netherlands facility management is a clear profession. In every larger office building, hospital or educational centre you are able to go in and ask for the facility manager or the facility management department and reception will show you where to go. Nation wide approximately 5000 students are in undergraduate pathways and about 125 students in master programs.

A large amount of research was done to find out the most important competences for facility managers in The Netherlands and the satisfaction of alumni working in practice regarding their education on an undergraduate (bachelor) level.

The ten most important competences for Facility managers according this research are :

- To communicate convincingly
- To manage projects and processes
- To operate according plan and result driven
- To assess plans on reality and feasibility
- To translate corporate strategy
- To communicate strategic and operational plans
- To lead, motivate and stimulate
- To budget and to assess budgets
- To lead and coach
- To manage the facility service offered.

If we take a look at the BIFM competences we see the following list

- Understanding business organisation (in which developing FM strategy)
- Managing people (in which communication)
- Managing premises
- Managing services
- Managing the working environment
- Managing resources (e.g. procurement)

Being non-core in organisations facility management and its tasks feels a lack of commitment of general management. Of course the facility manager is able to show general management the impact of some of its managerial decisions, but on a more

operational level it is not always easy to provide evidence of the importance of the services delivered. And at the same time, Facility management processes, policies and procedures are often taken for granted as are the demands of the (internal) customer.¹

Learning and teaching.

Of course there are several methods available to teach and learn these competences. Long lectures could be offered and different managerial theories could be discussed. An other way of teaching is to work with strong case studies where students try to find solutions for different problems. In vocational curricula very often long practical periods are part of the pathway. In the practical periods students often use skills already trained in skill labs at school. In some pathways these skills are trained at the practical placements on the spot. But competences are more than skills. Competences are skill, applicable knowledge and attitude together. Recognition that student-learning takes place in contexts other than the lecture hall or the seminar room, requires a 'holistic' approach to the learning which starts entering the program, and even continues after graduation during the graduates career. The dissemination of 'advice' or the teaching of 'study skills' is most effective when students themselves come to understand their own learning. This 'holistic' approach to the components of student learning and support underpins the various strategies which have been developed by the project.

Action learning.

Action Learning is a way of educating employees in practice. Real life cases are the starting point for a structured learning process, while theory is just a tool. It was mainly developed through expertise of the School of Facility Management of Saxion Hogescholen. Students were stimulated to use real problems, to use developments in their work to facilitate the learning process and to develop quality management. Action Learning can be best described as a method that uses real problems not only to implement knowledge that has been

acquired (e.g. through a training) but also to develop new knowledge by 'learning by doing'.

Each Action Learning theme consists of three phases:

1. Vision

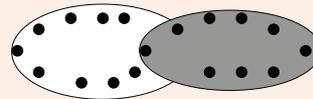
Students describe processes in their own organisation and discuss differences and problems surrounding these processes.

2. Instruments

Students find instruments to explain differences and problems and exchange possible solutions.

3. Integration

Through the exchanges of possible solutions students find new working methods to be implemented in their organisations.



The student is part of the white set with peer students and part of the grey set within his own organisation with peer colleagues.

Each theme starts with a complex and real problem without a direct and unique solution. Students then research this problem within their own organisation and discuss the results with other students in a group. This group is called a 'set', used to enhance learning of individual students by fellow students' questioning work and thus improving it, and also by learning to ask good questions. Possible solutions are developed from this process of inquiry and questioning.

However, it is important to stress that this process does not only take place in a 'set' but also in the organisation.

The research of this complex and real problem demands an active role of colleagues in the company. It automatically involved them in the Action Learning process. The role of teaching staff in providing help for set members is essentially and crucially different from that of the traditional teacher. Their role is not to teach (whether through lecture, case or simulation), but to assist students to learn from exposure to problems and to each other. This method is ideally suited to the subject of quality and of implementing quality as it involves the whole company and deals with day-to-day problems. Action Learning could even be part of a quality system within an organisation.

