Coordinated Management Model of Support Business Processes through the Facility Management

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Abstract

Competitive business environment in the most sectors of national economy are currently characterized by dynamic market changes and long-lasting recession. The success of every enterprise depends on the ability to react and adapt to changes. This fact causes that nowadays almost each enterprise tend to solve the question of their effective management from the side of finding potential ways for cost savings and identification of internal reserves. One of the possibilities is the tendency to coordinate management of supporting business processes through the facility management. In the conditions of Slovak enterprises exists quite a big potential for the using of the effects and possibilities follow from the providing of facility management service. The paper is focused on model of coordinated management of supporting business processes including principles of outsourcing. Experiences of successful enterprises, which implement the principles of outsourcing, have referred to many benefits, such is orientation on the core business, potential of cost savings, improving the quality and obtaining expert know-how with management of supporting business processes. In this paper we pay attention to the suggestion, which consists of sequential steps of complex facility management model implementation that can help enterprises to gain potential of positive effects.

Keywords: facility management, outsourcing, competitiveness, change;

1. Introduction

Effort for coordinated management of company support services in a corporate practice often results in question about outsourcing and facility management use. Sometimes both these tools are understood as same. But it would be wrong to think that facility management is exactly the same as outsourcing. Facility management in outsourcing

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represents only a tool for more effective company operation and support of its core business. Facility management is
definitely not outsourcing itself but the environment for its operation created on condition to manage those support
services which diverted from primary company activities (Vyskočil, 2010). In corporate practice, methodology
which would provide the guidelines how it is via facility management using outsourcing principles possible to
coordinate management of support services is absent.

2. Theoretical and methodological aspects of the issue

To explain the scope of facility management we can use the definition of IFMA (International Facility
Management Association, a respected representative of the majority of world facility managers) which defines
facility management as “a method whose task in organisations is to mutually harmonize employees, work activities
and the work environment that includes principles of business administration, architecture and humanities and
technical sciences” (Vyskočil, 2010). Facility management (FM) is an effective form of outreach business
management which aims to provide relevant, cost-effective services to support the main business activities (core
business) and allow them to optimize. At present, marked by the financial crisis, is the application of facility
management most current because it provides savings and optimization of operating costs promotes increased employee
performance and thus contributes to increase the profitability of the enterprise (Šatanová, Gejdoš, 2010). The most
common forms of application of facility management in the enterprise is a partial or complete outsourcing
(Vetráková, Hitka, Sedmák, 2007). According to the definition facility management is characterised by the
interconnection of the following three areas (Somorová, 2007) or (Drury, 2001):

- area relating to employees, i.e. human resources and sociological aspects,
- area of work activities, i.e. area of achievements and financing,
- area of work environment, i.e. architecture and engineering.

The final effect of all reciprocal ties is to strengthen all processes with the help of which employees in their
workplaces - in a pleasant and performance supporting environment - give an optimal performance. Ultimately,
facility management contributes positively to the economic growth in the body and thus boosts its competitiveness
(Kampf, 2008).

Overview of FM services

![Overview of FM services](image-url)
For facility management, the third area marked as working environment, is specific. Essentially, we can say that the facility management aims to ensure the support of the company or building so that the employees have everything they need to operate and that the costs of providing all services were as low as possible (Figure 1).

Development of FM from the phase where individual service providers focus on the quality and amount under the conditions suitable and acceptable for the potential renter and further contractual service providing, external sources and integrated FM to the phase of infrastructural management where clients can hire a complex service. At present FM deals with support processes management and within these it tries to incorporate certain degree of system and coordination (Hunter, Saunders, Boroughs, Constance, 2008). Nevertheless FM with its meaning tends to represent traditional building administration. This is because even at present in many businesses, there is still a tendency for disparate support processes management with inconsistent cost control when these costs are mostly considered to be fixed over overhead costs and are allocated to the administration centre (Giertl, 2013).

