

EXECUTIVE SUMMARY OF THE GLOBAL RESEARCH 2020: FACILITIES MANAGEMENT SECTOR

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EXECUTIVE SUMMARY

- Interestingly, the scores in the ‘overall effects of Covid-19’ category were neck and neck in SA and the UK. Both territories felt the severe pinch of revenue loss, however enjoyed increased business in the areas of cleaning and sanitation as well as security. A common theme throughout the report was the willingness to learn from the pandemic to be agile both now and in the future.
- Given the uncertainty of the UK and SA’s government’s changing lockdown protocols, progress in business growth and planning continues to be compromised, forcing FM companies to keep on their toes and learn to adapt with ease. This involves not just innovating but having a deep understanding of how their customers’ needs are changing and evolving. It’s encouraging to see that many FM companies are already starting to consider their options and are adopting a holistic solutions-based approach to keep their businesses running. This is visibly more apparent in the UK FM sector than in SA, with the UK scoring 90% and SA scoring 63% in the ‘industry competitiveness’ category. Barriers to entry are lower in the UK market and the growing SME sector presents healthy competition, forcing the bigger players to continuously innovate. In SA however, the economic landscape is so fragile, that the SME market is still coming up against major financial challenges, hindering sustainable growth of smaller business. The big concern for SA’s FM sector rather, is losing business to in-sourcing alternatives as companies tighten their wallets. In this light, creating strategic partnerships with clients and offering tailor-made bespoke solutions is going to be key going forward.
- This may speak to the reason SA’s score in the ‘independent view’ category was higher than that of the UK FM sector (93 % vs 85%). Staying competitive will require the reorganisation, restructuring and redesign of services and having an independent view of what clients are thinking, feeling, and coming up against, presents opportunities to offer systematic FM solutions to take a clients business to the next level, thereby securing ongoing FM support.

EXECUTIVE SUMMARY

- Both the UK and SA markets highlighted technology as a huge driver in retaining business, making digitisation of process a top investment priority. Again, the UK sector seems to be slightly more confident than SA in utilising technology and data-driven systems to deliver services differently. It's important to note that despite having digitisation in place, technology cannot be the end game. It's the effective collaboration between human and machine that will truly win the day. Staying on top of staff training will go a long way in achieving this, especially in the SA market, as it is losing a lot of skilled workers to immigration.
- The results of the report confirm trends we are currently seeing in the FM sector as well as presents new trends that will guide us into 2021 and beyond. For example, the race to innovate and digitise is not new, however the pandemic has been a major factor in fast-tracking the digital strategies of FM companies. This is further accelerated by the growing tech savvy Gen-Z worker base who expect seamless digitised service. Smart workplaces are the future, and the 'work-from-home' messaging highlighted in the report as a threat to FM business will need to be addressed by recognising how this new way of working will affect a client's day-to-day operations and adapt FM services by way of redesign. Also, being conscious of the social and environmental impact of products and services is a trend that grows significantly each year, which Covid-19 and its aftermath will only amplify. The FM sector will need to consider their clients policy on sustainability and demonstrate investment in ethical process and supply chain management. This too speaks to the move by many companies, especially retail, to minimise commercial real estate space and instead opt for a larger online presence. This will demand complete restructuring by the FM sector as physical services transition to a digital world with a digitally maturing client. Lastly, generating, and analysing data-driven insights will evolve into an imperative for survival and client retention.

QUESTIONNAIRE

- 1 On a scale from 0 to 10 – with 0 being easy as pie and 10 being akin to climbing Mount Everest – how has your sector fared during the Covid-19 months and why?



UNITED KINGDOM

- The impact has been felt and business has dropped in most sectors, but one sector – cleaning – has pulled us out of the doldrums. If one looks at the organisation as a whole and the numbers achieved in our last report for the full year, along with our cash-flow position, we're doing far better than many of our competitors. How well the industry is coping depends on where in the world you are. Our Asian businesses fared better than the American and European businesses.

QUESTIONNAIRE

- Our business is spread out along hard services, soft services and consultancy services. Most of the business is private sector focused. It is split into destinations, retail and corporate. The retail, destinations and leisure venues sectors such as events, exhibitions and concerts have been massively hit and are basically at a standstill.
- We entered the pandemic in a strong position and, as a business, we've been agile enough to put measures in place to cope with the challenges quite well. Our teams have been blazing a trail in our response to Covid-19 and we've taken the lead in preparing some clients for fogging and office preparation, for example, while the systems team has been working with clients to install heat-sensor cameras and the like.
- As a privately owned organisation, we do have shareholders but they are family members, which gives us a much greater long-term shareholder value.
- Business in our industry and with government has been horrendous. Our Central London business is running at roughly 10 percent of what the sales revenue was before Covid-19. This is likely the result of the 'don't-come-back-to-the-office' message and it has decimated the office. But although no-one has been at the office, we've been able to get on with the projects part of our business.
- Because of the franchise structure of the business, only head office requires physical office space. The regional directors (franchisees) own their own businesses, which is positive because they have a wealth of knowledge and experience to tap into. Also, clients in the public sector and medical practices enable business to carry on.

QUESTIONNAIRE

- Outside London, we see manufacturing coming back. In the defence sector, some manufacturing clients are returning to work, albeit with fewer people. And the ones coming back are those needed to manufacture products, while support services such as office administration and safety are still working from home.
- We've seen a roughly 60 percent reduction in our business outside the central offices, too, which accounts for the rating of between 7 and 9. The overall rating is about 4, given how good our results have been in cleaning and security.
- The pandemic has definitely been a challenge from an operational perspective and obviously we have had to cut our cloth accordingly as far as staffing goes. But what you lose on the swings, you gain on the roundabouts. Being agile enough to adapt to the crisis has probably been the biggest factor in making sure we haven't struggled quite as much as many other firms.
- In fact, we've had the best year ever. We closed our financial year in October and it has been our best in a number of years as far as sales and profit margins go. But, of course, revenue is down because of contracts in the retail space, which was shut down for a long period of time. We've been pretty hard hit in certain areas – aviation and events, for example – but the effects would have been a lot worse without the government furlough scheme.
- Although wages and overheads are minimal and profit margins are up, revenues are down. On the whole, though, we fared pretty well.

