

FM IN THE NEW EUROPEAN DIMENSION

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ABSTRACT: Facilities management (FM) uses different approaches and has distinctive priorities in every particular country. It is not surprising that there are widely divergent views and interpretations of the facilities management concept that is used in various countries. Among those facilities management is understood in the similar way, but at the same time it may use different strategies. Consequently, there is yet no consistent definition of the scope of the facilities management activities. Therefore, to understand better the issues that relate to facilities management, we paper analyses the historical background of facilities management development, as well as the legal system of particular country. The study concerns one general question: why the FM definitions are different? Here, we investigate how historical background of different countries influences the development of FM. This study also reveals individual law system, psychology and business environment affecting FM in various countries. A research methodology is proposed that can be used for the development of the sustainable FM structural model in the purpose of its implementation in the global market of the European Union.

Keywords: Facilities management, FM definition, FM development, European Union, global market

1. INTRODUCTION

During the course of globalisation processes, and particularly the development of business markets, the requirement of sustainable territorial, social and environmental development and human resources at the European level becomes especially relevant. Therefore, the requirement to standardize many areas of science and business activities, including facilities management (FM) has emerged. Facilities management is quite a young area joining people of different professions: engineers, architects, surveyors, businessmen, economists, lawyers, etc. Naturally, everyone makes own contribution to this area through his/her unique point of view. This raises a number of problems including definition of the scope of the FM activities.

The European Technical Committee of CEN (Comitee Europeen de Normalisation) is creating the standards for FM (CEN/TC 348 "Facility Management"). These standards are scheduled to come into force in 2006 and must be adapted in all countries of the European Union. The creation process of standards began in 2002 (1st meeting of CEN/BT/WG 136 "Facility Management" in Amsterdam). The Technical Committee of CEN finished its work at the end of 2004 (CEN/TC 348 N 80). The major reason why this process of standard creation developed so slowly was that incompatibility of opinions prevailed in different countries in the field of FM. Through the analysis of the globalisation process one may form a point of view that the process has been delayed by the discussions of experts from the different countries on the topic of a uniform philosophy of FM. From the very beginning of CEN work significant discussions took place related to the definition of Facility Management or Facilities Management, which has been differently interpreted by the experts from the different European countries. This long and seemingly never-ending process of standardization resulted in requirement for scientific examination, which would be able to explain why the different attitudes towards the FM concept exist in Europe. What has influenced it? Only after clarification of reasons would it be possible to create the uniform European FM concept. This would speed up the European process of FM standardization.

The development of CEN/TC 348 “Facility Management” is a good opportunity for the FM professionals to influence European Union policies (Kloet, 2004). The potential benefits of the CEN standard for FM in national markets have been identified for facility and real estate managers, as well as business providers. These benefits are:

- Improved competitiveness in a global market
- Improved effectiveness of primary and FM processes
- Improved transparency in procurement and contracting
- Improved quality of output support for certification
- Improved communication between stakeholders
- Development of new tools and systems
- Using standards to develop the European FM market (CEN, 2002). At this stage of the research there is recognition of the importance of FM historical background, different FM definitions and criteria, which influence the different understandings of FM. This research analysis would be part of the main study and support to the aim of research – to develop a sustainable FM structural model for the purpose of its implementation in the global market of the European Union.

2. THE FM CONCEPT

The FM has widely developed in the last ten years. FM has become more miscellaneous, flexible; more polarized towards the wishes and requirement of purchasers. Therefore, today, FM covers old “traditional” ranges and absolute new ranges, which sometimes could be strongly related to facilities management.

Facilities management uses different approaches and has distinctive priorities in every particular country. It is not surprising that there are widely divergent views and interpretations of the facilities management concept that is used in various countries. Among those facilities management is understood in a similar way, but at the same time it may use different strategies. Consequently, there is yet no consistent definition of the scope of facilities management activities. Accredited definition of FM would be a platform to describe the activities of facilities management.

During development of FM many Western professional organisation and scientists have suggested their own FM definitions. An American based FM organization, The United States Library of Congress (1982) and International Facility Management Association defines FM as follows: 'The practice of coordinating the physical workplace with the people and work of the organization; it integrates the principles of business administration, architecture, and behavioural and engineering sciences' (IFMA, 2000; Schulte and Pierschke, 2000).