According to Czech authors Kuda, Beránková, Soukup (2012) the FM areas can be classified into two main groups of business support services (Table 1) for which the outcome factors are classifications premises/infrastructure and people/organisation.

| Premises and Infrastructure                                                                 | People and Organisation                                                                 |
|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Housing and premises services                                                             | Health, safety and protection                                                              |
| - strategic planning and premises management,                                             | - medical services,                                                                       |
| - design and construction of future premises,                                              | - safety management,                                                                      |
| - premises rent, renovation and refurbishment,                                             | - access systems, ID cards,                                                               |
| - premises operation and maintenance.                                                     | - fire protection and precautions.                                                        |
| Workplace                                                                                 | Maintenance of premises users                                                              |
| - design and ergonomic workplace,                                                          | - receptionist and secretary services                                                     |
| - selection of furniture, gadgets and equipment,                                            | - help desk services,                                                                    |
| - moving and change of furniture,                                                          | - catering and automatic catering machines,                                               |
| - interior and exterior accessories,                                                       | - conference and special events organisation,                                             |
| - tagging, decoration and premises division.                                               | - work uniforms, protective garments and gadgets.                                         |
| Technical infrastructure                                                                  | ICT                                                                                      |
| - energy providers (water, electricity, gas, heating),                                     | - operation of data and telephone networks,                                               |
| - environmental management,                                                                | - IT security, safety and maintenance                                                     |
| - maintenance management system,                                                           | - IT and telephone connections,                                                           |
| - waste management (separation, disposal,...).                                             | - management of data centres, server operation,                                           |
| Cleaning and tiding-up                                                                     | In-company logistics                                                                      |
| - sanitation services,                                                                     | - in-company and courier services,                                                        |
| - tiding-up workplaces, cleaning of machines and premises,                                | - document management and archiving,                                                      |
| - cleaning, washing and tiding-up buildings,                                               | - transport and warehouse services,                                                       |
| - winter and summer maintenance of external environment.                                   | - travelling services and company fleet management,                                        |
| Other premises and infrastructure                                                          | - reprographic services (xeroxing and printing).                                          |
| - rent of measurement and specialised equipment,                                            | Other people and organisations                                                            |
| - interior work with special equipment.                                                    | - bookkeeping, audits and financial statements,                                           |
|                                                                                            | - human resources management,                                                             |
|                                                                                            | - legal services, contract management,                                                    |
|                                                                                            | - project management, quality management.                                                 |

Within time, FM takes over many company activities that were recently considered as partly outsourced activities and applies its basic principles but in its integrated form (Potkány, 2011).

3. The proposal of general Coordinated Management Model of Support Business Processes Through the Facility Management

This paper was aimed to design a methodology that would be applicable easily and quickly without the need of spending significant funds to its implementation. The proposed methodology, which respecting the principles of outsourcing, consists of several steps.
Identification of business processes and analysis of business costs

The main task is to elaborate the list of identified processes, with the aim of detailed identification of support and service business processes classified into activities and operations, suitable for the use of facility management services. The very important part is recommended to monitor costs at least in items of the chart of accounts of financial accounting, respectively in the most detailed items of cost types to identify the largest group of overhead costs. A separate area is the category of irrelevant costs (if the cost values so each variant decision: not outsource/outsource, do not change) and this costs should be excluded from decision-making.

Determination of marginal costs of outsourcing with determination of allocation base for identified groups of overhead costs and quantification of potential cost savings from FM services

For this methodology is necessary to determine marginal costs of outsourcing (MC₉) for the potential analysis of economic calculations of advantages, respectively disadvantages of using outsourcing services as a different between own overhead costs of process and transaction cost. Transaction costs of outsourcing can be expressed as the total costs of accounting period or on the level of costs related to the specific unit. The specific unit is determined on the base of discussed area of outsourcing (facility management, administration, logistics and other), as well as on the level of price offer of the external subject for given type of service (employee, document, administration, area and other).

