

BLOG FROM RORY MURPHY, COMMERCIAL DIRECTOR, VINCI FACILITIES

IS FM A RISKY BUSINESS?

The theme for this year's RICS FM strategic Conference in June poses the question as to whether facilities management is an inherently risky business.

I'm looking forward to chairing the event and the theme has prompted me to address some of the aspects of our sector that should make us all uncomfortable.

The recent failure of Carillion has put FM and outsourcing more generally at the forefront of the news agenda. The impact their collapse has had upon the countless people that either work for or supplied Carillion has been significant and highly damaging for the whole image of the FM sector. The harm inflicted upon those who received their ultimate services has had significant political, social and economic impacts for all involved.

But how did we get here? Carillion are not the only supplier to have suffered financial troubles in the recent term and across a broad spectrum of outsourcing suppliers, profit warnings and sliding share prices point to an underlying weakness in the sector. Is this all down to risk transfer or are there other factors at play within our market?

Risk is a two-way street. Commercial organisations are rewarded for managing risk, whilst customers and clients are obviously motivated by defraying and offsetting risk from their own operations. This is the nature of the market we operate in. The problems within FM and more broadly across the whole built environment comes when that risk transfer becomes inequitable or (more worryingly) the parties are unaware or unable to manage the risks that they have taken on.

Risk transfer is fundamental to the procurement process and when you then overlay the heavily commoditised approach to procurement that exists, add in a mix of poor asset data and a lack of guidance, standards and expertise then you are creating a very dangerous cocktail.

The basics of the UK economy though are also at play here. Shareholders demand year-on-year growth, the market expects profits and dividend increases and the pressure to win becomes all encompassing. The pressure to continuously grow both the bottom and top lines within the FM sector eventually permeates throughout organisations and the race to the bottom commences.

The craziness must stop though. A sustainable approach is required from all of us that operate within the sector to ensure that we work collectively to develop some fundamental planks that will support our industry going forward. A standard form of contract which deals with risks appropriately. Guidance on procurement that outlines the quality and depth of information and detail that is required for a successful contract. Competencies that guarantee the quality and ability of our teams. Standards that drive the ethics and behaviours that calibrate the moral compass under which we should all operate.

Facilities management is a risky business but it is within our gift to mitigate those risks for the betterment of us all.

A failure to properly manage risk and control growth manifests itself in the collapse of Carillion and the precarious financial health of several their peers. The ethical imperative that we as leaders



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within facilities management must confront, however, is that the real pain of business failure is not felt in the commons committees or financial regulatory investigations alone. The directors of organisations are often caught in the headlines, but the true damage is felt elsewhere.

The real pain and hurt of not managing risk is felt in the homes of those employed by these businesses or the SME's who now no longer trade because of unmanageably long payment terms, on the back of pensioners who's working lives now count for a little less than expected in their retirement years and on those apprentices who now need to seek further opportunities at the very start of their fledgling careers in FM.

Yes, FM is a risky business and we have a duty to manage those risks in a professional, equitable and ethical way to not place that burden on those least able to deal with the consequences.

CHARTWELLS SUPPORTS CHILD HUNGER DURING SCHOOL HOLIDAYS

Chartwells, Compass Group UK & Ireland's specialist provider of catering to the education sector, has partnered with social mobility charity, Mayor's Fund to support the Fund's Kitchen Social programme.

Kitchen Social is a response to a wider national campaign tackling food insecurity in the school holidays, and the initiative gives young Londoners, on free school meals and from low-income families, a safe place to go where they can socialise and get a free healthy meal. The project supports children's general mental and physical well-being, as well as teaching them life-skills. An additional package of training modules has also been developed for those delivering holiday provision to change long-term behaviour and build a sustainable infrastructure.

Chartwells kicked off the partnership during the February half-term holiday. Its team of experts volunteered culinary expertise and services in interactive cooking workshops at local Kitchen Social hubs: Lady Allen Adventure Playground, Wandsworth; Leaders in the Community, Tower Hamlets; Bridge Park Community Leisure Centre, Brent; Will Perrin Court Hostel, Rainham; Bollo Youth Centre, Ealing and St Luke's Church, Hackney.

NORTHERN CHARITY BALL RAISES OVER £16,000

The Northern Charity Ball, hosted by Incentive FM Group was a resounding success, beating last year's amount by raising over £16,000 for this year's chosen charities, Scotty's Little Soldiers and Cash for Kids.

Guests from the facilities management sector and wider business community took part in the charity ball and casino night, which was held at the Hilton Doubletree Hotel in Sheffield Park. The ball, now in its fourth consecutive year included a blind and silent charity auction, a raffle, a three-course dinner, and music from a live band.

Scotty's Little Soldiers is dedicated to supporting bereaved children who have lost a parent whilst serving in the British Armed Forces, and Cash for Kids works to provide underprivileged and sick children in local communities with a brighter future.