Later, IFMA has changed the definition into the following: the FM is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology (IFMA, 2004). Here are represented a few definitions of FM from different professional associations where there are different interpretations of FM. Professional associations do not always present a general understanding of FM in each individual country defining FM as following:

- the practice of coordinating the physical workplace with the people and work of an organisation (BIFM, 1996);
- a process where an organization produces maintains and develops real estate and supportive services for the strategic needs of core- businesses (FIFMA, 2000);
- approach, analysis and optimisation of all processes, relating to the building or other real estate that can be used for business needs of organisation, except the core-business of the organisation (GEFMA, 2000);

- the process by which an organisation delivers and sustains support services in a quality environment to meet strategic needs (Alexander, 1996);
- an integrated approach to operating, maintaining, improving and adapting the buildings and infrastructure of an organisation in order to create an environment that strongly supports the primary objectives of that organisation (Barrett, 1993);
- a management function that improves and supports the primary process/core business of an organization by delivering all needed facilities (CEN/TC, 2003);
- an integrated approach to planning and delivering the agreed services that support an organisation's primary activities. This includes developing and implementing policies, standards and processes that enables the organisation to adapt to change and to improve effectiveness (WG1, EFM, 2004).

During the meeting of CEN/TC, which took place in 2004 in Paris, a new definition of FM has been adopted. The definition of FM, discussed during the meeting of experts in Paris, and agreed as:

'FM is an integrated process to support and improve the effectiveness of the primary activities of an organization by the management and delivery of agreed support services for the appropriate environment that is needed to achieve its changing objectives' (CEN/TC 348, N 78).

It is assumed that every researcher or professional body defines FM based on practical experience in their own countries, because the European Project Team and the 25 national standards committees are involved (Kloet, 2004). Usually this practical experience is based on the historical background of a particular country and specifically on the historical development of FM.

A short history of FM development is presented in the following part of this paper.

3. HISTORICAL BACKGROUND OF FM DEVELOPMENT

Facility Management came into existence as a particular activity in the second part of the 20th century. Facility Management originally entered Europe in mid 1980s from the USA (Tuomela and Puhto, 2001). From its first landing into the UK and the Western Europe, it has slowly entered Scandinavia through the Netherlands and then to the Eastern Europe (Figure 1). It may propose an idea that the practises of the USA and the UK predominantly establish attainments in facility management. Their established standard, specification and programmes have become benchmarks for other countries which accept the importance of facilities management and the importance to research, standardize and develop the facilities management function.

Is not clear when the profession of facilities management came into existence. Previously FM was understood as the maintenance of buildings with engineers systems applying to all the cycle of life of a building.

The 1950s and 1960s were significant periods for facilities expansion. The post-World War II boom had fuel the need for FMs and engineers. It is difficult to comprehend the explosive growth in all areas of FM's professional responsibilities.



Figure 1. Facility management in Europe (Tuomela and Puhto, 2001)

The convergence and interaction of the new forces impinging on facilities management raised the standard by which FM performance is now measured (Figure 2) (Smith et al., 2000).