Determination of overhead costs to each process (or group of FM processes) is possible only through the most ideal type of allocation base. Allocation base should have a direct relation to calculated performance and in general, it can be any value expressed in material or monetary units (Kostiviarová, Sopková, 2009). The exactness of findings of own costs on the calculated performance depends just on allocation base and it should therefore meet the following requirements (Brodský, Z., Myšková, R 2010): it should be the value, where are indirect costs in causal relationship, the ratio between the base and indirect costs should be the steadiest, its level should be easily identifiable and controllable, it should be stable to ensure comparability of the costs in different periods, it should be large enough that a small mistake in its determination would not cause large error in the distribution of indirect costs. The result of the proposals should be determination the level of own costs of selected process. Determination of the allocation bases of indirect costs is based on the methodology of Activity Based Costing Calculation which can quantify the level of outsourced process costs. This calculation considers as a basic philosophy of costs causes the business processes (Anderson, Loertscher, Schneider, 2010).

For the determination of ideal type of allocation base of the each level of overhead cost is possible to use the function of correlation analyze by the program Microsoft Office Excel (figure 2). From the analysed types of allocation base has the highest value of correlation coefficient allocation base II. This alternative of allocation base maybe considered for that type of overheads cost as a determinant for the following decision making tasks (for the task of estimation own level of overhead cost for process, activity, or procedure). In a similar way is possible to do the same for other groups of overheads cost, while we propose also compared data on the level of costs and allocation bases at least quarterly data records. Important is the fact that the analysed allocation base must have direct connection with the process, activity or procedure.

In determining the own cost is necessary to proceed methodically through determining the rate of cost. The rate is a classic indicator, by which it is possible to determine the level of the allocation of the cost. Rate can be

![Fig. 2. Generic analysis of the allocation base for a selected group of overheads cost](image-url)
determined as a share of overhead costs and allocation base. This step is again to be done separately for each group of overheads cost and the defined base type of allocation base.

As follow from several studies Dvoráček (2005) or Potkány (2011) or Sedliačiková, Šatanová, Foltinová (2012) or Hitka, Hajduková (2013) or Stacho, Urbancová, Stachová, (2013) just saving of indirect costs is the most expecting effect, which FM services should potentially bring. This is a very important economic variable, which can be specified on the base of the previous steps as the difference of marginal costs of outsourcing and the price offer of external subject alternatively providing the selected activity of given organization unit through outsourcing.

**Definition of supplier requirements, selection of provider and managing of transition phase**

Based on the determination of marginal cost (as an important criteria for price offer for providing FM services), it is also necessary to define basic requirements for the supplier(s) of FM services. Definition of requirements should include:

- detailed specification of the range and quality of delivered services,
- method of technology and information exchange in connection with outsourcings relationship (acknowledgment and acceptance of services),
- definition of liability (in the form of insurance guarantees determining the extent of insurance coverage),
- qualification requirements and the size of the supplier with proof of ownership of resources to provide services: licenses, references.

Selection of the contractor (public tender, tendering, direct addressing) to ensure the assigned area (therefore outsourcing provider), is based on the assessment of criteria set out in the previous stage.

Project of outsourcing of facility management does not end after selecting the provider(s) and after the conclusion of an outsourcing relationship contract, but it continues in a so-called transition phase. Based on the Takeover documentation, the service provider takes over operation of the facility management services and become the legitimate executor.

4. **Conclusion**

Current trend in company management in advanced economies focuses on more effective ways of their managing. This management principle is visible in lean management and reengineering but also in bigger orientation on company support processes management via facility management. **Facility management is an effective form of support for enterprise activities management** whose aim is to provide relevant, cost-effective services for main enterprise (core business) activities support and so enabling their optimization. Most forms of facility management practice in an enterprise are either partial or complex outsourcing, whose main components are technical and administrative management of buildings, interior cleaning of winter and summer maintenance exterior, provision of energy services and water management, including services. Facility management tries with the use of outsourcing principles to coordinate the management style of support processes. Facility management as a management tool will not be able to increase the product demand automatically and generate other economic effects but by its correct implementation and further use can eliminate economic losses and so lower the impact resulting from economic recession.

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