QUESTIONNAIRE

RETAIL

- Unlike other FM companies in the UK, food retail represents approximately 85 percent of our business, whereas most of the others have an even spread over five to seven markets. Nonetheless, we faced the same challenges as everyone else, having had to furlough staff and place our frontline workers at risk. Our priority was employee safety as we ramped up the number of employees at a time when other businesses were scaling down. During the early stages of the pandemic, there was a great deal of confusion about what action to take. For example, were we to wear masks or not? We faced real challenges during the first 12 weeks of the pandemic.

CLEANING

- During the Covid-19 lockdown, clients' offices did not have their usual footfall, which ended the demand for cleaning services.
- We now work with a skeleton crew. One of our work sites is an oil refinery that produces mostly jet fuel. But with no planes taking off, ships sail around the world carrying jet fuel, so only 30 percent of our staff compliment are actually working on site. The other 70 percent have either been laid off or are on furlough.
- However, as the pandemic unfolded, the need for cleaning became ever more critical and business picked up. Here, in all regions across the world, we are going to exceed projections because of the enormous demand for sanitisation. Support from government varied from one country to the next. In South Africa it was pretty much non-existent, while the UK and France enjoyed great government assistance.
- The opportunities that presented themselves – in the form deep cleaning and sanitising services, along with support and education for the safe return to work of staff – are not quite at the same scale as what has been lost. But while we've experienced significant loss, we are also experiencing a positive impact in the new-found respect for how cleaners are perceived.

QUESTIONNAIRE

AVIATION AND EVENTS

- These areas of business have been hit really hard – we have lost up to 90 percent of aviation and virtually 100 percent of venues work. However, we have managed to train a specialist biohazard team prior to the lockdown. This service team has done extremely well with new and existing clients who wanted to reopen their buildings safely after coming out of lockdown. We are able to provide them with secure checklists and we will audit their sites to ensure they have what is required.
- The problem is that the aviation and venues businesses skew out the figures. Because of the pandemic we have lost 30 percent in revenue. If you removed those figures, we were probably running at a 20 percent loss in the cleaning business. The group is split over four different sectors, and two people may have a lot of business in the government sector, say, or one may have no business in destinations, while another has 90 percent.

OTHER

- **Healthcare:** Healthcare business has increased, particularly in the National Health Services in the UK. As an organisation, we've pumped quite a lot of money into NHS business, which has been a good investment.
- **Security:** Our security business has not been affected at all – in fact, it did very well during the Covid-19 lockdown, since security is always needed. Here, we experienced a major expansion in the public sector, which is positive, corporate real estate business shut down, which is negative.
- **Hotels and leisure:** Our portfolio of leisure and hotels have taken a big hit, which has had a significant impact on business.
- **Catering:** Here, business has dropped by 90 percent, care homes and hospitals being the only business to continue.

QUESTIONNAIRE

SOUTH AFRICA

- One has to distinguish between hard FM and soft FM. From a soft services perspective, it has been a real battle. The hospitality sector – a big feeder into the soft services side of things – was totally decimated by the impact of Covid-19 and the lockdown. We lost a lot of revenue. As for hard services, whether 15 people are in a building or whether it is full, maintenance still needs to be carried out. So, we were not too badly hit in this area.
- Covid-19 is a pandemic like nothing anyone has ever seen before. No-one could predict how it would impact lives and, more importantly, how it would impact business and our economy as a whole. The pandemic has impacted people in different ways – some became ill, others lost loved ones. The ‘people’ element is really critical.

LOSS OF REVENUE

- Then there is the impact on my own customers, built up over many years. This pandemic has really taught us how to partner strategically with our customers while they are facing their own challenges. This is a sensitive topic, but we have had to look past the fact that we’d signed a master service agreement and avoid demanding the money they owe us every month. We have had to look at ways to act like partners and get an understanding of our customers.

QUESTIONNAIRE

A BALANCING ACT

- Covid-19 has taught us to be agile enough to act with speed and ensure we are able to have such conversations without meeting physically. The pandemic has enabled us to become more efficient in the way we run our business. Importantly, as the effects began to become evident in the different business units, we've come to a point the impact is not all bad and we can enjoy its upside. For example, our cleaning and hygiene divisions has benefited, because now, more than ever before, people became much more concerned about hygiene in their environment.
- People are also more concerned about the security of their buildings. On the other hand, the situation has developed where other business units were shut down completely. This has resulted in having to balance the activities of three business units. In one, colleagues are working 24/7 while others have been shut down and colleagues were staying at home. And the fact that we could no longer enjoy the revenue from our customers has a significant impact on the way we work. In a nutshell, it's all about people, processes and technology, and how we balance these.
- Fortunately, we had made several changes before the pandemic hit us, which is why we were buffered from the worst of it, though not completely. Lockdown brought a double-edged challenge for us. The first was everybody going into lockdown left us with empty buildings and everybody in a panic. Secondly, when things started looking up, it was under very strict regulations and we found that because of government's dilly-dallying and lack of decisiveness, nobody knew what to do or how to react.

QUESTIONNAIRE

2 What are your top three challenges as a business?

UNITED KINGDOM

- The safety of our staff as we return to a more normalised environment is a priority. Some vulnerable staff members have contracted the virus and a few have sadly died. Many of them work on client sites, and many of these are public sites. Lately, we have noticed that clients are more focused on our staff's wellbeing and how we look after our people, the benefits we offer them, the training, and SCR.
- The uncertainty and confusion around Covid-19 is a problem, as is financial uncertainty for our clients. We don't know how to plan, because we don't know what the future holds in terms of a second wave of the virus. And clients don't want to commit because of these uncertainties. Furthermore, we don't have a timescale as to when we'll be coming out of the pandemic and government has no clear plan. This is a challenge from an economic perspective because we don't know what the economy will look like in years to come. The biggest challenge is having to react almost on a daily basis to fresh changes. We also have to make sure we have a robust contingency plan for if things happen again. If there is another spike or if something else happens, we need to make sure our supply chain is robust and we have a plan in place for staffing. All this simply comes down to not knowing and not having any clear guidance.
- Recovering debt and trying to recover longstanding relationships – in some instances we have had to resort to legal action, and all our costs have to be paid upfront.
- Non-reopening of businesses; systems and infrastructure

