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Global FM International Workshop Nottingham, UK, 5 April 2011

The New Economy: Right Time & Right Place for FM

Agenda

- Key trends
- Questions to ask within your organisation
- BASF case study



KEY TRENDS FOR MULTI-COUNTRY FM CONTRACTS

Global companies are thinking and moving to global FM

These interests are driven by:

- Cost savings reasons enabled by increased purchasing power (economies of scale)
 - Rationalization of the number of providers, to reduce overheads and indirect costs
 - Consistency of best practices and services through consistent SLAs

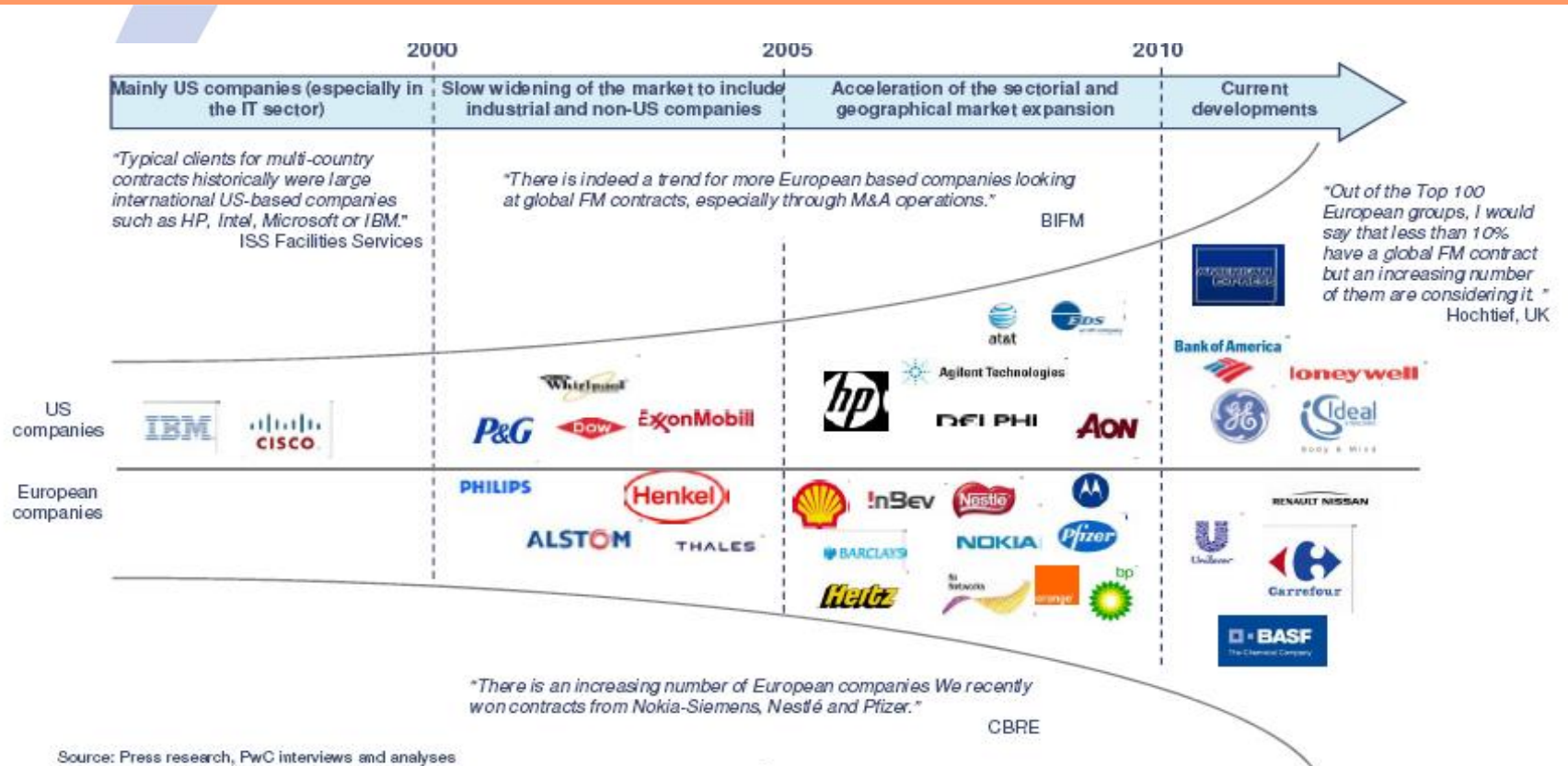
Additional key factors leading the trend are:

- Economic downturn stimulation outsourcing models
- Development by vendors of solutions adapted to the needs of global customers



KEY TRENDS FOR MULTI-COUNTRY FM CONTRACTS

Global companies are thinking and moving to global FM



Source: Press research, PwC interviews and analyses



Questions ?