Van Looy² describes studying case studies within a group as a good way for developing competences, but case studies remain studies and the real practise is still out there in the real world. Action Learning attempts to overcome this by combining formal training with practical experience. Action Learning is an increasingly common method for middle and upper management development which combines on- and off the job learning in innovative ways. Most crucial to managerial success is the ability to seek out and use knowledge to solve real problems in innovative ways and action learning is enhancing these necessary insights. Action Learning programmes usually feature some classroom instruction along with an applied project(s) tackled by a team of trainees. As these projects actually take place, they are richer in terms of real-life context and complexity. On the other hand, as these projects are often limited in time and resources, they tend to not be as rich in terms of content as case studies. At Saxion Hogescholen we try to enrich action learning by making a good theme book in which steps are described to solve the problem or to widen the bottle neck.

Each participant has his own project derived from his own organisation. During the Action Learning project the participants, coming from the different organisations, share their knowledge and experiences in discussion groups; the so-called subset meetings. Subsequently, the discussion group prepares the agenda for a dialog with a panel of experts, the set meetings.

With the help of Action Learning we developed a curriculum, which is equally accessible and equally applicable to students and lecturers. To be explicit, it is proposed that students and lecturers learn in the same way.

What it does:

- Action Learning works two ways. It develops the competences of the individual employee and it develops the organisation at the same time.
- Action Learning enhances networking. The dialog with peers and experts is a main goal of the programme.
- Action Learning contributes to Competence Management. The newly obtained skills are continuously assessed during each Action Learning project.

continues on page 9

Action Learning for Facility Managers

continued from page 8

- Action Learning enhances creativity and conceptual thinking. Students are expected to develop new ideas within their organisation by using a wide variety of tools.

Action Learning contributes to educate Facility Managers in practice at low costs. Facility Management is a multidisciplinary field and moreover it is manifested in the different organisations in very distinctive ways. The Facility Manager him/herself has to develop relevant knowledge. So, Action Learning is the ideal way to exchange experiences, ideas and developments.

The way of working:

The first step was of course to look at the competences and to describe the competences in sub competences which are divided over the different modules.

The curriculum is divided in six large modules. Each module is an Action Learning module. Only at the start of the curriculum some standard lectures and some specific communication training are delivered. In the intake procedure the Action Learning concept and the requirements for the concept are discussed with new students. Most students are not

acquainted with Action learning and therefore some (old fashioned) lectures are delivered to smoothen the new experience. For every Action Learning theme a conceptual model has been developed. According to the Vision Instrument and Integration Model steps are described by which the student could solve the chosen problem or bottleneck.

The steps are described in such a general way that they are applicable in every student's organisation.

In line of the curriculum the Action learning issues will become more complex, more strategic, more entrepreneurial and have a higher degree of risk.

Every theme has a clear matrix for assessment in general management and peer assessment is an essential part of Action Learning.

Most students discuss beforehand with their organisation the project to be managed in Action learning so the outcome of the Action Learning can be presented to the management and will be implemented in most cases.

After the successful implementation of Action Learning within the part time pathway the university introduced Action Learning for the full time students being in practical placements. For this group (scattered around the world) it was of course necessary to introduce e-learning in set and subset. The university did so by introducing theme books by Lotus

Learning Space. In this electronic environment students and lecturers are able to perform set en subsets based in a forum setting. In the program students and staff members are organised in teams around more or less comparable projects. Even chatting is possible though forbidden by most companies and not used in practice.

One staff member has a half-day task to organise the e-learning environment.

In this e-learning environment exchange of knowledge is easy to perform at low cost.

Model for development of an AL curriculum in FM.

1. Research the competences needed.
2. Make sub competences and rewrite at different levels (higher risk, more complex, more strategic)
3. Make a decision what can be delivered in AL and what not. Do think in competences not in learning outcomes)
4. Assign subjects to the different semesters and assign the competences. Do not forget to increase complexity in time.
5. Make a model for the role of Facility Management in organisations or make a model for aspects of FM per semester.
6. Develop theme books as guidelines for problem solving per Action Learning module.
7. Evaluate the program.

The results.

In the eighties, the university offered a part time path way in the same way as the full time. Lectures were delivered on three weekly evenings during a 20-weeks semester. These lectures offered a curtailed full time programme. Everyone was disappointed. Lectures were only able to offer half the programme and most students found the programme not very realistic. After 5 years only 25 % of the student enrolled in the programme were able to get a diploma. Nowadays, the university has a graduate passing rate of 65% after 3,5 year in the part time pathway.

