



Facilities management suppliers:

the current state of play



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Introduction:

Industry Insight

In June this year, the Facilities Show took place in London and brought together around **15,000 professionals** (including facilities managers, procurement decision-makers plus many more). Also attending the event were **400 suppliers** which enabled the sharing of insight from experts, analysis of industry trends, and discussions about successful facilities/supplier management strategies.

As exhibitors at the show, we took the opportunity to gather priceless industry information in the form of a short survey which we used to diagnose the current state of play in the FM sector. By asking those who visited our stand to answer a short questionnaire during the course of the event, we were able to see patterns emerge in the behaviour of facilities and supply management professionals.

Read on to find out what information we discovered and also benchmark your current activity against that of your potential competitors. From supplier values, eco-awareness and legislation updates, how do you stack up in the marketplace?

Aside from cost, which do you value most in a supplier?

Supplier values



- a) Reputation and expertise
- b) Quality of goods and services
- c) Logistics capability

75%

of FM professionals value the quality of goods and services

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Supplier
values



Cultural fit



Keeping up
to date



Supplier
consolidation



Efficiency,
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Are you
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Supplier values: quality, expertise, logistics and knowledge

When asked 'Aside from cost, which do you value most in a supplier?' 10% of respondents stated '**logistics capability**', 15% of people said '**reputation and expertise**', and a whopping 75% of those who visited our stand said '**quality of goods and services**'.

The caveat 'aside from cost' was a key addition to this question as it recognises that cost is typically the top differentiator for suppliers. Our research looked to go beyond the cost limitations and explore what facilities managers/procurement decision-makers actually value in their range of suppliers. The results clearly showed that in the eyes of professional buyers, there's no substitute for quality.

It seems that suppliers who are able to provide a high level of customer experience (i.e. punctual deliveries, transparent processes, a partnership approach and reliability) plus high-quality goods are those who are valued most in the FM sector.

Facilities managers and purchasing directors typically require the same supplies from month to month, but when things change and they need to source additional equipment, tools and chemicals, they need to know that there are suppliers who can meet their needs and requirements... at short notice (whilst providing the best value). Considering that three quarters of our respondents selected 'quality of goods and services', it appears that the majority of FM professionals are actively looking for this level of care from their suppliers.

Do you think sustainability in your organisation in two years' time will be...

- a) More important
- b) About the same
- c) Less important

Cultural fit



67%

of facilities/purchasing professionals believe sustainability will be more important in two years' time

Cultural fit: sustainability and eco-awareness

When asked about the importance of sustainability in their organisation in two years' time, 2% of respondents stated **'less important'**, 31% said **'about the same'**, and 67% believed it would be **'more important'**. This result is an almost direct reflection of the wider corporate landscape. Businesses are more concerned with the environment than ever before and are drafting/amending their Corporate Social Responsibility (CSR) policies accordingly.

Particularly in the facilities management sector (which uses chemical products), a move towards more sustainable and eco-friendly products was always going to be required. As companies become more aware of their environmental impact, they will look to employ facilities professionals that understand their eco-conscious approach and ethos. A direct result is that FM professionals and buyers will also look to work with suppliers who understand the approach and can boast similar 'green' credentials.

The move to sustainable equipment and products (predicted by two-thirds of our survey respondents) will come from both sides – companies looking to comply with their CSR policy; and suppliers looking to cash-in on the latest eco-friendly goods. Either way, the FM manager/procurement decision-maker is more than likely going to need to place more importance on the sustainability of their products and processes in the near future.

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Which do you rely on most to keep you updated on changing legislation?

- a) Trade press or industry bodies
- b) Suppliers or colleagues
- c) My own research

Keeping up to date



40%

of FM professionals rely on their own research to keep up to date with changing legislation

Keeping up to date: legislation changes and industry updates

Unlike the other questions in our short survey, there was not a large sway in favour of one particular answer for this question. When asked 'Which do you rely on most to keep you updated on changing legislation?' 25% of respondents stated '**suppliers and colleagues**', 35% said '**trade press and industry bodies**' and 40% indicated that they used their '**own research**'.

