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**A STUDY ON EVOLUTION AND GROWTH OF FACILITY MANAGEMENT
SERVICES IN INDIA**

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ABSTRACT

Any outsourcing arrangement involves a range of complex issues related to personnel, management sponsorship, and strategic fit and alignment. A facilities management (FM) initiative, by its nature, must address a number of unique criteria related to these issues. For executives on both the client and provider side, a further challenge is prioritization to ensure that the right activities are receiving adequate management attention.

Facilities management operates on the premises that the efficiency of any organisation is linked to the physical environment in which it operates and that the environment can be improved to increase its efficiency. This has increasingly become an important function of the built environment.

The article throws light on the strengths, weaknesses, and opportunities of the Facilities management industry. It also gives a sneak peak on the global scenario of FM industry.

This article also examines key functions in facilities management outsourcing, describing specific considerations and challenges. The author makes a distinction between critical activities that deserve a high degree of management attention, and activities that may merit less consideration, thereby freeing up management to focus on what really matters.

INTRODUCTION

Facility Management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and now technology as well.

Facility Management Services refer to the use of third-party service providers for the maintenance of the building/office facilities or outsourcing the management of entire facilities to an organization for the professional delivery of services. It comprises of Cleaning Services, Support Services, Property Services, Catering Services, Horticulture Services, Electro-Mechanical Services and Security Services.



Facilities Management is subject to continuous innovation and development, under pressure to reduce costs and to add value to the core business of the public or private sector client organisation.

Facilities management services market in India has been growing steadily over the years and is set to witness significant momentum over the next five years. It is a highly fragmented industry with few organized players and mostly unorganized small operators. Facilities management business is largely unorganized in India and operates on low margins. Consolidation in this segment is slowly gaining momentum as players are growing their business by acquiring smaller firms. Facilities management services are primarily concentrated in and around metros with low penetration in Tier II and Tier III cities. There is an increasing demand for such services as emphasis on urban development and modernisation of office spaces is growing. Consistent economic growth has led to a booming real estate sector in India, which will drive the growth of this market in the near future.

Strong growth in real estate sector has given immense potential to property management companies to provide integrated facilities management services. Many residential and commercial complexes are being constructed including offices, business centres, housing apartments, manufacturing units and other such facilities. This has led to a huge demand for facilities management services housekeeping, security, cleaning, electrical, mechanical and civil engineering services. Increasing malls and retail stores has increased the demand for many services offered by the facilities management companies. Boom in real estate sector has spurred growth in the facilities management services market in India and will help it to develop further Impact.

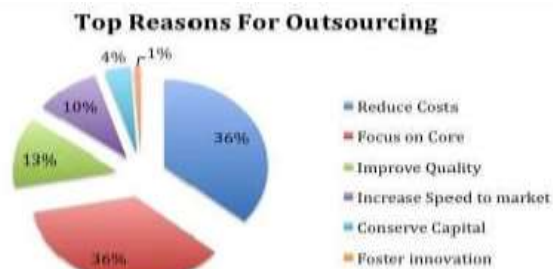
WHY OUTSOURCING FACILITIES MANAGEMENT SERVICES

Businesses are increasingly using an outsourcing of facilities management to achieve strategic advantages: to improve their competitive advantage and to achieve market preservation or dominance goals. They are pursuing these objectives by focusing on their core business activities, by acquiring marketable benefits (or by gaining cost efficiencies) from strategic partners, through outsourcing. These strategic goals are achieved by implementing a tactical strategy to reduce facility operating costs, to improve control over non-core business functions and to acquire best practice systems.

- i. **Focus on Core Business:** Core business functions are defined as activities and services that customers pay for, or benefit from. Re-directing resources from non-core activities to core business activities is the fundamental revenue and market reason for outsourcing. As an example, if a company is in the software development business, it doesn't want to dilute resources by also being responsible for delivering facilities management services for its property; it adds no advantage to their competitive software market position.

These facilities management activities create the opportunity for outsourcing for non-core facility support services. Through outsourcing, the company can focus its resources on its customers, values and mission and give itself a competitive advantage in the marketplace.