QUESTIONNAIRE

- Unscrupulous suppliers such as the new companies that are springing up and selling PPE, sanitisers and disinfectants. If you don't do due diligence to mitigate risk, you're looking for trouble. A leading global FM company has had to retract its endorsement of a product to which they had sole exclusivity, which probably turned into a nightmare for them. We've had experiences with suppliers who promised to deliver but when we checked their documentation, we found it to be completely falsified. This causes problems not only for FM companies that run services for the NHS, but also government, which received a load of PPE that did not meet high British standards. Initially, we experienced a lot of chemical product stock shortages, largely the result of panic buying. My chemical consumable purchase list shows that I went through 15 different disinfectants before researching and choosing one that was suitable for us. Although this is no longer a problem, this may change again if the second wave gets worse than it is.
- External expertise face-to-face training has been a huge issue – not necessarily the in-house/internal training programmes, but rather outsourced programmes such as biohazard training. This was quite challenging, especially once classroom training was disallowed. My training service providers are operational again, and the Institution of Occupational Safety and Health (IOSH) has brought out a new course via a webinar, which we've all had to complete. Depending where we're going with the lockdown, external expert training may become problematic again.
- The 'work-from-home' government messaging is a problem, because it affects our sales.
- Our supply chain management is taking strain, because many of our small suppliers cannot survive, while larger suppliers are limiting the amount and variety of products they source, which means we have to move pretty quickly. Going forward, Brexit will become a problem because tariffs are expected to increase in the UK food industry. This will affect consumer and client confidence – if they're not profitable now as a catering organisation, how can they be profitable if tariffs of between 10 and 40 percent are placed on their commodities.

QUESTIONNAIRE

- Security has upscaled and requires a great deal of additional work and human resources. Having to work with temporary agencies is a big challenge at the moment. You will only know what these agencies can offer once they provide you with people who don't meet the requirements. This is a hard lesson to learn when you've gone through four or five different agencies, only to find that the personnel are not up to standard. We have a supply-and-demand team – people who have been through the furlough schemes and are working 80 percent of the time. We've also tried to mitigate some of the agency issues by using our own staff, but because it's regionalised one can't expect people who have lost 20 percent of their salary to travel these distances.
- The supply of equipment and consumables has also been a real challenge. Although we're very fortunate that security has seen a great deal of uptake, we have a large government contract and it closed all the criminal courts and courts of justice during lockdown. Subsequently, a series of pop-up courts have opened, sometimes operating from hotels and the like. Providing security offices and equipment to secure these venues has been a challenge.
- Changing people's perceptions around cleaning and sanitising. People tend to think they know what they want, but what they want is often misguided.

QUESTIONNAIRE

- Attracting and retaining good people and key talent.
- Trying to preserve as many jobs as we can. We have had many layoffs, retrenchments and furloughs.
- The threat of businesses shutting down again
- Margin squeeze – competition across the UK and Europe has shrunk profit margins.
- Risk mitigation always presents a challenge. The last few decent-sized tenders we've been involved in – ones where we'd be able to retain a large number of staff across the board – has had many challenges around the risk element of mobilising and bringing staff on board. The current environment doesn't help in that nobody wants to be managing an additional risk other than their day-to-day Covid-19 risks.
- The knock-on effect is also felt by our clients. They are delaying decisions and changing their procurement activities, which have an impact on sales and marketing. We've had to change our messaging and, in some ways, we're going back to old ways of working, for example making phone calls to find out how things are, rather than waiting for opportunities to be produced.
- Competitiveness and wage rates are important. We are committed to being an ethical employer and have taken the decision not to bid for anything that pays less than a living wage, which has meant walking away from some significant deals. Our staff won't be motivated if they're not paid a living wage, which makes us more expensive than our competitors.

QUESTIONNAIRE

- In the UK, different laws are passed in different parts of the country, which can be very confusing. So, we need to keep ourselves informed to be able to advise and guide people.
- We have to preserve cash-flow to ensure we remain sustainable. We have lost some business as clients went into liquidation or cut back on costs.
- We have to be selective about the business we go after, since we can't afford to take risks. We do much more due diligence than before.
- Adapting to the changing workplace
- Decreasing market and increased competition

QUESTIONNAIRE

SOUTH AFRICA

- In the soft services sector, which eventually will spill over into the hard services, there is a decline in the demand for corporate real estate. Covid-19 has sped up the whole move in reducing real estate space, making flexibility – hot-desking, working from home – more appealing. More people are working remotely and using smaller offices for collaboration purposes only. Reduction of office space will reduce the need for soft services and in time will reduce hard services. Deutsche Bank in the UK is offering their staff an additional 75 pounds per day to get them to come in to work. It is called a Covid-19 allowance. But certain people who can work from home and others can't.
- Digitisation is a problem. Even before the pandemic, I predicted that one of our biggest challenges will be digitising our processes, so that we can deliver the service our customers want and be ready for anything – not our internal processes, but services delivered to our customers, which is a challenge every business is facing today. We are still journeying into that process. A level of maturity needs to be reached, and the process will continue to be a challenge until organisations can embrace technology as an enabler. Many organisations have now been forced to embrace technology and we need to digitise our processes to make it possible for customers to engage and deal with us. We need to understand how to make operations more efficient, how to build a collaborative eco-system within the organisation by reengineering our business and creating an environment that adds value to our customers.
- Getting around the negativity of clients, which has become contagious and is affecting strategic decisions. The degree of overthinking and overreaction is affecting everything and everybody.