Based on this outcome, it seems that the source of the latest industry information and legislation is largely irrelevant as long as FM and supply professionals find out one way or another. The people we spoke to used a myriad of different sources to get the latest information (ranging from trade press, to industry bodies and colleagues). In most instances, respondents actually completed their own research in order to get the latest industry news. The reason there is such a thirst for knowledge and information on the latest law changes is because failure to comply can result in large fines for both facilities managers and businesses.

According to expensereduction.co.uk, **facilities management professionals are now spending up to 30% of their day dealing with regulations.**

With such a large amount of time dedicated to ensuring regulatory compliance (but with typically the same budget allocation), FM professionals and procurement decision-makers are generally always in pursuit of the latest industry information and details of how they can comply without spending large amounts of time and budget.

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Companies are becoming more interested in exploring opportunities to consolidate multiple services from single suppliers as a way of improving value.

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Supplier consolidation:

The information gathered from our time at the Facilities Show suggests that FM and purchasing professionals are looking for cost-effective suppliers who can provide quality goods and services; supply sustainable and eco-friendly products; and offer a reliable source of industry information. This may seem like a challenge when trying to coordinate multiple suppliers; however there is an easier way... supplier consolidation.

By finding a single supplier who can meet all of your requirements, it's possible to dramatically improve the way your business operates. Firstly, costs become much easier to control (reduce where possible); as do billings, payment processes and supplier management.

In addition to this, ordering processes become easier and repeat orders can be automated, therefore saving time and potential overspends. By purchasing goods and services from a single supplier, the closed-loop reporting opportunities become highly valuable. Taking a bird's-eye view of purchases, payments and deliveries, it's possible to work out where cost savings can be made and which processes can be streamlined.

Along with reducing the number of deliveries and therefore the carbon footprint and related environmental impact of your FM operation, a single supplier can open the door to a partnership approach.

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Strategic partnerships with suppliers could result in them creating new products tailored to your specific needs that give you competitive advantage.

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Efficiency, awareness and transparency

Partnering with a dedicated supplier is not just an easy way to simplify the supply management process; it's also an excellent opportunity to develop a relationship which greatly benefits both parties. Firstly, look for a supplier that shares your ethos, CSR and ethics. By partnering with a business that has a similar culture to yours, the working relationship should suffer less friction and be easier to mould and develop over time.

Look for a supplier that has experience in your industry, understands your prospects and has the products to resolve their issues. A direct result of this is that they can advise you of potential opportunities for new products and innovative solutions. This insight will save you time typically spent researching and mean you can be providing clients with the latest and greatest addition to the FM sector in a fraction of the normal time.

Another key factor to consider when looking for a supply partner is the scale of their infrastructure. Are they nationwide? Can they meet your needs (even in emergency situations)? Do they have the capacity to handle your requests and grow in line with your business? If the answer to these questions is yes, then you know they are a company to work with. If you've answered no, then this supplier could potentially hold you back instead of enabling business growth.

An effective supply partner will improve the efficiency of your operation, provide insight and guidance and also operate transparently, therefore enabling complete trust. These benefits are difficult to achieve when juggling multiple suppliers.

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**Growth in the FM sector
increased by almost**

£2.5 billion

**in 2013 and is set for more
expansion this year, according
to a market research report
published this week**

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Conclusion:

Are you ahead of the competition?

Our research at the Facilities Show uncovered the need for cost-effective, quality, sustainable goods from informed and expert suppliers. With such rapid industry growth, it appears that the FM organisations who achieve these requirements as soon as possible are most likely to succeed and enjoy the largest business growth. As mentioned previously, consolidation of suppliers is an excellent way to reach these objectives... but only if the right supplier is chosen.

With FM and purchasing professionals constantly carrying out research to find the latest cost-cutting procedure or efficient equipment, it's the savvy FM and procurement managers that are acting now in order to claim the lion's share of the industry's revenue over the next 12 months. Are you one of them? Are you staying ahead of your competitors? Are you an industry leader?

Whether you are currently undertaking a supplier rationalisation programme as recommended by CIPS or are simply looking for the best levels of service from a single supplier, we can help.

To speak to someone about your current suppliers and how you can save time and money, contact one of our experts on 0844 873 0421 or email fmsuppliesoffice@officedepot.co.uk.

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