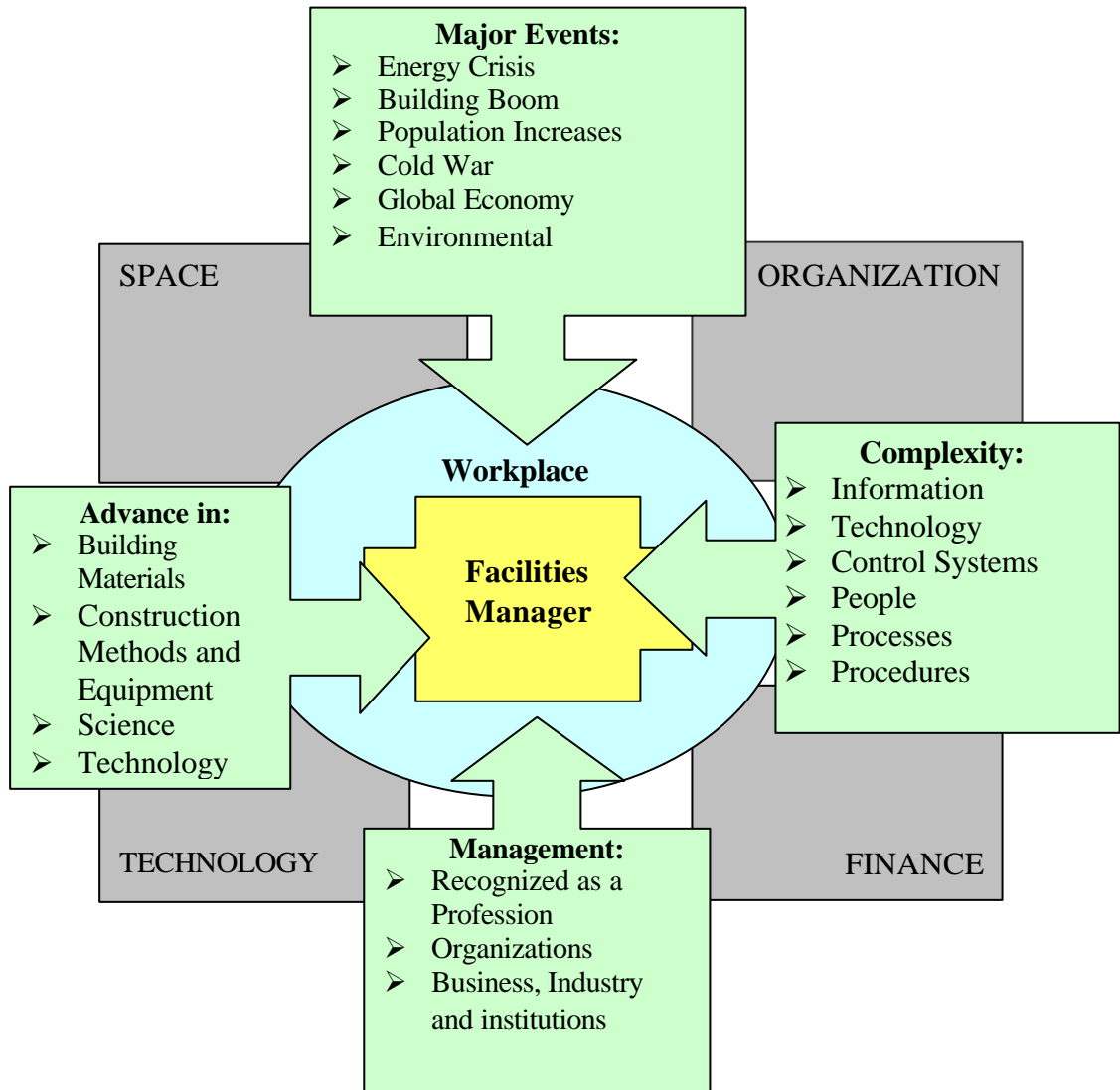


Figure 2. Forces impinging on facilities management

The Development of FM formed two different schools: American and British. In the USA the FM is focused on workplace efficiency and management of the facilities. Comparing to the British approach, the Americans FM pays more attention to the technical issues and installations. The main target is the physical workplace (Tuomela and Puhto, 2001).

The British FM focuses on the integrated services, health and productivity, improvement of the work environment and employees. The British employee based approach pays relatively less attention to the technology. The most attention is paid to the core business and employee support.

As in the rest of the world, the Scandinavian FM has various definitions and forms depending on the organization and target country. The Scandinavian management and service companies use their own definitions of FM in marketing and promoting their services in local markets. The traditional property management tasks are very often included into FM services and the British and American defined meanings of FM have been totally been passed-by.

In some cases, FM is understood in Scandinavia as user-based management that can contain all the facility services and tasks from the strategic to the operational level. The main connection to support the core businesses is understood, but it does not have as settled a meaning as in the UK or the USA (Tuomela and Puhto, 2001).

It is clear based on the executed research work that every Scandinavian country has at least several peculiarities of organisation of FM. In many cases those peculiarities emerged from the local laws and traditions. The short descriptions of FM in the different countries are presented below.

Finland. The Finnish FM market is still very young. The local companies used to purchase the services of the operative level from the external suppliers; some large companies purchased the management services as well. In many cases the transactions of the total FM have been concluded with the largest suppliers of FM services.

Norway. Based on the executed research work the Norwegian FM market is the least developed among the Scandinavian countries. For many Norwegian companies the quality of services is much more important than un-supportive economy. There are internal managerial sub-divisions at all the companies and, in many cases, sub-divisions of rendering of services as well. Different models of FM organisation are almost unknown (www.i-fm.net). Norway has own official national standard on FM (Kloet, 2004).