QUESTIONNAIRE

- We have to ramp up technology, which is going to start to take over. We have experienced a massive increase in IT traffic. So much is done remotely and then uploaded onto our system that our bandwidth is being eaten up. We are looking at additional storage space and moving to cloud solutions. We need to become a lot more agile.
- We have more than 24,000 colleagues risking their lives every single day, making sure they deliver services to customers. This is one of our biggest challenges. Firstly, how do we boost staff morale in these difficult times? Secondly, how do we ensure their wellbeing and that they are well taken care of? Everybody is talking about mental health. We've come to a point where some of our colleagues have been laid off because customer sites were shut down. How do you increase the morale of a colleague who has returned to work? And how do we make it possible for our colleagues to develop and nurture their skills and become better versions of themselves? We need to continue having the people conversation. We need to make our colleagues feel they are working towards a purpose and that they add value to the organisation. And we need to listen to them to make sure we really know what they want to do.
- Market growth is one of the biggest challenges, but it is also an opportunity. Right now, we find ourselves in a space where our customers want to tighten up their wallets because they need to save on costs. After this pandemic and in the next couple of years, we'll hear a lot about the need to save costs before even talking about adding. This could result in revenue dilution, which could lead to a revenue growth challenge. We may have to start looking at integrating services. If we lost a portion of our cleaning revenue, say, but put a value proposition to our client, whereby we offer to make the client's environment more efficient, perspective shifts completely. So, instead of diluting your cleaning revenue, you can increase your shelf wallet, because you no longer offer only one service.

QUESTIONNAIRE

- This pandemic has made everyone is rethink everything. Organisations that see and grab opportunities brought on by Covid-19 won't have enough people and skills. Before the pandemic, South Africa was already facing economic challenges that had led to a high rate of immigration. We were losing skills, but we're not training enough technical people and artisans and when the dust settles, we may not have enough FM capability.

QUESTIONNAIRE

3 What is the one thing that keeps you up at night and why?

UNITED KINGDOM

- The safety of our people. Losing staff to Covid-19 is not something I would like to relive.
- Our business is primarily in the built environment – offices, schools, universities, and retail. The concern in the market is that people are saying, why do we need such big premises anyway? Many clients are also closing retail branches. Technical services and security will be least affected, but in terms of cleaning and catering, pest control is a concern. Our business is scalable in terms of our cost base. In the first-world countries, we see more and more people shopping online.
- The safety of staff on site. It's important to get our clients to put in place the protocols needed to ensure everyone's safety. Top of mind is the protection and health of the cleaners, along with their mental health, as they are essential frontline workers. They must feel safe when doing their jobs. Lone-worker safety is also critical. These individuals are on duty and on their own for hours at a time.
- We should be able to adapt to customer concerns and needs quickly.
- Fear of failure to get into new markets. I've never worked for a company that is so demanding of the sales team in terms of figures and accurate forecasting.

QUESTIONNAIRE

- The well-being of our cleaning personnel on the frontline, especially at the NHS. Although cleaning operatives working there are fully aware of the risks and many other infections are around, the Covid-19 death rate is deeply concerning. I would hate for even one cleaning staff member to pass away because of the work that they do.
- The drop in sales is a concern. When sales coming in do not match my labour, we have to make swift decisions. The government furlough scheme or the new scheme is not viable for us in catering and the jobs we have at the moment are not viable because we don't see any recovery until next year.
- The temporary agency HR supply is worrying, along with the fear that we'll have an incident on site, where somebody hasn't been properly trained or has been fed through the system or supplied by an agency who shouldn't have been. In an incident that's gone viral, a temp checking people into one of the courts started looking down the list of defendants when a black lawyer reported for duty. When the lawyer explained who she was, the temp apologised and let her through, only to be stopped by the next in-house individual, who did exactly the same and again by a third temp, who told the lawyer, 'your case hasn't been called yet'.
- As service people, we like to be in control of things and know what is going on in the market. We're still speaking to the same consultants, clients and others in the industry, but they are in the same boat. You may ask a client how they're planning for the future and the answer is always that they simply don't know. I don't know whether my pipeline is robust enough or whether we'll be told tomorrow that clients have decided not to go ahead with an opportunity and might stay away. So, where will the business revenue come from? The lack of assurance is a big issue.

QUESTIONNAIRE

- People are coming back to work. What can we do as an industry and a society to give people the reassurance that they can move about safely? How can we educate them about returning to work? Our industry is about to be decimated by people not going back to work. The sheer number of people working from home also makes me feel nervous, not only for my company and me, but for the industry as a whole and other support services. Generally, I tend not to worry too much because certain things are beyond my control and I can only influence issues under my control.
- Nothing keeps me up at night. I'm not a worrier, but the biggest challenge is not knowing what your clients are going to fear in the economy, because when you have contracts of 12 million GBP, you're bidding 8 million GBP per month, and your clients are going under, it's going to cause a bit of a problem. So far, we've been lucky we haven't had to deal with anything like that.

QUESTIONNAIRE

SOUTH AFRICA

- I worry a lot about people in general, not necessarily people from service, but also our clients, because I really want us to succeed. For example, what if a small- or medium-sized business that does business with us has to shut down because it cannot afford to stay open? Or whether people cannot work anymore because of Covid-19. In February this year, no one even thought about these things, but today there are people worrying about what they will eat because they have lost their jobs. Mostly, I worry about the economy and politics of this country, because these have a significant impact on how we perform and how we will do business with government tomorrow. The socioeconomic impact on the country, along with the instability of our political environment and everything that goes with it have a significant impact on how we perform.
- Firstly, not being able to take the opportunities that come my way keeps me up at night. Secondly, the macroeconomic issues that we struggle with can have all kinds of unintended consequences, and a second wave of Covid-19 can hit us hard, knocking business down again.