- ii. **Acquire Marketable Benefits:** Beyond getting a task done through outsourcing, contractor can provide services that add greater value to the buyer's core business. And, when the buyer can create a competitive advantage for itself through outsourcing, it has a compelling reason to do so.
- iii. **Create Shared Marketability:** Sometimes, outsourcing of facility services creates greater synergy between the company and the contractor. This can derive from shared market advantage or shared costs and risks. A facility management company and a mechanical maintenance services company often have common customers. So an opportunity can be created for each company to market jointly, or individually for the benefit of both. The ability to expand each other's market share is a powerful strategic advantage that can expand opportunities for both parties. The partnering of these two types of companies can lead to the development or expansion of products or services with the costs and risks associated with development shared jointly. Actually, the scale of benefits is limited only by the vision or the egos of the partnering companies. In addition, facility service outsourcing can reduce costs and bring other gains that, while still strategic, are somewhat more tactical than the ones just addressed.
- iv. **Reduce Operating Costs:** Perhaps the most often quoted reason for outsourcing is to reduce costs. Through this effort the company seeks to avoid the direct and indirect costs of performing the service internally, through outsourcing to achieve a lower operating cost. Frequently, this is achieved by simply asking for (or demanding) a lower price or by, mistakenly, reducing the scope of work. Regardless, the goal is to enhance the price-competitiveness of the company and to free any savings for more important, core value projects
- v. **Improve Control:** There are circumstances when the in-house facility management department seems unable to implement a sufficient amount of change to its internal systems to adequately achieve the competitive advantage needed by the company. Barriers may include lack of management know-how, insufficient resources, union/management impasse or poor information systems. Outsourcing can establish the change structure and controls needed to bring strategic value to company competitiveness.
- vi. **Improved Quality:** Improved quality can be achieved by using vendors with more expertise and more specialized processes. An example of this would be contracting out a cleaning service. An outside service would have the resources for hiring, proper training and facility inspections that may not be available if the function were kept in-house.
- vii. **Customer Satisfaction:** The advantage of having a vendor contract is they are bound to certain levels of service and quality. An example of this is if your IT function is outsourced and the technician calls in sick, it is the vendor's responsibility to find someone to replace them and meet your support needs.
- viii. **Operational Efficiency:** Outsourcing gives an organization exposure to vendor specialized systems. Specialization provides more efficiency that allows for a quicker turnaround time and higher levels of quality.



REQUIREMENTS FOR SUCCESSFUL FACILITY MANAGEMENT OUTSOURCING

Deciding to outsource is a decision that will have long-lasting impact both on your human resources department and on your entire organization. Outsourcing is defined as contracting for outside services that are a necessary part of doing business, but are not core functions. Although the decision to outsource one or more functions to an outside vendor can be a decision that you're tempted to make rapidly because of an urgent need or because you've got too many other areas to juggle already, it's important to take the time to outsource for the right reasons, armed with the right facts to guide you.

The following factors can be critical to making and implementing a successful outsourcing decision:

- Make sure that your goals for outsourcing are clear from the outset
- Look at outsourcing over the short-and long-term
- Consider who will control the outsourcing decision and why
- Consider how well your company's culture will support an outsourcing decision
- Decide whether it's better for your operation to be centralized or decentralized before outsourcing.

Before you make an outsourcing decision, however, you need to ask whether the areas that you want to outsource, such as administration or relocation, are mission-critical to your organization. These days, many organizations' management teams are re-engineering process functions and are asking themselves if certain areas are essential to their core business. If not, they often outsource them so that they can focus on what they have to do, and let other companies assist by providing the services that *they're* good at.

In a February 1992 article in *Management Accounting*, management guru Tom Peters asks, "Could [a function's] output be successfully sold on the open market? If not, subcontract [the] work to firms that specialize in each function, which will almost certainly do it better and more cheaply."

Sometimes a company can simply pay for an outsource vendor to help re-engineer a process. Other times, however, that isn't enough. If a company can't maintain the improvements or devote the management time to a certain area, it may want to consider outsourcing temporarily or permanently to a strategic partner rather than continuing to perform the function internally.

CLARITY OF GOALS FOR OUTSOURCING

Whether you want to reduce the response time for employees' benefits questions or you want to rely on the expertise of a vendor to provide retirement services, it's important to explicitly lay out your goals *before* making an outsourcing decision.

If you don't, you could be disappointed with the results even as early as a few months down the line, warn the experts. "Some people say, 'I want to outsource because I think I can save some costs.' That's the wrong reason to do it," warns Richard Dole, vice chairman for Coopers & Lybrand's process-management area based in Houston. "You probably will save costs when you outsource because you're [outsourcing] with a company that does it better and faster. But you shouldn't do it [just] to save costs, [because then] you haven't completely gone through the thought process."

Dole stresses that outsourcing is just a tool, not a cure-all. "It's one of the tools that companies use in connecting their business processes to their strategy," he adds. "Every company has a different idea about what is critical for them to keep and what they don't need to keep."

There may be some companies that outsource, but aren't sure about their reasons for doing so. "You can end up a year later and maybe have spent a little less on the outsourced project, but did you really get what you wanted?" asks David Partridge, vice president of the financial-services practice for Towers Perrin in San Francisco. "You've got to have that road map in place."

The key to good outsourcing is setting up a good working relationship from the beginning. "It's all in how you set it up up-front," says Patricia Deschler-Griffin, vice president of outsourcing for Adia's outsourcing division, based in

Menlo Park, California. "When you have a healthy alliance, you work through the problems and issues that occur, because obviously, [problems] can [arise]."

DON'T BE SHORT SIGHTED WHEN MAKING AN OUTSOURCING DECISION

Most companies outsource with long-term objectives in mind. Others, however, outsource only for a year or two, with the idea of bringing the function or process back in-house in the future when they can buy improved technology or again can commit the internal resources to the task.

It's important to think about these issues before you outsource, because often outsourcing can cost a lot in start-up costs. "If this were a short-term, two-or three-year decision, it certainly wouldn't be a good investment because of the developmental and implementation costs," says the benefits director who's about to outsource. "The intent is that you forecast for the future. As you have a vendor give you long-term cost projections, you sign a contract that safeguards against future inflation and is cost-beneficial to your company."

