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Facility management outsourcing:

five steps for navigating the journey



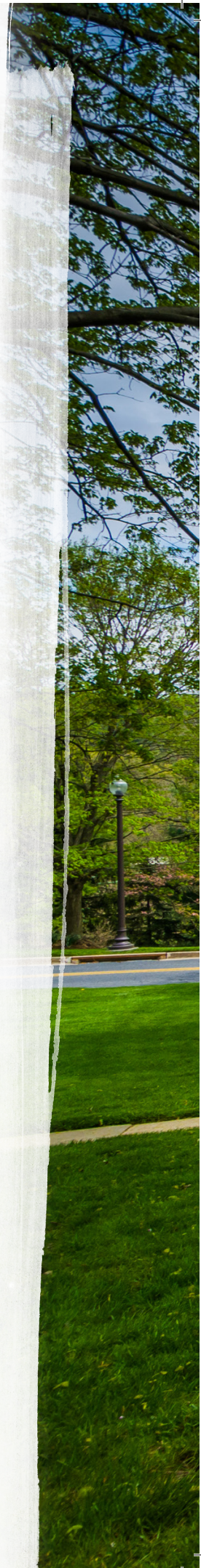
Facility management outsourcing: five steps for navigating the journey

Great partnerships don't happen by accident

Are your campus facilities operations aligned with your mission? Facing growing competition for students and limited resources to address facilities issues, many public and private institutions are seeking creative new facility management approaches. If you're considering options for improving your facility management operating model, you may be evaluating the benefits of facility management outsourcing.

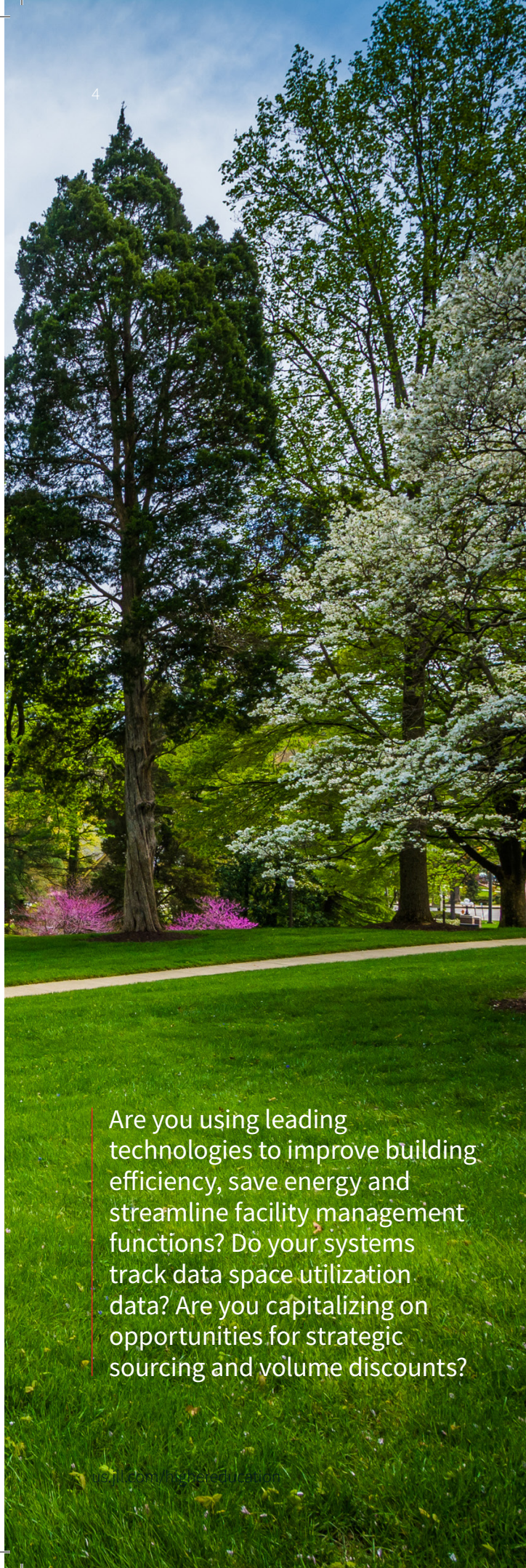
Aligning your mission and your campus real estate operations doesn't happen by accident—it's the result of stakeholder collaboration and thoughtful consideration of your goals and possible solutions. When carefully crafted, a facility management partnership can be a strategic solution for reining in costs, improving quality of service and enhancing the campus experience for students, faculty staff and alumni alike. How you navigate your way through the outsourcing decision and the launch of your facility management partnership will make all the difference in ensuring that your goals are achieved.