QUESTIONNAIRE

4 What opportunities will you be investing in for the future?

UNITED KINGDOM

- We feel very confident about our business and the future. The only uncertainty is Covid-19. We have maintained very good relationships with our clients through the pandemic. We want to grow. We are in seven countries around the world, all with buoyant markets. After catastrophic events green shoots of opportunity always appear. We are really well-equipped to take advantage of the opportunities.
- We are focusing on distribution centres and logistics, transport and delivery businesses, and online retailers. We have launched a hygiene business in Europe and the USA on the back of Covid-19, which will focus on sanitisation, foggers and the like.
- Robotics and Ionised water.
- The ability to work remotely on Cloud-based systems. Innovation that benefits the cleaning industry customers to the point that site information is readily available – for example, how clean is it? When was it last cleaned?
- Technology to support us in delivering our services differently
- Technology and data/systems – data-driven going forward

QUESTIONNAIRE

- Innovation on the robotics side is key to us at the moment – namely, implementing more robotics cleaning equipment, not just on new contracts but on the ones we already have. This has a cost attached, but fortunately it is something that will pay for itself and provide additional productivity. Everybody seems to be going that way and we're a step behind some of our more forward-thinking competitors. Our new Innovations Committee will focus on things like that. Our UK business has come about through acquisition. There may be room for more acquisitions and we may look at bringing in pest control or supplementary services. We recently brought window cleaning in-house. I don't think there will be any major changes – probably just something to supplement our current service lines.
- We will continue with what we have done during Covid-19. That is mainly disinfecting and applying technology to support clients to make sure they have safer premises. We will continue to invest in fogging equipment, heat sensors and customer/visitor counting systems, because there will be a greater push by clients for safer premises that go beyond standard cleaning and maintenance.
- Another big investment for us will be technology, moving into the social sphere as more clients are now conscious of their social impact. Sustainability has been on the cards for a long time but now social impact has come to the fore – how we will deal with the social impact of what we do and the ability to measure social impact and the effects on the local economy is really powerful for us. We're a global provider but clients are looking to us to demonstrate that there is a benefit to them locally, whether it's employing local people or spending with local companies. That's a big part of our future investment.

QUESTIONNAIRE

- Covid-19 has accelerated the use of technology in our business. Something we've been trying to do for the last two years happened in three months, and technology will become more important as the Covid-19/Generation Z return to work. They are so used to using technology and apps that we need to be ahead of the curve to try and get them to buy products from us, because you can buy catering from anyone in the High Street. There might be an opportunity organisationally – as a privately owned organisation that has genuinely believed in our core values – that will put us in a better, much stronger position going forward compared with other businesses who went for the fast buck and did not keep to their values during the pandemic.
- We have a security-systems arm for installations, which is very much on the innovation track – thermal cameras, people counting technology and the like. Clients are desperate to get technology onto their sites right now for the efficiencies that it produces, so the opportunity for us is to demonstrate these. We have about five or six innovations our Information Security team is currently looking into, checking on the background, potential problems, threats or challenges.
- Today, everything is data-driven, whether it's to do with proof of presence, proof of cleanliness, or data capturing through a spend analysis because of technology, which is all based around sensors and 'cobotics', a collaboration between human and machine. Our equipment supplier is currently the leading force in robotics in the UK, which is something that's really being pushed from our side.

QUESTIONNAIRE

- We'll investing in a sustainable process and solution, not only for products, material and an ethical supply chain, but we want to invest in our local community. We find that if we give back, when we're an active member of our community, even by default, we become a valued member of the society and people come to us for advice.
- Smart workplaces – technology to adapt the workplace to the new ways of working. I believe that even if the new vaccines become available, the new ways of working are likely to stick and the workspace and place are going to be very different. You need to have the technology in place for that. We will also continue to invest in talent and developing people and we have lots of training and development programmes to attract and retain.

QUESTIONNAIRE

SOUTH AFRICA

- We are looking at expanding our operating model to move into the active telecommunications space instead of being in the passive telecoms space only. At the moment, we do all the infrastructure maintenance. We want to move into the installation space, for example microwaves, modems, mast towers, satellite dishes, and so on.
- Staff, digitisation and understanding what cross-selling and up-selling opportunities are available to your clients. Digital innovation is the one thing we will focus on most, because understanding the industry and coming up with technological ideas that will enhance the building environment to a point where the customers say they prefer dealing with 'Service' because they really understand the environment.
- We are focusing heavily on technology at the moment, but also the ability to assist clients with a new view of their businesses. Also, clients are starting to look at their own operations and businesses and I'm preparing to help them do so. I can't send anybody to large corporate clients to assist with them reorganising their operations and infrastructure or to look at business processes and first need the resources and capability to do so, which is what we're preparing for.

QUESTIONNAIRE

5 On a scale of 0 to 10 – with 0 not being competitive at all and 10 being super-competitive – how competitive is the FM industry in UK / SA?



UNITED KINGDOM

- The UK is an intensively competitive landscape. You need only look at market reports over the last 15 years to see the impact it has had with consistent growth, but with an equally challenging decline in profitability. The challenge for FM is to reinvent itself – to create a point of difference for the client that perhaps goes beyond the norm and creates more value, driving solutions for profitability for the organisations we serve.
- We pretty much deliver the same type of service and very small margins.
- The barriers to entry in cleaning are low.
- It is cut-throat in terms of pricing and service differentiation. We are currently trying to rebrand to show the value we add.

QUESTIONNAIRE

- It is price driven.
- There are relationships that have been in place for a long time, for example contracts we know that go out to tender every three years on a cycle, but you know you're never going to kick out the incumbent because of the relationships they've built. So, although it's competitive, there is room for relationships to grow.
- It is really competitive within the FM industry and even more so within my service stream in catering, because the barriers to entry to open a catering company are very low. So, we see new entrants coming in all the time. We see a lot of consolidation in our organisation, so I live in a very competitive world.

We run a Top 30 Security Company and even security companies within the 29 to 30 brackets are turning over 5 to 10 million GBP, so one can imagine what it's like at the top end.

The UK is the most mature market globally. Within the UK FM, it was all about the race to the bottom line in 2017 and 2018. People were going in at ridiculously low margins that were completely unfeasible, and that's the reason why a lot of our competitors went under. Others were in trouble and they all had to put strategic plans in place to survive. A lot of that can be attributed to their playing the race-to-the-bottom-line game. There should have been some intervention.

- A number of larger players have cornered large parts of the market, but I come from a background of working with a local authority SME and we were winning bids alongside some of the largest companies in the world. I have moved on to a larger company, but we're still seeing SMEs within the bids that we've put in and we may not win against an SME, so there is a really healthy competition. This is quite good for our business, because if we had only four bidders every time, it would get quite boring and you wouldn't find as much innovation within the sector. So, the SMEs push the larger businesses to be better, which is really healthy.