Saving money is another long-term objective, but it isn't the only factor. "From time to time, we'll talk to organizations where cost is the number-one factor. But more often than not, it's the other factors like the speed, flexibility, consistency of delivery, the ability to react on a dime—that really are an organization's long-term objectives," says Mark Mitter, the defined-benefit administration practice leader for Hewitt Associates. "In this economy, there's clearly more pressure for organizations to look at how they can trim head counts and how they can save money, but there are certainly many organisations where saving dollars immediately is not the highest priority."

LOSS OF CONTROL IS A BIG CONCERN

Outsourcing represents a new business paradigm in which companies decide to focus on their core competencies. All other activities are peripheral and therefore, are nonessential.

"It's a permanent shift in the way companies are going to do business, and the human resources element of it [has been] permanently changed," says Dole. "It's a great opportunity for those who embrace change. But it's going to be a horrible experience for those who are in fear of change."

Many respondents to the recent Relocation Compass survey expressed concern that their companies would lose control over running their own departments if they outsourced. In fact, someone still must oversee the process, even if it's no longer down the hall or in the next building.

Losing control because of outsourcing is an issue with which many managers struggle. The reason, according to Dole, is that they're used to the traditional business paradigm. He says that the new business paradigm, however, is "matrix-oriented," which involves using strategic alliances that help an organization move more quickly and deal with change more rapidly. "For those who can't make those decisions, they've got a lot more problems than whether they should outsource. They've got problems on how they're going to compete, because their culture hasn't shifted yet," says Dole.

TO SUPPORT OUTSOURCING, A CORPORATE CULTURE MUST BE OPEN TO CHANGE

"Some companies don't trust outsiders and want to do everything themselves," says Partridge. "For example, the company that has a company cafeteria and company cars do not usually outsource too much. But companies that try to run absolute minimum in terms of what they've got to do to be great in their own business tend to be the ones who outsource."

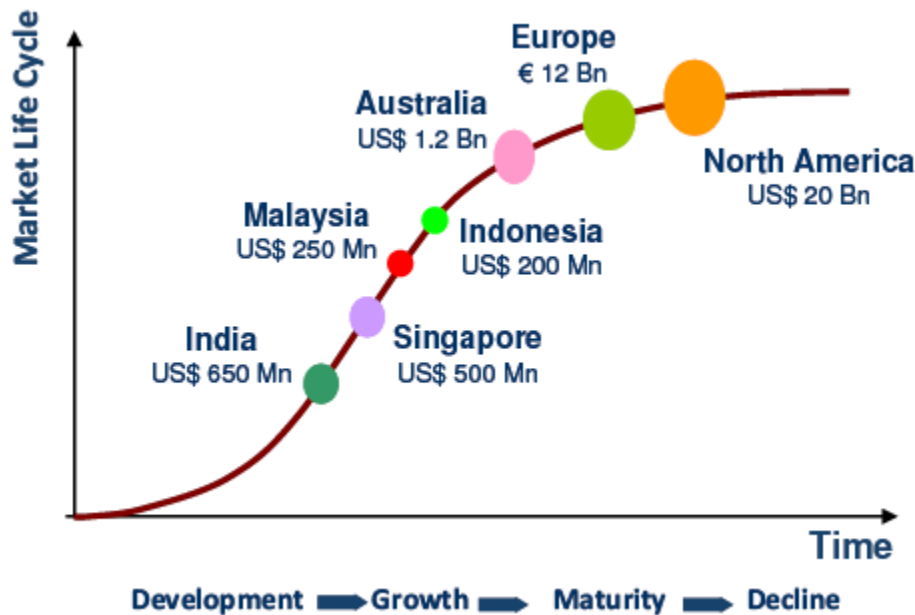
Sometimes a change in corporate structure will prompt or support an outsourcing climate. At First Interstate Bancorp, for example, the entire company structure was re-engineered in 1991. "We restructured our whole company into regions," says Gorman. "We had a culture prior to this restructuring that was very entrepreneurial and independent state by state, and that meant a lot of duplication."

During the restructuring process, the bank's human resources department also re-engineered itself. "We looked at how we could do HR better and more cheaply throughout the company," says Gorman. "We came up with a common structure that put all of the policy-and-program development on behalf of the whole culture in one place." Specifically, she centralized the design areas of human resources and decentralized the administrative tasks.

"Most companies that have outsourced have done so either because it's consistent with their culture or because they had a particular need that they were responding to," says Partridge.

THE INDIAN MARKET VIS-À-VIS THE GLOBAL SCENARIO

The Indian facility management (FM) services market is in its early growth stage and is evolving rapidly, fuelled mainly by the high pace of growth in the construction sector. Increased awareness levels among different vertical markets are expected to take this market to a mature growth phase in its life cycle. But, in terms of market maturity and understanding and accepting of such services by end users, India has a long way to go...



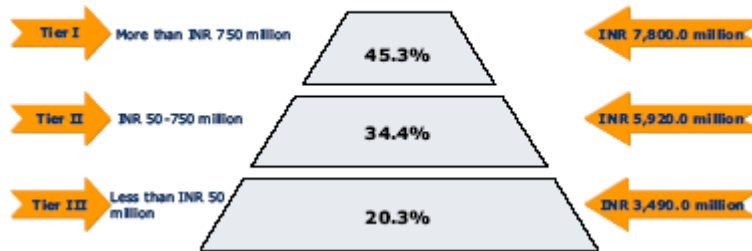
The market for outsourced FM services in India was estimated to be USD 650 million in 2010. Due to the size of the construction market and geographic space, the FM market revenues in India are higher than other nations such as Singapore that are smaller in geography. But, in terms of market maturity and understanding and accepting of such services by end users, India has a long way to go.