Many institutions are seeking creative approaches to facility management due to growing competition for students coupled with limited resources.





Facility management has the potential to deliver cost savings, reduce energy consumption, improve sustainability and—most important—enhance the quality of your facilities and the campus experience.



Are you using leading technologies to improve building efficiency, save energy and streamline facility management functions? Do your systems track data space utilization data? Are you capitalizing on opportunities for strategic sourcing and volume discounts?

Executed properly, outsourcing facility management can help you attract and retain talented students, faculty and staff. Through highly visible campus improvements and smooth-running real estate operations, outsourced facility management can deliver long-term cost savings by addressing deferred maintenance energy consumption and sustainability. Most importantly, it can enhance the quality of your facilities and the campus experience overall.

Yet, closing the gap between the potential of outsourced facility management and its ideal outcomes can be a challenge. Despite the benefits it can deliver, the topic of facility management outsourcing may spark concerns about job loss, service disruption and a decline in campus quality. You can overcome the misperceptions and help close the gap—if you undertake the outsourcing journey with thoughtful planning.

Outsourcing can advance your facility management goals through access to innovative ideas, leading practices and new facility management technologies. And, it eases the headaches of managing the physical campus.

Take a look at your facility management infrastructure. Are you using leading technologies to improve building efficiency, save energy and streamline facility management functions? Do your building engineers use predictive and preventative maintenance strategies to keep building systems running smoothly? Do your systems track data space utilization data so you can optimize usage and avoid the cost of new construction?

Wireless sensors, automation, machine learning and artificial intelligence are bringing new efficiency and data-driven decisionmaking to facility management. However, many higher education institutions have yet to capitalize on facility management advances that are commonplace among leading facility management service provider firms.

Do you have a process for prioritizing capital investments? Have you created a capital plan that balances repairs, replacements and modernization? Following the construction boom of the past decade, many colleges and universities now are revisiting campus upkeep. A facility management partner can assess your campus facilities, establish priorities and help you create a five-year campus plan.

Have you implemented a comprehensive energy and sustainability program? Leading practices include more than 50 ways to reduce your institution's carbon footprint, from simple waste-reduction measures to adopting alternative energy sources.

Are you capitalizing on opportunities for strategic sourcing and volume discounts on vendor services? A leading facility management service provider can deliver savings through its wholesale supplier agreements, reducing procurement expenses.

Aligning facility management with your institutional mission can be easier when you have a seasoned partner to offer data-driven recommendations and expertise based on their experience. However, defining your outsourcing path requires careful thought and consideration.

Partnering with a facility management service provider isn't an all-or-nothing proposition. It's critical to consider the best ways to advance your facility management practices to better support your mission. Drawing from our work with public and private colleges and universities, we've identified the following key steps that can help ensure a successful partnering journey.

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Top facility management service providers typically can reduce your long-term operating expenses by anywhere from five to 30 percent through operational efficiencies



1. Clarify your facility goals.

Without clear expectations, a partnership can easily get off track. First, consider what sparked your interest in outsourcing. What do you hope to achieve? You may simply wish to spend less time and energy on facilities issues and more on core educational mission concerns. You may be concerned about deferred maintenance and facilities costs, or seeking creative new approaches to improve efficiency.

Integrated facility management outsourcing can be a powerful tool. While you're focused on your mission, your facility management partner will hire and train your knowledgeable associates in the latest campus real estate technologies and optimize use of your integrated workplace management system. They'll help you adopt a data-driven approach to managing your campus. They'll apply leading practices to keep your building operations running smoothly. They'll bring innovative new approaches to the challenges of your real estate.

Following the initial expense of the outsourcing transition, your service provider will help you reduce costs over time. By tackling deferred maintenance, prioritizing investments, self-performing equipment repairs and adopting preventative maintenance strategies, an experienced facility management service provider will bring new efficiency and performance to your campus.

Aside from day-to-day tactical needs, consider the larger picture. Rather than simply out-tasking functions such as groundskeeping or custodial services, some colleges and universities have achieved more cost savings and more productive campuses by centralizing the entire facility management function under an integrated full-service provider.

In energy management, workflow management, supply chain management and workforce administration. Not only do you reduce your facility management headaches, but the cost savings also translate directly into better stewardship of university resources, a more attractive campus, and more engaged students, faculty and staff.