QUESTIONNAIRE

- There are a lot of cleaning companies out there and a lot of unethical ones. We compete not only against the larger companies, but also against smaller businesses. It's difficult because I don't have the resources, so to be able to compete in that market, we can try and make sure our pricing is transparent.
- I would split it in two, namely government and industry. Government is super competitive and industry, in our experience, is less competitive and more based on value for money. I'd rate the government sector between 8 and 9 and the private sector between 5 and 6.

QUESTIONNAIRE

SOUTH AFRICA

- We are quite lucky in SA – compared with the UK for example – because we have only the big four players and then many much smaller companies, which does tend to cannibalise business.
- My competition is not the big players. It is the person who owns or manages the buildings, because we provide service in a built or maritime environment and if we don't start collaborating and partnering with the people in those property management companies, very soon we will have no market. They will be thinking about in-sourcing, because people are thinking about their wallets and how to cut costs. We have to create the edge, so that those people will think about us or we will lose this market very quickly. We are competing with the people in the FM space today, but tomorrow, the FM space will be completely different, especially once we come out of the pandemic.
- It is very competitive, which is reflected in what is achievable in terms of new business. It also has many sub-sectors and there are various levels of competitiveness within those sub-sectors. It is very competitive among the big players in the overall integrated FM sector. They take on every opportunity and are able to give each other a run for their money. Non-integrated FM, or mid-sub-FM, is also quite competitive and it's dog-eat-dog and cut-throat.

QUESTIONNAIRE

6 What sets your organisation apart from your competitors?

UNITED KINGDOM

- Having been in food retail FM for more than 30 years, we are experts at what we do. We have developed unique offers, specifically around the design and introduction of assets that are more fit for purpose. We are privately held, have a caring culture and put our people first and we certainly go above and beyond for our people. This has a knock-on effect in terms of the service we deliver to our clients. It's people first, not profits first.
- Flexible pricing and quoting on an occupancy basis are our strengths. We are cutting edge in terms of disinfection, but environmentally friendly at the same time.
- We have a flat structure and our MD is always available to talk to our clients, which you would not get in bigger organisations. We communicate with our clients regularly and share best practices. Our team shares common values and have a very well-articulated understanding of our company's strategy.
- We offer value in terms of structure, with invested business owners in each region, who have direct relationships with the customers – they would even do the cleaning themselves. There is no competition across regions.
- The quality of our people and how we treat them set us apart. We also have a huge focus on CSR. We adhere to an ethical stance towards business and excellence in the financial services sector.

QUESTIONNAIRE

- We have the largest presence in the UK, which is not necessarily the best, but we have the capability to deliver services across a broad range.
- I've always struggled with this for as long as I've worked in FM, because there isn't a hell of a lot of difference in what everybody offers. You can throw in some robotics, and mention that we deliver all services in-house but, ultimately, we'll be cleaning or securing a building the same way everybody else does. There may be nuances in the way we roster or the actual delivery model but, really, there are not many USPs – they're very much defined on a bit-by-bit basis. If it's retail, we can call on some of our retail references. If it's events, we can call on some of the stuff we've done at O2. It's very niche.
- Our self-delivery is probably better than any other company in the industry. Even for a large organisation, we don't lean on sub-contractors or supply chains like some of our competitors. That comes down to very, very small specialist areas of our business, and we still self-deliver those. We have a pest-control business as well as a division that looks after fire systems. This is really good for our clients because it means there's more control of the supply chain and it's more cost-effective. So that would be our major selling point. It comes down to agility. We have a smaller, flatter management chain within our business, which means we're empowered to make decisions in a quicker way. This affects our business and supports our clients. Those are the features that set us apart.

QUESTIONNAIRE

- A factor that always draws comment in presentation situations or where we've been successful is that clients like our family feel. There is a warm glow around our values and family orientation that makes us stand out from the rest. We don't have market influencers on the stock market, but people sit up and take notice when you say this gentleman is the great-great-grandson of the founder of the company. People who leave the company are always itching to come back, which makes us different. What we're seeing across the UK and world – definitely in security – is potentially one global supplier delivering across the world. When I spoke to a large client a few months ago, they were dissatisfied with their supplier and wanted to use us, but our commitment is to go to one global supplier, which could be a challenge. We do have global gaps and that could be something we should consider.
- Our strong financial ability makes a difference for us, since we're probably one of very few in the market that has that stable platform – we're a debt-free organisation, which is unheard of in this industry. But I also believe that our values and our partnerships are personal and we genuinely believe that we will not sell you one size fits all. Instead, we'll work with you to develop from a supplier to a trusted partner. This is the way we maintain clients over long periods of time and not only for that short buck.
- We started doing NPS scores some years ago and year after year they have gotten better and better. Our NPS scores are really good and instead of merely putting them into words, we do something with them. We work with those clients and I make sure that I do NPS scores with these clients every year. This becomes a springboard and a way to resolve whatever needs to be resolved. We strive to achieve excellent NPS scores each year.

QUESTIONNAIRE

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- What we do is what everyone else does – we clean a building to specification. What makes us different is that the relationship with our clients is at the heart of what we do. We have a very low account manager-to-client ratio, which is unheard of. We also have a very low staff turnover. We employ people who have an aptitude and appetite to improve themselves and we're fortunate in that we promote from within, so every one of our account managers has been a cleaner, which comes with its own problems. Coming from a cleaning background does not necessarily develop commercial skills, but they want to get the job done and done properly, so they're not interested in politics, which is great.
- We have a specific commercial model that aligns our objectives with our clients' objectives, so that we're both heading in the same direction instead of pulling apart. We tend to not go into fixed-price contracts, preferring open-book management fee contracts, where we will agree on a budget that we adhere to. We build a base into the budget. For example, if the client's 1 million GBP budget suddenly becomes 500 000 GBP, typically, our management fee is protected and we'll manage the costs down. Also, we have the best people, systems and references

QUESTIONNAIRE

SOUTH AFRICA

- In-house technical expertise is our strength. We are able to tailor-make bespoke solutions. We are also able to offer a full suite of services to our clients.
- We put our customer at the core of what we do, so our customer-centricity value proposition allows us to understand our clients and their industry. But what really sets us apart is the fact that we are able to design holistic solutions for our clients – not just security or cleaning, but all the services – to drive strategic partnerships that integrate people, place, process and technology.
- We are very customer-centric and our customer satisfaction research helps us understand our clients. We operate a high sensitivity ratio, which enables us to pick up and flag negative feedback, allowing us to be all over it like a wet shirt. What further sets us apart is that we overreact to a client's sneeze. This is simply part of our culture. We also have a deep historical culture in our business. We have been dealing with our clients in the same way for more than 20 years. A high retention rate among management and our deep levels of expertise are quite impressive, which helps.