Furthermore, almost all students make a career within their own organisation after the fourth semester "procurement" in which they are able to show their managerial quality to their organisations in its utmost.

Previous year, the pathway was accredited by an independent quality consultancy with zero faults.

i *Corpeleijn, Schreurs "Facility managers in Nederland ISBN 90-808496-1-8 Heerlen; 2004*

ii *BIFM competences registration number 2750720 1999*

1 *Peter Ruepert Margot Steinel, Further education in Quality management in FM; FH Anhalt 1999*

2 *Van Looy among others: Services management isbn 0273 67 353 Pearson Harlow 2000*



Big savings on FM Industrialization

By Dag Jörgen Saltnes

Norwegian Property's costs have dropped from 6.1 percent of rental income to 5.6 percent, thanks to a successful FM strategy.

Norwegian Property and property manager Aili Klami have worked hard and long to create Norway's largest and most comprehensive agreement for Facility Management (FM). In the end, it was NEAS who won the fight to take over responsibility for administration and daily operation of all office premises belonging to the property giant; a portfolio of 700 000 square meters with a total value in excess of NOK 20 billion.

- We have endured some pretty tough competition. Initially we laid out a small portfolio, and we gained valuable experience from that. The final choice was NEAS, says Klami.

- It's important to emphasize that we were not dissatisfied with the work performed by the other administrators. They have done an excellent job, adds group CEO Petter Jansen.

Savings

The agreement with NEAS means that Norwegian Property can achieve

significant savings. According to Klami, the agreement will result in a 10 to 12 percent reduction in the company's operating costs.

- Our ownership costs are 5.6 percent of the rental income; down from 6.1 percent which we had previously. The norm in the property branch is a value of 8 to 12 percent, says Jansen.

One of the reasons that Norwegian Property has lower costs of ownership than elsewhere in the industry is that many of the company's buildings are relatively new and modern. The high quality of the property portfolio, together with the portfolio's low geographic spread, contributes in keeping costs down and achieving economies of scale for outsourced services.

- We have focused on economies of scale, flexibility and better service when selecting a single FM provider. Norwegian Property originally had seven to nine suppliers, but it made

more sense for us to choose one long-term partner, says Klami.

However, NEAS' role is not only to reduce Norwegian Property's costs, but also to take measures which will ensure lower collective costs to tenants. The FM supplier also has the opportunity to use the market power provided by Norwegian Property's large portfolio to purchase other services, such as office equipment etc., at a lower cost.

Tough requirements

Norwegian Property places stringent requirements on NEAS in the 6-year agreement.

- The costs that are our responsibility are fixed for the 6-year duration of the agreement. We pay a nominal fixed cost which is adjusted with inflation. NEAS must take over all additional costs if the services are more expensive than stated in the agreement, explains Klami.

Norwegian Property also uses a customer satisfaction survey to measure NEAS' performance. The tool used in assessing NEAS' performance is the Norsk Leietakerindeks (NLI - Norwegian Tenants' Index) survey, produced by Mediehuset NæringsEiendom.

- The NLI survey is crucial. If our tenant satisfaction score is 50 to 55 percent or less, we risk losing tenants; however, a score of 70% or more means that our customers are satisfied and that they will possibly spread the word. In the last survey we scored 65%, and in the NEAS agreement we will achieve 70% within the next year, says Jansen.

NEAS may suffer financial penalties, or be rewarded, depending on the results of the NLI survey.

- We are impressed with NEAS; a company that dares to subject itself to the customer satisfaction survey. They will ultimately benefit if the tenants are satisfied, and lose if they are not, says Klami.

Jansen explains that the wide-ranging FM agreement with NEAS has been well received by the investor market.

- Our talks with international investors have been very positive when we have been able to produce key figures such as these. The investors are very pleased to see that this will lead to lower costs and to a high level of transparency, says Jansen.

Hotels next on the list

After putting in place the FM agreement fixing the company's costs in the portfolio of office buildings, Klami is now working on setting up an equivalent FM agreement for the hotels; however, the task of reducing the costs relating to FM services does not stop there.