- Services: single? Bundled? Integrated FM?
- Geographic approach: Site? Country? Cluster? Region?
- Company's organization: In or out? Core or non core?



BASF Case Study

- BASF stands for...
 - The world's leading chemical company
 - Adding value through growth and innovation
 - Oriented toward Sustainable Development
 - Operating internationally
 - Active portfolio management
 - Turnover 2009: 50.693 Mio. €
 - Ebit 2009: 3.677 Mio. €
 - Employees (31.12.2009): 104.779



FM SERVICE CATALOGUE

1 Infrastructural Facility Management services

Reception, telephone switchboard, internal post

Cleaning

Winter service

Gardening / summer service

Archiving

Janitor

Moving management

Canteen

Office Equipment

2 Technical Facility Management services

Maintenance of building structure and building M&E installations

3 Administrative Facility Management services

Administration

Rent additional rooms

4 Other Facility Management services

Travel/ Hotel

Fleet Management

Space Management

Print/copy service

Laundry service

Security (office sites)

- Services in tender scope
- Services not in tender scope

CURRENT SITUATION OF FM SERVICES IN REGION EUROPE

- Facility Management is often individually arranged on each site
- Different degree of FM services provided by external service providers
- High supplier complexity, currently around 400 FM suppliers within Europe, only a few legal entities using same FM suppliers
- Wide range of FM costs
- Only slight differences of FM service scope



PRINCIPLES OF THE FMSE PROJECT

Goal

Provide and align professional Facility Management services across all BASF sites

- ▶ Bundling of services which are already subcontracted
- ▶ Service Level won't be changed
- ▶ FM employees will still be "Single Point of Contact" for all employees on site
- ▶ Continuity on Quality Measurement at service on site level

THREE PILLARS OF FM STRUCTURES

ORGANIZATION

- Personnel management (nomination cascade)
- EFM Meeting / regular meetings
- Target Agreements: Performance appraisal
- Change management process