Sweden. The Swedish FM market is the second largest after the Danish one according to the level of its development. In the Swedish FM market the huge leap took place during the last two years. Many globally known companies did not enter the Finnish and Norwegian markets but merged with the Swedish companies. The fact that the well-known company “JonesLangLaSalle” entered the Swedish market shows that the Swedish FM has developed in an extremely fast way. Besides that, the Swedish NT management companies, such as “Catella”, have occupied very strong positions in the FM market of the entire Northern Europe (Tuomela and Puhto, 2001).

Denmark. The Danish FM is the most advanced in comparison with other Northern European countries. The Danish FM has a renowned background and is very similar to the American NT management style rather than to the UK’s one. Like in all other countries, the local language and traditions contributed to the creation of the unique culture of FM in Denmark. The contractors of property management in Denmark occupy almost 50% of total management markets. This feature may be explained by the fact that Denmark is the only state in the entire European Union where the companies rendering the FM services do not pay the VAT while the service providers, who render different kind of services other than FM ones, must pay the VAT.

Netherlands. Facilities management in the Netherlands has been well developed. Recently a standard has been developed covering the classification of facility costs and the definition

of facility related terms. The standard, authorised by the Dutch Standard Bureau under NEN 2748, helps to match the administration systems with the FM processes, in order to simplify the generation of standard performance indicators and benchmarking. In the past, there was a focus on real estate, post occupancy evaluation and workplace issues. More recent research tends to address hospitality issues such as SLAs, service provision and procurement of FM products and services. Although price/quality oriented research is still prominent. The facilities management concept in Denmark is still recognised more as a profession than an industry. Both the public and the private sector make use of facilities management, and politicians are very much focused on issues such as outsourcing, facilities management, benchmarking, and space management. Large corporations organise their FM functions independently and recruit in-house facilities managers (www.i-fm.net).

Germany, Austria, Switzerland. The FM profession is growing very fast in the German speaking countries, with most change happening in the last two or three years. Germany (DIN32736) and Austria (A7000) have their own official national standard on FM (Kloet, 2004). Probably the biggest change is the view within large organisations of facilities and facility management. Some, perhaps the majority, realise the impact on their core business. This has led to the creation of many new real estate or FM subsidiaries (almost every business group in sectors such as finance, production or utilities has changed its structure within the last years), higher performance and professionalism in the core FM functions and more strategic thinking (for example on developing buildings, life cycle costing, integrating FM and real estate management, using FM IT tools or benchmarking). In many cases dramatic changes are happening very quickly. Suppliers to German speaking markets had high expectations of market growth. This has now changed to a more realistic view. Nevertheless professional providers are very successful and profitable and markets are growing. As elsewhere in Europe clients take different approaches to outsourcing – single service supply, bundling services or contracting with a facilities management company. However the strategy of choosing one single provider for all FM activity (including strategic aspects) and reducing the internal function to almost zero, has largely proved unsuccessful (www.i-fm.net).

Though many advances have taken place in FM education, improvements in quality, transparency and collaboration have still to be made. Professional associations are established and contribute positively to the development of FM. Nevertheless their position and size is still not the same as it is in the UK or Netherlands;

France. The French FM market is more focused on the service provision of real estate.

From the short description of analysis of development of FM in some European countries one may form an opinion that one way or another two different American and British FM schools make an influence on European development of FM. Every European country develops FM by adapting it to their unique economic, social and legal environment.

4. STRATEGY OF RESEARCH DEVELOPMENT

After investigation of the historical analysis of definitions of development of FM and after assessment of analysis of definition of existing FM's, at this first stage of research four essential questions have been asked as follows:

- Is the historical background of the FM development different in the various European countries?
- How does the external environment as the legal system, psychology or environment of the business differ in various countries?
- What influence could an establish authority country have on the FM in other countries?

- Does the understanding of FM differ in various countries? Or is it the same and its definition differs only?

Only after review of those queries should one be able to answer the key question: do the FM definitions have differences in each country? In order to identify the FM concept of every European country and execute the comparative analysis country by country, a research methodology will be used interview and questionnaire, which will help to answer the key question which is important for the aim of the research: the development of a sustainable FM structural model for the purpose of its implementation in the global market of the European Union. At this moment this study pays particular attention to the concept of FM and compares its development in the European countries. The research framework has been created which is to be used as a guide for the next stage of the research study. At that stage particular attention will be paid to the analysis of relationships between FM and property management, property valuation, property development and external environment such as economic, legal, social, psychological, political, systems etc in each country (Figure 3).