About 54.9 percent of the overall market was for soft services and 45.1 percent for hard services in 2010. The market for soft services comprises a large cluster of companies that provide single services and specialize in services such as catering and pantry, cleaning and housekeeping, security and others. The market for hard services has high prominence in the IT sector as it outsources the work to professionalized and well-equipped service providers.

Cleaning and Housekeeping services contribute a higher percentage of the market followed by maintenance and engineering services and finally security services and others.

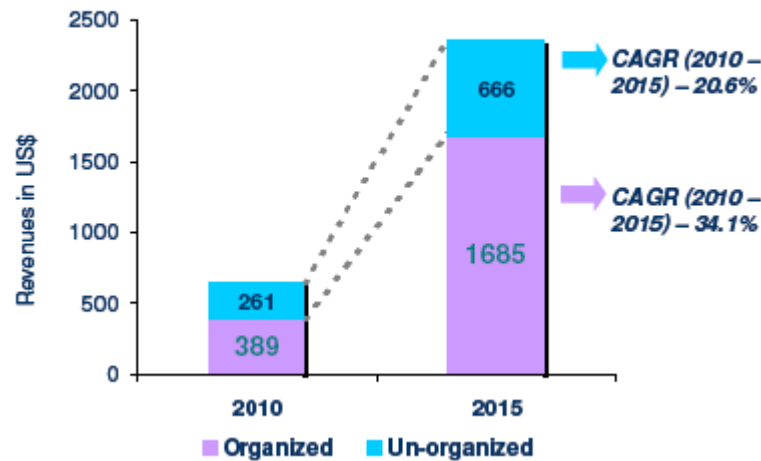
The commercial sector witnessed the highest percentage share of the overall FM services market. The commercial sector is maturing, providing huge potential among other sectors such as telecom, retail and industrial as Global MNCs such as Accenture, Nokia, Cisco, Microsoft, and others demand outsourced FM services in India. Presence of global and Indian MNCs is the major driver for the growth of this market across various end-user sectors as they are the potential customers due to their increased awareness levels and willingness to invest in such services.

Facility Management Services Market: Competitive Structure (India), 2010



Outsourced services coupled with the investment boom in real estate and construction sectors. Growth of this market is driven by the need for safety, comfort, and healthy environment of the employees as well as the increase in awareness about outsourced services among customers. The market sustained the situation and improved its penetration largely through existing contracts although the economy witnessed slowdown in the last 2-3 years. Therefore, it is observed that the current economic situation prevailing in the US and Euro zone will not have much impact on the growth of this market. India's growth is expected to be intact with a GDP growth rate of 7.5-7.9 percent in the coming years due to the current economic scenario and its long term implication on the emerging countries.

Facility Management Market in India – Organized vs. Unorganized (2010 & 2015)



KEY FACILITY MANAGEMENT SERVICES PLAYERS IN INDIA

- A La Concierge Services
- CB Richard Ellis
- Cushman and Wakefield
- Jones Lang LaSalle
- Knight Frank
- MacLellan
- Tenon Property Services

OTHER PROMINENT FACILITIES MANAGEMENT SERVICES PROVIDERS ARE

- B-Earth & Spire (India)
- BVG India
- George Maintenance Services
- IL&FS Property Management and Services

- LJ Hooker India
- Perks Links and Services
- Property Solutions
- Sinar Jernih India
- Duster Total Solutions
- Updater Services
- Vipul Facility Management

EMERGING TRENDS IN FACILITIES MANAGEMENT INDUSTRY

Within the next few years, the facilities management and real estate industries will experience a considerable increase in the demand for outsourcing, integration and globalization of services.

The shifting market trend is detailed in a 2013 survey conducted by Johnson Controls Global Work Place Solutions in partnership with People wise, and reflects an increasing desire within organizations to drive down costs, create efficiencies and improve service delivery.

118 senior facilities management (FM) and real estate (RE) professionals from across the globe participated in the survey. The goal of the research was to understand how and why industry leaders plan to purchase outsourced services in the future.

The survey resulted in three key findings:

Key Finding # 1: Expect significant growth in outsourcing

According to the survey, 87% of the responding organizations currently outsource facilities management and real estate services, and the demand for these outsourced services is expected to grow significantly within the next 3 – 5 years. The growth is likely to occur in both the number of organizations that will outsource service activities and the types of activities that are outsourced.

Service lines with the biggest growth in outsourcing

Among all service lines, the greatest growth in outsourcing is expected to occur in energy services, which – today – is with 51% the least outsourced of all service lines.