QUESTIONNAIRE

7 Do you have a continuous improvement programme in place (e.g. ISO 9000)? YES / NO

If YES, which one?

UNITED KINGDOM

- We have a business improvement programme in place across all our clients. It gets done annually. We have installed it in our business metrics using IOT to help us identify ways to improve our performance for our clients. It helps us identify patterns and behaviours in our business that drive negative cost impact. That then helps us help our clients redefine the way to work to reduce impact points. ISO is a go-to for our company. We are probably not as advanced as some of our competition, but we are committed to building this capability within our organisation where it makes sense.
- Yes, we do use ISO standards
- Yes, we do. Not sure what it's called.
- 6 ISOs, member of BFA, Living Wage Foundation. Offered in all contracts and continuously striving towards relevant accreditation.

QUESTIONNAIRE

- The actual term escapes me but the quality department ensures accreditation.
- ISO 4001, collaboration and a few more.
- It varies from sector to sector, whether it's leisure or corporate real estate. That's something else our clients are always looking for at the moment. They want continuous improvement and savings. Over the term of the contract, they would want year two to be cheaper than year one and so on. Our Business Improvement Manager, who is also our Mobilisation Manager, revisits every contract after it's been mobilised, 90 days in. We then focus on whether we've made the changes we'd promised, what the impact has been. She will talk to sales and bring in operations to make sure everybody's involved, because it's easy to sell something and promise the world but nothing changes, and then, three years later you wonder why you haven't been awarded the contract at retender. So, business improvement has been quite important to us.

QUESTIONNAIRE

- We have a UK Board-sponsored programme where we look at the different areas of business that require improvement. That includes everything from technology to our inclusion and equality and technological improvement. Last year we launched an event that's a forum for sharing and positioning ideas from within the business, which promotes improvement within the business. The ideas come from the people who carry out the work, so a cleaner or a senior director can put their idea forward and those then go back to a Dragon's Den-style pitch at the end of the process. I think this is a really powerful and inclusive way of doing things. We also have Board-sponsored elements, which we're pushing within the business. I'm looking at working with a number of our board members on mental and physical wellness and we have workstreams within the business that will continue to push those. We'll also lean on industry experts to do that. For example, the mental wellness we're looking at is partnered across the organisation to try and make sure we are better prepared for staff who have mental wellness issues. It is also to identify any factors in the business that may have an impact on staff's mental wellness, so we have that covered. This will cover all operational areas of the business. We have healthy business improvement and continuity.
- This is something I'm looking at. My role within the business is evolving early next year and I will strive for a much more sustainable business, not just financially and economically, but also from a social responsibility point of view. So there is a bigger plan for how we evolve and go forward.
- We have an innovation programme, where everyone feeds into a hub. People exchange ideas and talk.

QUESTIONNAIRE

SOUTH AFRICA

- We are fully ISO compliant.
- ISO 9000. We will continue to embrace ISO 9000, because it looks at how we differentiate the different internal processes and to ensure we have the right people, leadership and internal processes. It is becoming apparent that it is not only about quality management principles, but we also need to create an environment where we create other specifications. So, we are working on conditional health and safety certification while aspiring to get the ISO 45000 and ISO 14000 (14001). We are in the process of getting these services through our SHEQ environment. We also have an integrated management system, which is important because we offer an integrated facilities management service and need to ensure that we don't have only ISO 9000, but also ISO 45000 and 14000, since it reflects what we do from an environmental perspective.

QUESTIONNAIRE

- 8 On a scale of 0 to 10 – 0 being not at all important and 10 being exceptionally important – how important is it for your business to get an independent view of what your clients actually think and feel about doing business with you?



QUESTIONNAIRE

UNITED KINGDOM

- It's critical! It's one of our focus points for next year – we need a deep dive and something that's embedded in our organisation. We have to look at areas we need to improve.
- We are registered with all the bodies that relate to our industries. We support at least one international conference.
- We manage client feedback through electronic surveys.
- We are a young and small company that has expanded rapidly over last three years, so growth is of the utmost importance. We also need to enter new markets where we currently do not have presence, for example partnering with maintenance, security, specialist cleaning, and so on. We have hired a new commercial director to develop this.
- Our annual customer review in June is a combination of e-survey, research, and consulting.
- An independent view rates quite high. We're working with a consultancy that is supposedly independent. If you sign up with them, they score you after talking to your current clients and provide a rating to the people they run tenders for. If you get a good score, chances are you'll get invited to tender on more projects and they'll push you forward more than anybody else. They are independent and nobody runs the relationship with them. They talk to our contract managers and divisional directors about the contracts they want to speak to clients about.