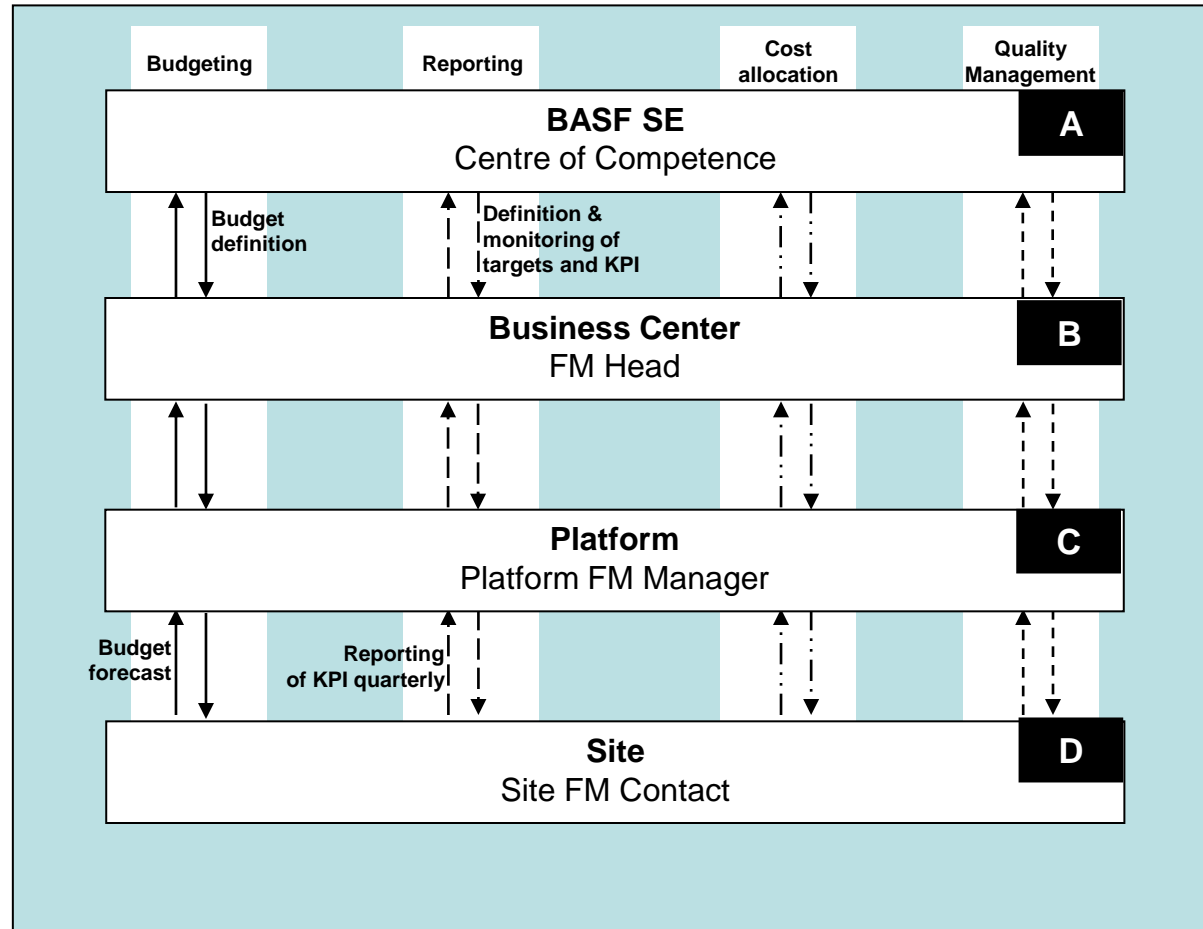
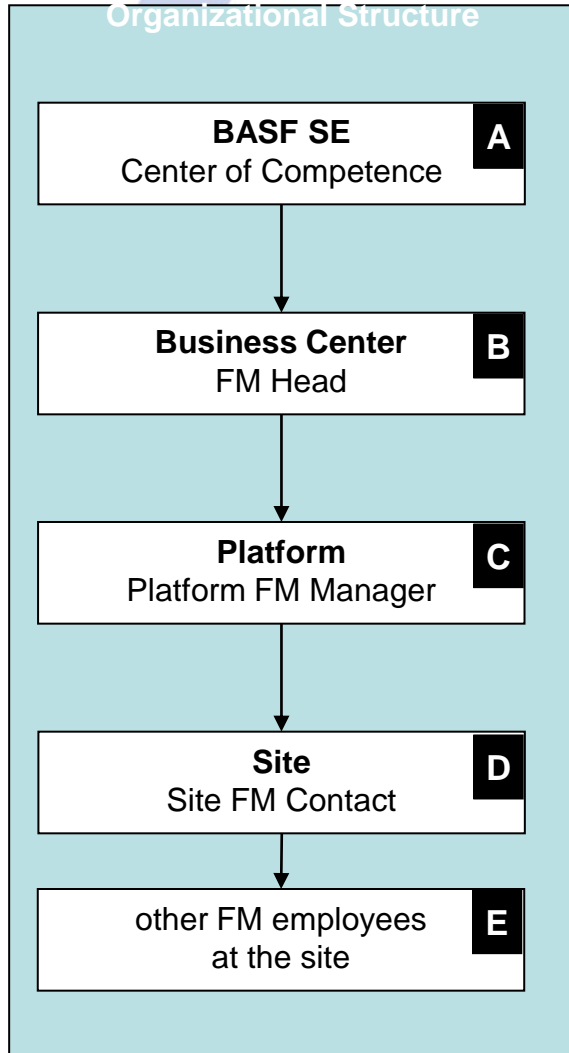
PROCESSES

- Definition of scope: IFM, TFM, AFM, other Services
- Description of interfaces
- Budget/reporting
- KPIs