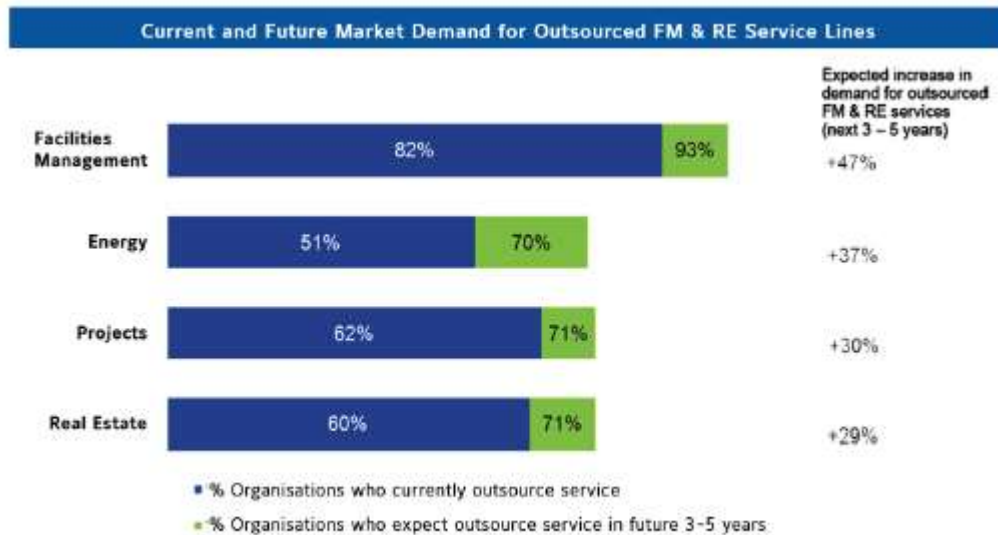
- Among the respondents who currently outsource energy services, 37% expect their demand to increase in the future.
- Among those who do not currently outsource energy services, 19% expect to outsource energy services within the next 3 – 5 years.

Facilities management is the most outsourced service with 82%. This number will go up to 93% within the next 3 – 5 years. Among the respondents who currently outsource facilities management services, 47% expect an increase in demand in the future such as a wider scope in services or expansion across geographies.

Factors influencing most FM and RE purchasing preferences

The survey found that preferences for different purchasing models and geographic scope are influenced by key value drivers. Among those who responded to the survey, the top five value drivers were:

- Reduce operating costs (100%)
- Focus on core business (83%)
- Improve process performance (77%)
- Standardization across geographies (70%)
- Improve global delivery and operating models (70%)



Key Finding # 2: The vast majority will purchase integrated services

According to the survey, 80% of organizations expect to purchase their facilities management service lines as integrated or fully integrated lines within the next 3 – 5 years.

In the survey, integrated service lines were defined as multiple services lines within FM or RE that are purchased from a single supplier who uses specialist knowledge to integrate service delivery, procurement and service delivery management. Fully integrated services also include strategic account portfolio management.

The survey findings support the general trend toward models with greater levels of integration and away from lower levels of bundling and service delivery only.

The primary reason integration will grow

The phrase “The whole is greater than the sum of its parts” certainly holds true for the integration of outsourced services. A defining feature of the integrated model is the ability to provide value that’s greater than assembling, combining and coordinating component parts of the outsourced services. Industry professionals who participated in the survey expect such integration of outsourced services across different service lines to deliver:

- A 12% reduction in cost
- Increased value of 28%

This finding suggests that respondents considered further integration could be a source of increased shareholder value for their organization.

Most likely to be integrated: Facilities management services

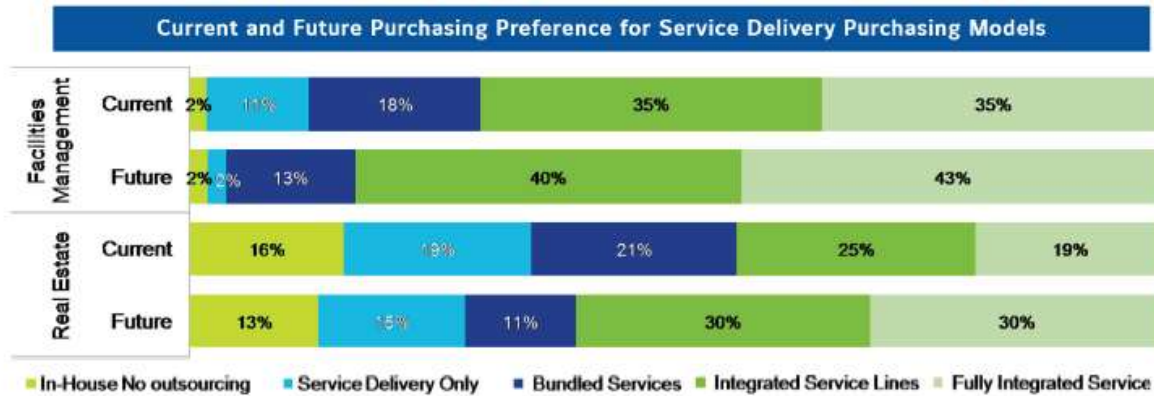
Among all service lines, facilities management services are – and will continue to be – the most highly integrated industry purchase.

- 70% of organizations currently purchase integrated or fully integrated facilities management services, such as the purchase of both hard and soft FM services. That number is expected to increase to 83% over the next 3 – 5 years.

