

Local for Europe

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Increasingly multi-national corporates are looking for service providers who can co-ordinate delivery of Facility Management (FM) in the properties they occupy across Europe. Chris Kenneally explains to Jane Fenwick how Faceo is meeting this challenge



(l-r) The Faceo Executive team : Keith House (MD Operations), Edward Macfarlane, (Commercial Director), Chris Kenneally (CEO), Andy Wilkinson (Finance Director) and Rachael Sharpe (HR Director).

DELIVERING FACILITIES SUPPORT SERVICES across international borders is not easy, and in Europe it is particularly difficult taking into account the range of different languages, cultures, regulations, climates and currencies across the continent. Multi-nationals that have sought to deliver a trans-national strategy for FM can reap the benefits in costs, standardisation and efficiency across their corporate estates, but selecting the right model for the organisation is the key. Experience shows this can vary from company to company.

The dilemma for service providers in the European context is that although they seek to deliver a seamless service to international clients wherever they are in Europe, they must source their services from within the different countries and cultures. For some, the approach has been to form alliances with local service providers in different countries to supply clients' operations in the countries where they are located, and using local people operating on a standardised service level. For others, like Faceo, the strategy is to have a presence in countries where their clients are.

Faceo is the third largest Facility Management company in France, but as Faceo FM UK's Chief Executive Officer, Chris Kenneally claimed, "It is the best kept secret in Facility Management in the UK." Kenneally continued; "Faceo's core strength is its European capability. There are plenty of companies that claim to deliver across Europe but they achieve this through service partners. We are one of a very small number of providers that can deliver services from our bases in the countries where the client is located."

At the end of 2000, Faceo emerged from the combined property departments of French multinationals, Thomson Gestion Immobiliere (a subsidiary of Thales) and the Facility Management business of Alstom Contracting, in a radical move to deliver Facility Management services more efficiently in a way that took advantage of the synergies between the two companies' industrial activities and locations.

Faceo first developed its services for its two shareholder companies, Thales and Alstom, in France before rolling out to sites in other European countries including UK, Belgium, France, Germany, Spain and Italy, and developing a wider client base. In a further development, Alstom subsequently sold its share of the business to another French company, Cegelec.

Faceo's model is to be both a managing contractor and service deliverer. It has grown 12 per cent per annum in France, its strongest market. Currently, the company manages more than six million sq m across Europe, with an average site area of 30,000 sq m and serving the needs of more than 130,000 users.

In the UK, Faceo currently manages 170 client sites and employs 470 Facility Management specialists. Kenneally joined Faceo in November 2005 at the time when Faceo's shareholders decided to pursue a strategy of external growth. As Kenneally explained, "The last two years have been spent building a solid platform to do this. We brought in new management in the UK and elsewhere in Europe with the skills to grow the business. This was a period of transition for the business from an in house JV to the launch of the LMBO in October 2007."

The Faceo management team wanted more investment to grow the business and at the end of 2006, Thales and Cegelec agreed to sell the company to its management and APAX SA private equity investors. The European LMBO (Leveraged Management Buy Out) resulted in the senior management teams across Europe owning a share of the business.

According to Kenneally, "Owning a share of the business makes a difference and gives the business an exciting buzz. People are more aware of their responsibilities to the organisation, themselves, staff development, retention and customer relationships, and it has brought a stronger bond throughout the organisation. Everyone is now focussed on the sustainability of customers and getting the right people to do the right jobs to deliver what the customer wants. It is easier to do this when you have a share in the business, rather than being just on the payroll."

Faceo is now a £400m turnover group and with its staff delivering services and solutions in 10 countries. The bulk of the business is in France, accounting for 250m of the turnover. The UK's share is £40m. As Kenneally reports, "People are surprised when they realise that we are a £40m turnover organisation with an infrastructure that is capable of delivering very large contracts. We have the capability and it holds no fear for us to

compete for those large contracts. We have the reference models to show that we can do that."

Proof of this can be found in the massive £1bn contract renewal with its former shareholder, Thales. Faceo has signed a six- year total Facility Management contract with defence contractor, Thales, across eight European countries and 90 locations. This contract provides a firm foundation for Faceo's business across Europe following the LMBO.

As one of the largest contracts in Europe, it involves total Facility Management service provision to over six million sq ft of property providing accommodation solutions for over 60,000 staff working across Europe. The properties include corporate head offices, commercial premises, manufacturing plants and remote sites. The services will be managed in each country with Key Account Directors managing and developing the relationship with the client from a strategic and operational perspective. A strategic pan-European partnership, it is designed to deliver guaranteed savings over the period of the contract.

It is an extension of the existing Europe-wide Facility Management contract with Faceo with additional services added in each country. Under Faceo's business structure each country has its own business plan and has ownership of the contracts within its boundaries. The Thales contract benefits from this approach as the country-specific parts of the contract are negotiated locally. Faceo's European Management teams ensure that the framework is implemented to the same standard in each country, thus enabling co-operative cross border management and a true Pan European Partnership to develop and grow.

Since the LMBO, Kenneally says the relationship with its largest client and former shareholder has changed. "The relationship has changed for the better," he explained. "Relationships are clearer and although we delivered a high quality guaranteed service, we have been able to make quality improvements."

A mark of this changed relationship is the move of the UK HQ from an Alstom site to new offices in Coventry, while in France, Faceo has moved to a new HQ in Versailles. Kenneally's strategy in the UK has been to focus on developing his business development team under Edward Macfarlane, and work in those sectors where Faceo is strongest in the UK – particularly the industrial, commercial and energy clients, and the police. Scotland has proved to be a fertile ground for Faceo with major FM contracts with Scottish Power and the Lothian & Borders Police. Here, Faceo has been able to self-deliver most of its services which, Kenneally says, has enabled it to better control the quality and cost of service delivery, and improve service quality.

He continued: "This is a people business so we have put all our focus on a strategy that develops our people. We achieved IIP status but in Faceo it is not just a plaque on the wall, its our way of life. Next we worked towards ISO 14000 and ISO 18000 which firmly ties us into quality provision, and also into the important energy and sustainability markets."

A testament to the success of this strategy is the recently announced renewal of the contract with Lothian & Borders Police following an open market tender process, procured through the City of Edinburgh Council. Faceo has been working with the force since 2003.



This new five-year contract provides a full repairs and maintenance management service. Faceo assessed Lothian & Borders Police's buildings and assets to provide an exhaustive planned and reactive maintenance programme.

It has assigned a dedicated team of Faceo technical and engineering specialists under contract manager, Graeme Smith, to the contract; developed its systems in line with Lothian & Borders Police requirements to provide high quality service requests and reporting requirements; operates a 24-hour dedicated helpdesk, and developed a dedicated mobile maintenance resource to cover the needs of an estate dispersed across a wide area of Scotland.

Kenneally revealed that in the UK Faceo plans to acquire businesses to provide national mobile coverage and a wider range of services to its clients, and it is in active discussions with prospective targets. A similar process is underway in France and the past month has seen the conclusion of acquisitions in Germany and Holland. Faceo have also commenced operations to provide Facility Management services in Switzerland and Austria from Germany, and will move into Ireland during 2008.

The strategy is to grow Faceo into a £600m company within the next five years to become the leading deliverer of facilities management services in Europe. Kenneally is not over concerned about signs of recession. "Last time we had an economic downturn, the Facility Management industry recorded phenomenal growth," he recalled. "People in long term FM partnerships will be reassessing these and looking for different ways of doing things. Others are taking stock and once the full impact of the economic situation is revealed will no doubt be planning cost reduction programmes to suit their built environments. This should mean that Facility Management business will increase towards the end of this year."