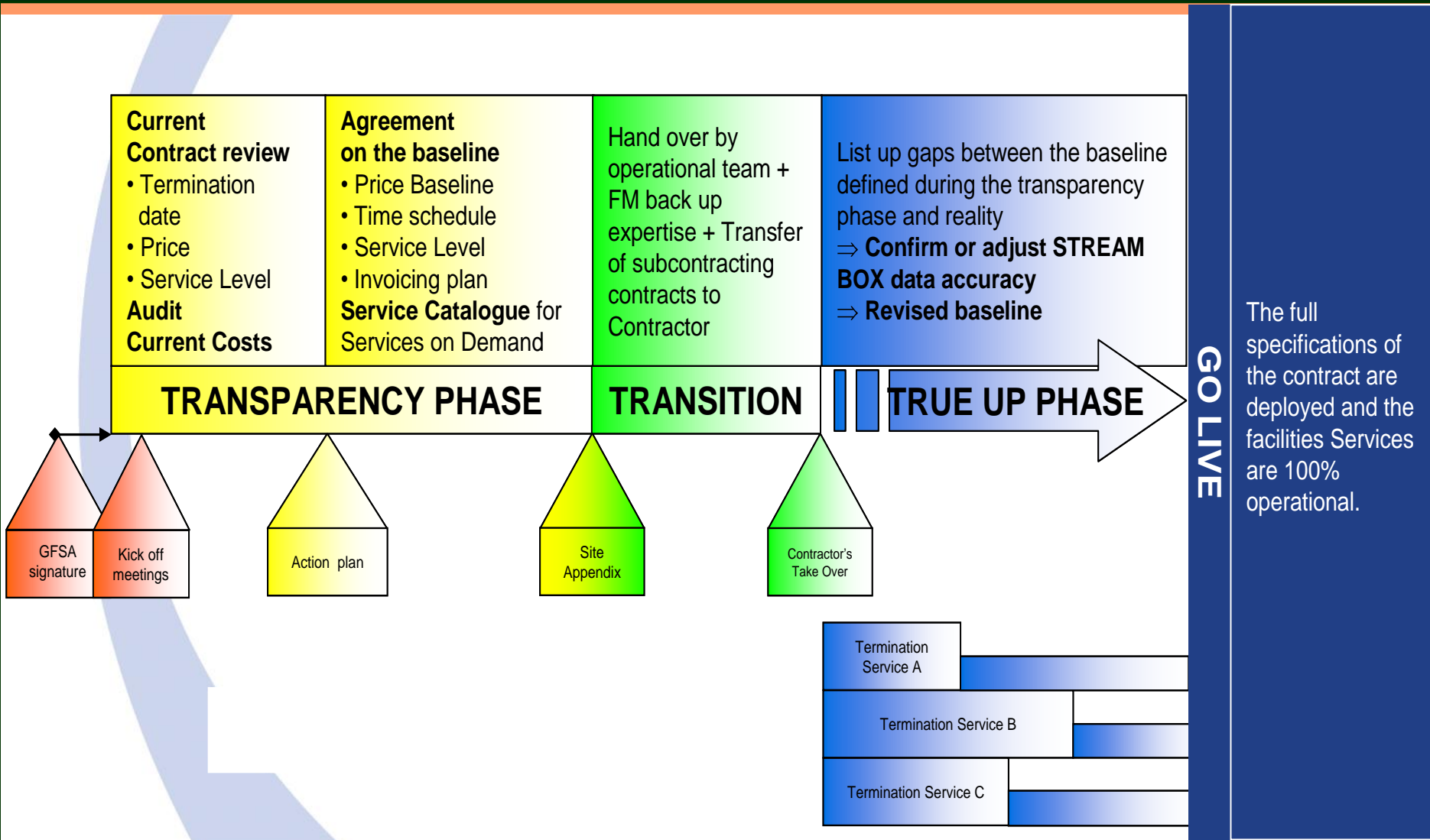
OPTIMIZATION PROJECTS

- Bundling external services through tender
- Professional tender process organization: market analyses, RFI, RFQ, negotiation, signature
- Implementation of new provider
- Achievement of savings

PROCESS DEFINITION



PHASES OF IMPLEMENTATION



- Establishing a FM organization
- Thinking always in communication (who, what, when)
- Living the Change management
- Getting transparency and trust
- Defining rules and processes for the implementation and operation on corporate level, not forgetting local touches at site level