- At the same time, organizations will move away from integrating lower levels of bundling and service delivery only. Those purchasing preferences are expected to shrink up to just 15% within the next 3 – 5 years.

Integrated real estate services are also poised to grow considerably in the near future.

- 44% of organizations currently integrate or fully integrate real estate services. Within the next 3 – 5 years, that number is expected to increase to 60%. By then, the majority of organizations will outsource real estate services as integrated or fully integrated services.



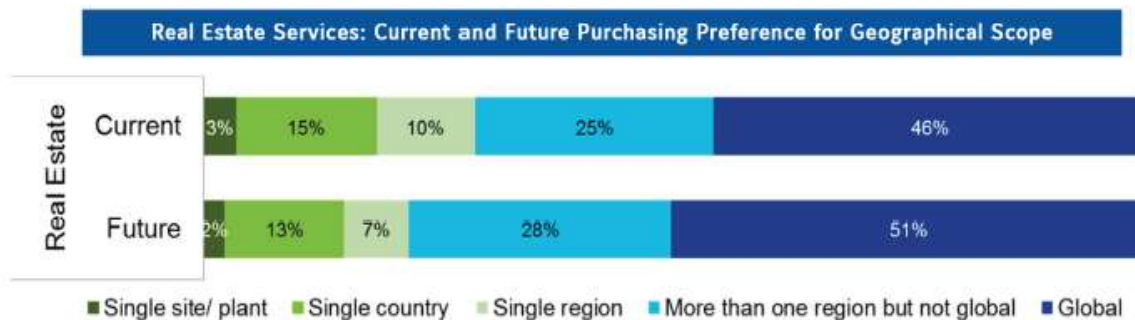
Key Finding # 3: More organizations will buy FM and RE services globally

Among the organizations surveyed, less than a third currently purchase facilities management and real estate services on a global scale, though the trend is moving toward a greater degree of globalization. According to the survey, 38% intend to purchase those services globally in the future.

Most likely to be purchased globally: Real estate services

According to the survey, real estate services is the most likely service line to be purchased globally, both today and in the future.

- 46% of the respondents currently purchase real estate services globally, and that number is expected to grow to 51% within the next 3 – 5 years.



Greatest growth in global purchasing: Facility management services

The greatest growth in global purchasing is expected to occur in the facilities management service line.

- 26% of the respondents currently purchase facilities management services globally, and that number is expected to grow to 36% within the next 3 – 5 years.

- Today, and into the future, the majority of facilities management service outsourcing will continue to be purchased multi-regionally.



Economic growth, globalization, technological development – here are a just some of the megatrends that are shaping the future of FM.

Some of the most important conversations surrounding the FM industry today revolve around trends that will allow us to future-proof our businesses. How can we structure our processes and society today, in order to withstand the impacts of tomorrow? By analysing trends and tendencies to create future scenarios. For years, megatrends have identified fundamental external driving forces that impact every level of society with a high degree of certainty. They have shaped the world and will continue to shape our future, but which megatrends will impact the global FM and services industry towards 2020 the most? Here are nine important megatrends and two FM and services industry-specific trends to consider.

MEGATRENDS IN FACILITY MANAGEMENT

1. **Economic growth:** Global economic power will likely continue its shift eastwards. The FM and services industry will experience consequences when most construction activities move towards emerging markets. Increasing competition coming from new players in emerging markets will force companies to search for greater differentiation, and to be innovative in how they adjust their business models and deliver extra value to clients.
2. **Globalization:** Globalization makes us more alike; at the same time, it makes us more aware of local differences. A growing number of multinational companies have therefore begun to adapt their products and marketing to local markets. This is commonly referred to as the “Glocalization” strategy. Companies that are able to navigate between emerging markets and different cultures, can look forward to a prosperous future.
3. **Demographic trends:** Attracting, recruiting and retaining the best possible workforce will be increasingly complex and challenging for companies around the world, as the interests and motivating factors for workers from various generations are different. In Europe, the US, Japan and China, the fourth-generation workplace will become increasingly common. It will be an essential factor for all FM and services industry companies to understand the motivational factors for each age cohort.
4. **Sustainability:** Global warming will be one of the main sustainability challenges for the coming century. To become more energy- and carbon-efficient, societies around the world may be forced to restructure their economies and infrastructure. Sustainability challenges will have a number of consequences for the FM and services industry in the coming decade, affecting supply and value chains as well as building design, management and maintenance. Systemic design will become more important.
5. **Technological development:** Technological progress increases productivity, leads to the development of new industries, income growth, and reduced poverty. Towards 2020 we expect to see major progress in intelligent technology, such as near field communication (NFC) sensors, smart surveillance, security applications and smart robots, which will enable automation of more activities. Technology will take over more domains and functions as robot technology improves in quality, prices for advanced technologies decline and labour costs increase. Technological development is squeezing low-quality labour out of the market and creating new demands for skill sets. Cleaning, for example, is no longer an issue of “elbow grease”. Security is much more than a pair of eyeballs. New technologies require that people work in more intelligent ways.