Jansen and Klami believe that further savings can be made in the future. Eventually, as NEAS grows and achieves greater operational volumes, the company will be able to obtain greater economies of scale, which Klami believes will ultimately benefit Norwegian Property.

- This may open further opportunities for economies of scale, says Klami.

The Light at the Workplace

By Polina Petkova

Different light equipment has different proven awakening or lulling effect.

Employers should seriously consider choosing the right lighting in order to enhance the performance of employees related to tasks which require using their eyesight. Using daylight, electric light or a combination of both could be equally beneficial.

Light plays a major part in regulating the biochemical processes in the human body. After a new photosensitive cell(s) in the human eye was discovered in 2002, it is a lot easier for us to understand the effect that light exerts on our organisms. It is proven that there is a direct connection between the human eye and a part of the brain called biological clock. A great part of the biological cycles in our organisms such as the ageing, the body temperature and hormonal secretion of melatonin and cortisol are controlled mainly by signals emitted by the biological clock. The photosensitivity of the newly found cellular type has already been examined. Results show that the stimulating biological effect of blue light is greater than the one of red light.

Good light has always been important for the processes of work and for the human life in general. The biological effects of daylight are known to the humanity from the ancient times and heliotherapy is a proof. Heliotherapy means healing by direct exposure of the human body to sunlight. This practice was widely spread until 1930 when penicillin was discovered and medical treatment has been preferred ever since. The concept of light being a major source of health and self-confidence has been brightened up in the past 30 years by numerous biological and medical discoveries.

The eyes are normally seen as visual perception organs. After science revealed the existence of special neural ligaments (connections) between the photosensitive cells and the brain, it is accepted that light controls and contributes to a wide range of biochemical processes in the human body.

The most important findings are related to the biological clock and the regulation of certain major hormones by the rhythmical alternation of light and darkness. This means that light has an impact on our health, self-confidence and alertness.

Light sends neural signals through the photosensitive cells and a separate neural system to our biological clock which regulates the daily and yearly (annual) rhythm of a great number of physical functions. Fig. 1 illustrates some typical functioning rhythms in the human body. It visualizes just a few examples: body temperature, alertness and the secretion of the hormones melatonin and cortisol. Scheme 1 demonstrates the typical 24-hour daily rhythm of the human organism by the temperature (red dotted line), the alertness (light blue dotted line), the secretion of cortisol (dark blue dotted line) and melatonin (orange dotted line). The hormone cortisol, also known as the hormone of stress, and melatonin denominated as the hormone of sleep play a significant role in the control of alertness and sleep.

Cortisol, along with other functions, raises the amount of blood sugar giving the body energy and activating the immune system. However, if cortisol levels remain high for a longer period there is a possibility that the immune system becomes exhausted and inefficient. Cortisol amounts raise in the morning thus preparing the body for the

daily activities. The level of this hormone remains high enough during the day, while at midnight it reaches its lowest point.

The amount of melatonin drops down in the morning decreasing the sleepiness and raises up when it is dark outside, allowing a healthy sleep (in the same time cortisol is in its lowest point). It is important for the health that this rhythm is not perturbed often. In case of disturbances in the rhythm bright light in the morning could help restoring the day activity mode. Natural light and especially morning light helps the synchronization of the internal body clock with the Earth's 24-hour alternation of light and darkness.

If this natural 24-hour cycle is eliminated, the internal body clock would have an independent turning period of more than 24 hours, which would lead to additional amplitude of the daily values of the body temperature and the cortisol and melatonin levels, differing significantly from the natural ones. This lack of harmonization could result into a state of alertness in the dark hours and sleepiness during the day. These symptoms are typical for people who traveled with on an airplane crossing several time zones, as well as for those having night shifts at work.

Numerous scientific experiments have been carried out comparing the results on the people's health, alertness and self-confidence in different lighting situations.

Kuler and Weterburg have examined the EEG of volunteers set in a laboratory reproducing the conditions in an office. The first time, the experimental office was relatively well lightened (1700 lux), while the second time the light levels were lower (450 lux).

The structure of EEGs in these two cases differed significantly: the higher

light levels resulted into decreased delta wave (delta wave in the EEG is a sign of sleepiness). This means that bright light excites the nervous system and causes alertness (scheme 2). A great number of researches have also been carried out on the effect of night shifts on the people's mood and alertness, because the mind is more susceptible to influences at night.