QUESTIONNAIRE

- It's very important and you're in danger of finding yourself in an echo chamber if you don't get independent external advice. It's very easy to select your best clients if somebody asks how you are doing. I've done this type of work as a consultant in previous roles to make sure we get an honest view of where the organisation stands. This aspect is not within my portfolio, but in that of the marketing division, but I believe we do get independent views.
- The NPS is important because to benchmark ourselves against our competitors, we use FM guru Martin Pickard, who services the rest of the industry and very often comes to our conferences and meetings and gives us feedback on what our clients think of us. A client comment that comes to mind is "I'm surprised the company doesn't have more police officers in their security ranks than they do." After doing some digging, I came to the conclusion that we don't share that information as much as we should, since we actually have many ex-police and military in our security teams. It's all about the way we share our information, which is quite important. We like to stay under the radar and don't want to be front-page news every week – those that have been in the news have gone under.
- NPS is based on actual client feedback, so we all ask the same questions and the client gives the answer, which is the answer you have to submit. We do use an external consultant for a lot of the stuff that we do, so we work really closely with one specific company in the UK and it is good to get their opinion and stance on how we're perceived within the UK and we hit the I-FM Top 50 and have been in the top 50 since 2006. It used to be the Top 25, but it has since grown. I think we ranked 30th last year.

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- It is critical, because if we don't understand how we're perceived as a business, service provider and deliverer, along with our operational capability, then how can we evolve, grow and continue to build good faith as a partner. I don't believe any client will be truly objective if I were to sit down with them, so bringing a third party in is essential. We have done ad hoc third-party surveys in the past and are looking to implement an NPS system, but want an independent person to do so. We work with a consultant who looks at and challenges our business process and operational efficiencies. Because they are not involved in the business, they can take a much more pragmatic view. One of the things we're doing is incorporating a customer experience survey into that, because it's just as important understanding where we're running efficiently as what our risk areas are. During Covid-19 lockdown it's really difficult to get people to surveys. We did ask that they do face-to-face Zoom meetings, so we can get more from the process, but again, it's been difficult.
- We have many client engagement opportunities for client to give us feedback and tell us how they really feel. Also, our client retention is pretty exceptional, unlike some of our competitors who have reason to be concerned.

QUESTIONNAIRE

SOUTH AFRICA

- Everybody talks about NPS scores and client surveys, and we have an operations team on-site daily with our clients, who have become an extension of client sites, or conduct daily surveys on how we engage with client. Our clients give them ratings. One of the most important factors in creating a value proposition is knowing what your clients think of you. When you create SLAs and various platforms, you need to find an external party able to get an understanding of how you are doing.

QUESTIONNAIRE

9 What industry bodies and/or conferences do you support, and why?

UNITED KINGDOM

- We tend to be involved with most of the bodies in the UK, for example the Institute of Workplace and Facilities Management (IWFM) and industry publications. We have a wide perspective in terms of the events we go to, since we don't see ourselves pigeonholed in the FM space – we attend tech as well as innovation and other events. We decide where the value lies.
- IWFM and BICS, as well as big catering conferences.
- The Cleaning Show (Amsterdam), which has been postponed this year. We have yet to do an ISSABFA virtual event. This is quite pricey so adds little value.
- SIA. Government legislation regulates the industry ACS Accreditation.
- Royal Institute of Chartered Surveyors (RICS). We participate in IWFM. This is less useful, but during Covid-19, the webinars have been good.
- The main ones are IWFM; and until very recently, I've been working on the critical data-centre side. A number of specific bodies exist, like Data Centre Alliance (DCA), which we've signed up to. Others are the Data Centre ME and REVO, which is a Retail Consortium. Our sales and marketing director for the UK is on the board at REVO.

QUESTIONNAIRE

- I sit on the board of UK Hospitality for the Food Services Group. They're a good source of knowledge and we understand the legislation that comes from them first, after which we translate it into a usable format. They've been at the forefront of lobbying for the support of the Hospitality industry throughout Covid-19, and they got the furlough scheme in place for us. Business Services Association (BSA), which is a high-level business service, is very useful as a lobby group if we need particular targets. The Institute of Hospitality is about personal development to keep in contact with the latest developments. We've also joined the UK chapter of the South East Asian Business Council to support our drive for business growth in South East Asia.
- We belong to the Association of Health Care Practitioners (AHCP) and are corporate members of the International Support Services Association (ISSA). I am a council member of the British Institute of Cleaning Science (BICS) and we have the current chairperson within our ranks. I am also a board director for the Cleaning Support Services Association (CSSA) and sit on the board of the BSA Cleaning Committee. The chairperson of the British Cleaning is a colleague and we are members. We all go to the main facilities show, one of us going to Hotel Olympia, another Amsterdam, and yet others the Manchester and London Cleaning Shows.
- We are also involved with the British Security Industry Association and the corporate body of the Fire Safety Engineering Consultancy (FSEC), with a presence from Malaysia to India and Dubai to the UK. One of us is an executive committee member of the Security Industry Authority (SIA), who also looks after the UK and the North Revo Security and Safety Committee, while also sitting on the committee of the City of London Crime Prevention Association.

QUESTIONNAIRE

- I work mainly in the public sector, so my view is somewhat blinkered. Local government associations are a good barometer for local authorities in general and for public body spend. FM Expo and Events are good supplier events, while ESPO and Procurex are the best ones for us. We're trying to be specific at the moment, because you could fill your diary going to events. We need to find the ones where you can have some impact on clients while also getting some return. It's easy to have a stand somewhere, but clients are there for the freebies at the stands, so we're trying to use our thought leadership. We'd like to be in a position similar to when we had a speaking slot at the 2019 FM Event.
- IWFM is the body most who work FM belong to. I've been attending more sustainable property management groups to understand how properties are built and what standards are required for buildings. I would recommend these. The Chamber of Commerce is not necessarily an industry body, but is good from an economic business perspective. They've been good about educating people on the implications of Covid-19 and how to mitigate against risk and stay together, what has been done to help businesses. and what support is available. I pitch many of my conversation with clients around our membership to the British Institute of Cleaning Science (BICS), because cleaning is about time and educating people about productivity. Showing them the BICS guidelines lends credibility to your argument.

QUESTIONNAIRE

SOUTH AFRICA

- SAFMA
- SIRA is critical, since they govern security compliance and how we function from an ethical practice point of view. I find MCCA really exciting, because it allows you to shape your environment and set yourself apart from your competitors. The South African Property Owners Association gives us the platform to have conversations with the right people. The South African Council of Shopping Centres helps with how we position ourselves when new shopping centres are built. A week of flower shows in Johannesburg provides a platform to show how to put landscaping spaces together and compete in that environment.