6. **Growth of knowledge society:** New reporting, collection and control technologies are creating a mountain of data that needs to be collected, stored and analyzed. The successful FM and services industry companies towards 2020 will be the ones that can efficiently collect, store, secure, analyze and operationalize data to generate value and maximum benefit for customers.
7. **Individualization:** Individualization will continue to impact organizations and social relations, especially in low- and middle-income countries. People and organizations expect tailored products, services and solutions. Companies expect their FM and services industry providers to supply individualized services that maximize their value proposition. Additionally, companies will experience increasing employee turnover. Individualization will be prominent as employees and customers increase their demands for individual attention.
8. **Focus on health and well-being:** Over the coming decade, an increasing focus on health will permeate more aspects of private and business life. More lifestyle-related disorders and diseases will emerge. The focus on health and a better life will lead to artificial and technologically enhanced human capabilities, creating major impact on the global FM and services industry. In Europe, over 30% of integrated FM revenue is generated by the healthcare sector. As budget cuts in Europe affect service provision, governments will likely outsource more activities. The doubling of the prevalence of lifestyle-related diseases, like diabetes, will lead to new incentives in building designs to promote healthier and more productive lifestyles among company employees. Buildings will be assessed and designed to promote more active, comfortable, and productive lifestyles.
9. **Commercialization:** Commercialization means faster competition, shorter product lifecycles as well as increasing specialization, differentiation and innovation. FM and services industry companies will have to find ways to help their customers stay competitive and maximize value. To do this, managers will have to understand the key business indicators that promote value in an organization; and how FM and services industry can help their customers improve performance. This could be achieved by understanding their strategic plans and objectives. It could also be achieved by employing lean management techniques to cut waste and use six-sigma strategies to increase quality.

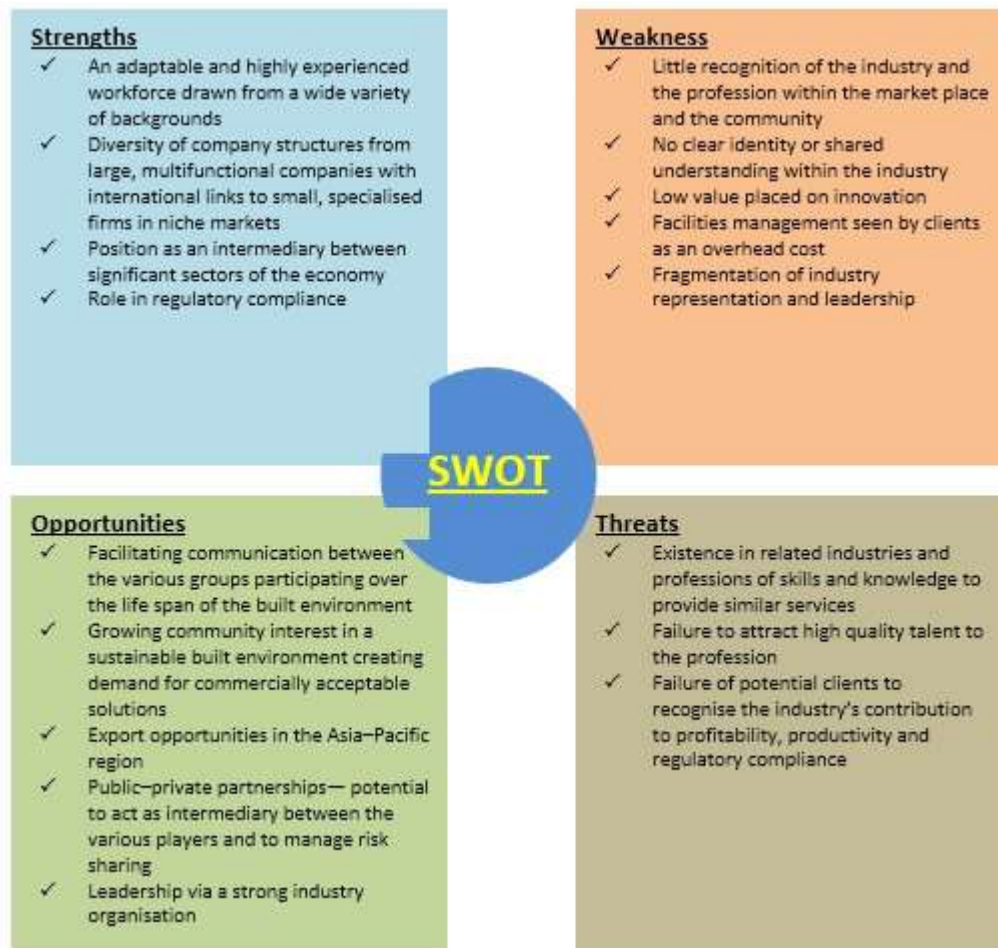
TRENDS AND TENDENCIES SPECIFIC TO THE FM INDUSTRY

New Ways of Working: Corporations are implementing alternative workplace practices and new ways of working to promote corporate identity and foster more efficient collaboration, knowledge sharing, flexibility, speed, innovation and productivity. The traditional workplace will become the alternative workplace. FM managers will increasingly have to make use of online facility reservation and management tools that also pinpoint underutilized facilities, leading to better facility management and eventually better building design.