Scheme 3 illustrates the effect of two different lighting regimes in shift working conditions on the alertness which is a function of time.

The biological effect of light however, is not a function of the lighting level, but of the amount of light that gets into the eye. The latest researches are aimed at determining and measuring the difference between the visual level of lighting and the biological level of lighting.

Not so long ago, experiments showed that lighting falling in the upper or the lower parts of the retina has different biological effect, which means that the right spatial distribution of light is also very important for the health of the employees.

Daylight has a dynamic intensity by nature. There are indications that differing lighting conditions in the office have a beneficial effect on the workers. Bluish morning light has awakening characteristics, while the red light late in the afternoon has a soothing influence. In the professional environment both stimulating and soothing effects are required. The color temperature and the amount of light generated by the particular lighting system are also important.

Thanks to the recent discovery of the photosensitive cells in the human eye we can better estimate the advantages of quality lighting at the workplace in terms of health, alertness and self-confidence. The general conclusion is that good (appropriately chosen) lighting means less mistakes, rejects and absence and higher security and quality of performance.



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Still a Big Players' Business

By Roberto Cigolini (Associate Professor at the Department of Management, Economics and Industrial Engineering of Milan Polytechnic)

A study by the Milan Polytechnic has confirmed that small and medium-sized enterprises are wary of using outsourcers and external providers, preferring to source services internally. However, the benefits of FM may no longer be the exclusive domain of business giants.

It is possible to state with some degree of certainty that Italy's SMEs are now well aware of the many advantages that Facility Management has to offer. However, it is hard to establish how, and to what extent (and with what results) they have effectively implemented the principles of this discipline within their own organizations.

A study by the Department of Management Engineering at Milan Polytechnic was conducted with the aim of shedding light on the popularity of Facility Management among Italian SMEs. A sample of 1000 businesses was surveyed, with a reply rate in excess of 10%. The main aim of the study was to understand whether medium-sized and large businesses were exploiting the principles of the discipline adequately, and whether small and medium-sized businesses are managing to get the best out of Facility Management, even though they are often aware that this is a decision which could cut them out of the market in the future.

The sample

The study sample, obtained from a database screening carried out by IFMA Italia, was made up of companies with between 30 and 1000 employees, divided into three groups:

- small to medium-sized enterprises with fewer than 100 employees. This category also includes businesses with fewer

than 50 employees but with a turnover of over €7 million;

- medium-sized businesses with between 101-250 employees;
- medium to large enterprises with between 250 and 500 employees. This category also includes businesses with more than 500 employees and a turnover of under €40 million.

The information gathered shows that, on average, the costs of general services represents between 3% and 4% of total turnover, with small and medium-sized businesses showing expenditure which was higher than the average for the sample. This result is mirrored by the fact that medium to large enterprises have lower costs, which indicates better service management and therefore, in all probability, that the strategies and approaches suggested by Facility Management have been adopted and implemented correctly.

Facility management

In respect of the management models adopted, it is clear that the number of organizations with a dedicated Facility Management department rises steadily as business size increases. Almost all the medium to large companies surveyed had a department of this type, and were therefore able to identify and effectively handle the costs hidden in the folds of the traditional cost-centre management method.

Medium-sized enterprises are also moving towards this type of organizational model, while medium to small companies prefer to avoid it, probably due to the lack of staff available for this role.

Reliance on outsourcing

Limited business size is the main reason which drives medium and small businesses to source services

internally. The same decision is also taken in medium to large organizations when there is a surplus of personnel.

It can also be seen that medium to small companies tend to regard outsourcing with a certain degree of suspicion, caused by the fear that the supplier might access confidential information other than that which is strictly necessary for the service. The study also shows that the other two groups in the sample tend to keep the organization as lean as possible. Consequently, the larger the company, the higher the number of outsourced services and the higher the quality demanded.

However, it should be emphasized that medium and medium-small companies resort to outsourcing mainly in order to concentrate the highest possible number of staff on their core business.