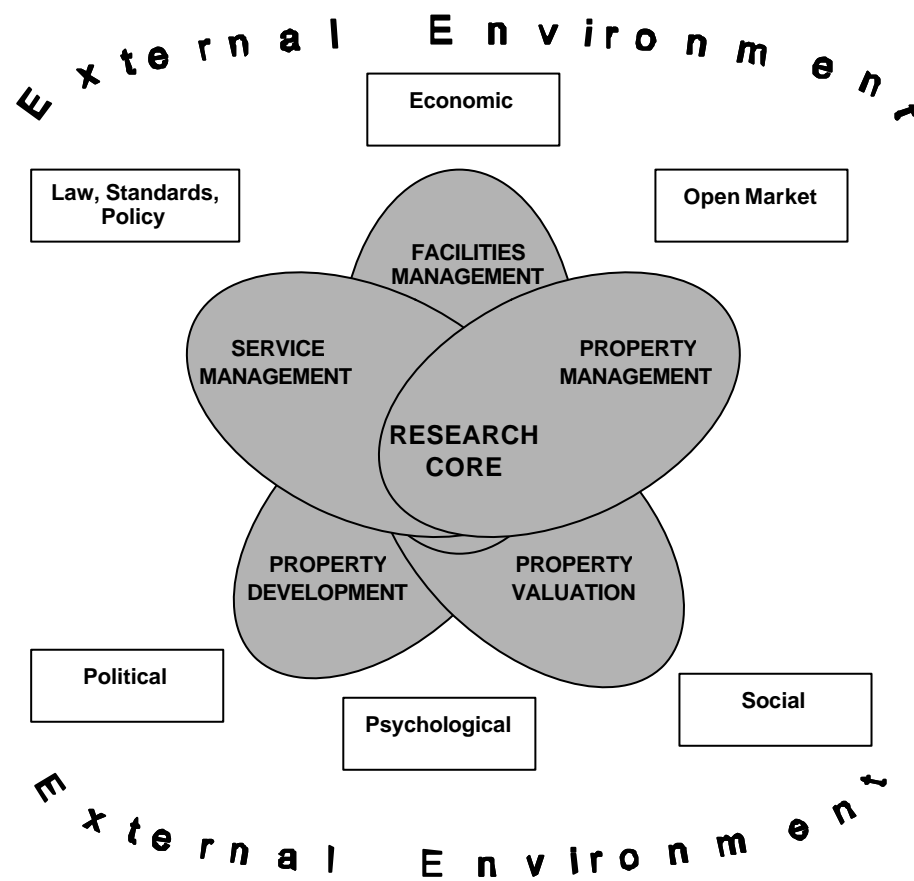


Figure 3. Research Framework

5. CONCLUSIONS

- FM in the USA and Western European countries has a long history. The kind of activities, which emerged in the USA in the middle of the 20th century, and in Europe around 1980, have survived several stages of development and FM significantly differs from the situation it faced at the beginning of its development. Following growth of the new technologies, sophisticated construction, development of telecommunications and electronic business, FM has broadened from the “traditional”

services, such as, management of real estate and property, management of finances, market analysis, management of human resources, management of contracts, etc.

- FM includes many areas of different kind of activities and different hard-to-define processes, which may be one of the reasons why a common definition of this kind of activities is absent. Every European country, and in some countries even every larger company engaged in this kind of activities presents its own FM definition depending on their own traditions, legal base and level of development of FM. Despite the variety of FM definitions one may identify two different FM schools – American and British that are different by their attitude towards the key aims and tasks of this kind of activities.
- There are lots of different questions and problems in the field of FM but one of the most important ones is lack of the legal base regulating this area of activities. The European Norm CEN/TC 348 “Facility Management” is under development now. It is estimated to come into effect in 2006 and it will be mandatory for all countries of the European Union. The analysis of research foreseen in this present work is very important for the creation of a uniform European FM concept. This would satisfy the needs of markets of the different European countries and contribute to the processes of European globalisation. The executed conceptual analysis of FM would stimulate business development in the Euro zone. The uniform European FM concept would serve as a base for unification of the existing status of development in the Western, Eastern, Northern and Southern Europe.

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