Preparedness and populations at risk in densely populated urban areas: According to the United Nations Population Fund (UNFPA), climate change and rapid urbanization occurring in middle- and low-income countries will expose the FM and services industry to new challenges and lead to a greater emphasis on contingency and continuity planning. The next wave of urban development will occur in areas already prone to natural disasters. FM and services industry managers should prepare contingency and continuity plans for a number of challenges.

While these nine megatrends frame our understanding of future scenarios, they should provide as a roadmap to consider how to mitigate your business towards 2020. And while there are nine on this list, look at them as parts of a whole; megatrends crossover domains to interact in unpredictable ways, while influencing each other's developments. One needs to get more information about each of the nine megatrends with an in- depth analysis of the consequences for the FM and services industry from the ISS Vision 2020 white book.

SWOT OF FACILITIES MANAGEMENT SERVICES



A SWOT (strengths, weaknesses, opportunities, threats) analysis highlights significant strengths and opportunities for the facilities management industry over the medium to long-term. The adaptability and experience of the workforce are key industry strength. The varied technical and professional backgrounds of those in the industry have created a workforce with a good understanding of the specific services being delivered. The facilities management industry comprises firms ranging from highly specialised niche consultancies to large, diversified companies with strong international linkages. This gives the industry the flexibility to respond to a range of client demands.

The industry positions itself between facility owners and occupiers, and suppliers of services to facilities. With improved strategic management, these relationships can be built upon to help clients raise productivity and improve organisational performance.

A major perceived weakness of the industry is its relatively low level of recognition among potential clients and the community in general. In particular, a lack of awareness among school leavers and others about the industry and the profession has made it difficult for the industry to attract high quality recruits.

A perceived threat to the development of the industry derives from a failure of potential clients to recognise the industry's contribution to profitability, productivity and regulatory compliance.

Recent years have seen an increasing take-up of Public-Private Partnerships (PPPs) within the built environment. The industry is well placed to provide strategic input which can lessen the risks for clients and distribute the impact of risk

more equitably among stakeholders. PPPs also provide an opportunity for clients to bundle a number of facility services within a single contract. With few exceptions, most firms focus on servicing the domestic market. While a number of larger firms are engaging with the commercial property market in Asia, export activities represent less than one per cent of industry output.

The rapid growth of economies in the Asia–Pacific region has led to an expansion of the non-residential built environment in these countries. This should present the industry with export market opportunities.

The SWOT analysis reveals that changing attitudes could create major opportunities for the industry. There is a growing understanding among building owners and occupiers that life cycle costs of a facility can be managed to the longer term benefit of their businesses. Growing community interest in a sustainable built environment is also translating into new market opportunities for the industry.

CONCLUSION

Outsourcing of facilities management services was initiated by IT/ITeS sector. Therefore, increase in focus on commercial sectors such as IT/ITeS/BPOs/Finance/Banking is recommended as these would drive demand for outsourced services in future. Targeting industries such as oil and gas, power, petroleum, steel, cement, pulp and paper, pharmaceutical and auto is also recommended as they are aware of the concept and understand the benefits of outsourcing.

Brand visibility and competitive pricing are the two most important key success factors for an FM service provider in deciding the success rate of the company; key industry alliances can also be leveraged by participating in /organizing major events and conferences. The real estate developer plays a major role in influencing the FM service provider. Therefore, it is recommended to maintain consistent relationship or to have a tieup with a civil contractor / real estate developer to execute a FM project. This will well create value by facilitating marketing and ensuring better selling price of the property.

Due to high entry barriers and the fragmented nature of the market and to sustain local competition since high preference is given to local companies joint ventures with a local FM company are recommended in order to understand the local laws and variations in customer preferences. For many reasons stated in this article, the FM technologies are also quickly changing requiring that the FM managers stay current with latest trends and business applications to effectively support their respective companies Business Plans.

Facility Management today, requires financial acumen which enables FM to better interact with the “C-X-Suite”. So rather than FM looked upon as only a cost centre it can begin to speak and understand the financial terms such as Return of Investment (ROI), Internal Rate of Return (IRR), Net Present Value (NPV), and offer strategic business solutions becoming a strategic business unit in regular dialogue with the CEO of Indian organisations.

Maintenance is often driven by the philosophy to “negotiate a deal”. This is a daily occurrence whether considering a HVAC system or mop and bucket, the FM industry must shift its thinking to life cycles and not simply the lowest cost. (Life cycle is the estimated life of an asset in terms of years.) Whether we are talking about repairing pot holes in a road, water leaks in a building, potential fire hazards in a building, or myriad other facility related matters, every day that passes by which the assets are not maintained properly has a direct impact to human condition, asset integrity, operating statements, and a resulting domino effect to the company’s or a nation’s brand. I believe there will be an increased market need for both improved asset quality whether it is a mop and bucket, sustainable energy and water initiatives, or adequately designed facility.

Finally, it seems fitting to close with an old Indian Adage cited by Ravi Venkatesan (former Chairman Microsoft India) in his latest excellent book called, *Conquering the Chaos*, “Obstacles are what you see when you are not focused on the goal.” I am optimistic about the future of Facility Management for India – that is why I live here. I firmly believe a focused collaboration with various stakeholder groups will promote business and employment opportunities for those interested in creating a made-for-India sustainable Facility Management model... and perhaps influence other emerging nations along the journey.

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