Italian enterprises often show very limited knowledge of the characteristics and benefits which can derive from using a single supplier for all services. Only 9% of medium to large companies and even fewer (5%) of medium to small companies have such a supplier. The businesses classified in the sample as medium-sized are those which are most inclined to select a single supplier, but even in this case the number of outsourced services varies widely from company to company. In any case, businesses do not seem able to handle relations founded on performance-based contracts.

On the contrary, many of the companies surveyed prefer to enter into traditional task-based

agreements, as they appear easier to handle and manage when it comes to checking results.

As far as the method of supplier selection is concerned, the most common approach for all three groups in the sample is the classic form of invitation to tender. The use of this method, however, tends to diminish as the size of the organization grows. In a great many cases, medium to small companies also tend to select suppliers from among "buddy" companies, while medium-sized companies tend to rely heavily on advice from other businesses when making their selection. Finally, medium to large organizations have a higher percentage of procurement and in some cases, corporate-level international agreements for supplier selection.

Checking results

Medium to large companies exercise a higher level of control than the rest of the sample. This is because these companies are generally more focused on assuring service quality and internal customer satisfaction.

In this field, there is no great difference between medium and medium to small businesses, while the type of service and the industrial sector in question has a greater bearing on the complexity of the control procedure applied.

Unfortunately, very few companies have a performance indicator "dashboard". The adoption of this tool only becomes significant in medium to large organizations, probably because performance-based contracts are more common among this group.

Roberto Cigolini is Associate Professor at the Department of Management Engineering at Milan Polytechnic, and lecturer in Operations and Facility Management. In 1994 he graduated in Management Engineering (final grade 100/100 with honours) from Milan Polytechnic.

Between 1999 and 2002 he co-directed the MBA Programme at the MIP Consortium, and is currently Co-Director of the Master's Degree in Facility and Property Management. In 2001 he was the founding member of the Technical Committee on Semiconductor Factory Automation at the IEEE Robotics and Automation Society, and has been a member of the UNI Maintenance Committee.

The main focus of his research is linked to planning, programming and control of production and supply chain management, Facility, Property, Asset and Project Management, particularly in the field of modularisation.



Finding Partners to Support Facility Management's Sustainable Business Objectives

By Darian Sims - Programme Manager for Océ Business Services, UK



As sustainability becomes a criterion for working or not working with a potential vendor, the challenge many companies and Workplace Management teams face is determining if that provider is truly sustainable. This is especially true in the outsourcing market, where relationships are long-term commitments that need to tightly adhere to the client's strategic objectives of cost savings without loss in productivity.

This report describes the increasing impact of environmental sustainability on supplier selection within Facility Management. It seeks to define sustainability and covers some of the trends, strategies and actions businesses can take to ensure that they are working with sustainable service and technology providers. In this paper, you will learn the touch points to look for in a prospective services and technology vendor.

There are certain key points to look for when you're seeking sustainable business partners. Look for a history of sustainable practices, a commitment to recycling, efforts to give parts and products a "second life", energy efficient engineering, a forward-looking approach to waste and emissions handling, compliance with sustainability regulations, and any awards that recognize the company for environmentally responsible business practices. In addition to this there is a growing requirement to conduct any managed service provision sustainably, and in a manner that has minimal impact to the client's environment.

Recognising a market shift toward buying environmentally responsible services and technology

The latest reports on evidence for climate change by the IPCC (Intergovernmental Panel on Climate Change), published in April 2007, describe the phenomenon of global warming as unequivocal, and state that it is very likely (i.e. more than 90% certain) that most of the observed increases are due to man-made greenhouse gases. It is helpful therefore to spell out what climate change means for business objectives:

- Individual lifestyles need to change in the developed world, let's assume they need to change at the same rate as other industrial sectors;
- For each person, there needs to be a reduction in harmful use of resources by 66% in the UK (85% in the USA);
- In other words, our lifestyles need

to change beyond recognition - and importantly this is no different in the workplace.

Also if you look beyond consumerism, at the individual participation in ethical behaviours, statistics show that people increased their tendency to chose product and service on a basis of a company's responsible reputation, meaning that in 2005 61% of consumers purchase this way (ref: The Co-operative Bank, Ethical Consumerism Report (2006)).

Are your managed services and technology vendors' leaders in environmental sustainability?

As more and more technology vendors jump on the green bandwagon, how do you determine if a vendor is environmentally sustainable? Whether you are evaluating an existing service & technology partner or a potential one, if environmental sustainability matters to you and your business, it pays to know the score. Considering a vendor? Compare the vendor with Océ in this checklist and see how each one compares.

Looking to the past to see the future

Ironically, while sustainability is about the future, one of the best ways to determine if a company is truly sustainable is to look at its history. Is sustainability a fashionable mantle that the company has suddenly donned? Or has sustainability been part of its DNA for years? Look for a company that can demonstrate sustainable business practices-before it was fashionable to do so. Key indicators? Consider companies that have taken steps to reduce the use of toxic materials, that designs sustainability into new products, and reduces, recycles, and re-uses materials.

Ask a prospective provider if they have sustainable processes for handling waste and emissions and transporting materials-and ask them to show you how sustainability is being incorporated into business models and strategic planning cycles-evidence that the company is continuing to refine its focus on a sustainable future. Ask the service provider what plans they have to incorporate sustainable practices into

their on-site business processes. Pro-active managed service operators will not only have plans, but case histories to prove they have delivered against sustainable targets before.

Reuse and recycling ...

While it isn't the only component of sustainability, recycling is an essential pillar of a wider program of sustainable business practices. As well as managing outsourced services, your supplier may also buy in or manufacture technology as part of it's delivery mechanism.

While many companies continue to send used technology to landfills (because their focus is selling equipment today), truly sustainable companies create products with components that can be recycled. They support recycling in their manufacturing and routine business practices, along with a remanufacturing process. Recovering parts and materials for re-use or recycling reduces consumption of new materials and parts. It also eliminates the waste inherent in the manufacture of new materials.

>>Taking action ...

Looking for a vendor committed to reuse and recycling?

Ask them these questions...

- Do you have a manufacturing policy?
- Are products and component materials engineered to be re-used in new systems?
- How are machines handled at the end of their economic lives?
- Are components reclaimed, recycled, or remanufactured - or are they sent to landfill?
- Do components stay in place - or are they discarded as waste?

Environmental stewardship ... it's about how a vendor does business

Of course, there's more to sustainability than recycling. Increasingly, it's a matter of how a company does business. When it comes managed services, look for a company with a record of implementing sustainable business practices. Does the company meet stringent standards for quality and environmental responsibility through procedures that minimise energy consumption, emissions, and waste? Once the prospective supplier has achieved these goals in partnership with you they should aim to facilitate full 'Green Packages' along with the existing service provision to carbon off-set (or better) the operation you have contracted them to. What about their own facilities? Your prospective supplier is responsible for their own supply chain including employees, offices, manufacturing and logistics. Does the supplier company believe in greener business itself and adapt its own processes to support a sustainable environmental program? Is it using carbon-neutral biomass fuels to power its production plants? What about emissions? Is it working to reduce or eliminate them in their own office environments?

This article has been written by Darian Sims - Programme Manager for Océ Business Services, UK - the managed services arm of the only European print technology manufacturer Océ.

Consider how you source your print technology and how your document strategy supports your sustainable goals.

Reduce energy and paper consumption, reuse by sourcing a printing service that give products a second life, work with a partner that facilitates recycling throughout the managed service offering.

Environmental Sustainability Checklist	Vendor
A track record of environmental sustainability	
Products and components that can be recycled	
A remanufacturing process/program	
Recycling as part of the company's routine practice	
Products and components engineered for re-use	
A second life for products and parts	
Facilities for collection, transport and processing of products at the end of their useful lives	
Sustainable logistics processes	
Procedures that minimize energy consumption, emissions, and waste	
Programs to reduce packaging and use recycled materials in packages	
Use of green/renewable energy sources for heating, cooling, production	
Initiatives in place to reduce paper usage during testing	
Programs in place to reduce ozone, dust, and toner emissions	
Photoconductors & consumables that last longer to reduce waste	
Products engineered for low heat, noise, dust and ozone emissions	
Products that are Energy Star, RoHS and ISO 14001 compliant	
Membership in the U.N. Global Compact	
Receipt of awards for its sustainable practices	

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