In a properly developed, full-service, integrated facility management partnership, an experienced partner will be as committed to your educational mission as you are, and will establish shared goals with you. Only when both parties are fully invested in the relationship, as true partners, can you achieve your ideal outcomes.

2. *Collaborate* with internal campus stakeholders to identify your facilities management needs and issues.

Collaborating with key stakeholders in a discussion of your campus needs and goals is an important step toward better alignment of facilities operations with your mission. When you want to bring innovation, leading practices and data-driven decisionmaking to your real estate operations, stakeholder conversations will help clarify how facility management outsourcing could be part of the solution, and build consensus for your desired outcomes. Stakeholders may include your CFO, COO, board of trustees or directors, director of facilities, senior leaders for academics, enrollment and retention, human resources, housing, athletics, etc. Each will have a unique set of needs and concerns.

Before broaching these topics with your stakeholders, however, it's wise to meet informally with potential facility management service providers. A leading provider will provide you with valuable insights about how facility management outsourcing could help achieve your campus vision. And, the firm's executives will address your questions and address any misperceptions you may have about what to expect. These preliminary conversations will lead to more productive conversations with your stakeholders because you'll be better prepared to address their concerns.

For example, department heads may be focused on quality of service and ensuring that their faculty and students have modern, well-maintained spaces that advance research and learning. Enrollment and retention executives, on the other hand, may focus on "curb appeal" and amenities that will help attract students.

Once your senior leadership has reached consensus on pursuing facility management outsourcing, you'll need to engage your facilities staff. First and foremost, they'll naturally have questions about their jobs and roles that you'll need to address clearly. Second, they can provide valuable information about critical issues they see on campus.

These early conversations are a critical opportunity to address misperceptions and concerns about outsourcing. Facilities associates will naturally be concerned about job loss—staff reduction is a common misconception about outsourcing.

The reality is that a reputable partner will be eager to hire your facilities associates and retain their valuable institutional knowledge. In fact, facility management associates who transition to your facility management service provider firm will likely discover new career advancement and learning opportunities.

Upfront collaboration will uncover your campus facility management priorities. And, upfront engagement with stakeholders will help create buy-in for whatever solutions you pursue.

*Contrary to popular perception,
a successful outsourcing partnership
will achieve cost savings and efficiencies
without relying on staff cuts.*

3. *Explore* options for achieving the desired outcomes.

With stakeholder perspectives in mind, you're ready to explore the best ways to achieve the outcomes you've envisioned. You may be able to achieve some of these with adjustments to your current operating model. For others, partnering with a facility management service provider may be the best way to access new approaches.

Often, a college or university will initially outsource custodial, groundskeeping services or energy and sustainability, but this out-tasking is only one part of possible solution. The leading facility management service providers offer numerous options for accessing facilities services at various levels.

To access cutting-edge facility management technologies, for instance, you could license a mobile end-to-end work-order management application that generates valuable business intelligence and audit trails. To tackle deferred maintenance, you could retain a building assessment and asset management service for data-driven capital planning and maintenance. Or, you could partner with a facility management firm to provide variable building engineering services to augment your in-house team.



4. *Design* a transparent contract aligned with your interests and desired facilities outcomes.

Given the complexity and importance of facilities management, the traditional procurement process does not always deliver a successful partnership. Traditional procurement often begins with a request for proposal (RFP) that specifies exactly how the work will be performed, rather than asking the service provider to propose creative solutions to achieve certain goals. And, traditional contracts usually lack meaningful mechanisms for measuring performance and rewarding performance that exceeds target outcomes.

In contrast, the maturation of outsourced facility management has led to the adoption of outcomes-based 'vested' contracts that focus on agreed-upon outcomes and key performance indicators rather than on predefined tasks. In performance-based contracts, the partner's fees typically are reduced if goals aren't met, while shared savings and bonuses are provided for exceeding targets. Incorporating fees-at-risk, vested outsourcing creates a transparent, win-win relationship that achieves outcomes rather than predefined tasks.

Vested contracts focus on agreed-upon outcomes and key performance indicators, rather than predefined tasks.



It is critically important to explore procurement options for facility management services. Challenge your procurement team to provide options and to collaborate with reputable facility management companies to identify alternatives to traditional procurement methods. The final contract should be aligned with your desired outcomes, while allowing the facility management provider flexibility to deliver services using its own expertise. The partner can determine the most cost-effective, sustainable approach.

Ideally, your partnership will give your service provider the flexibility to customize their work with you, with financial incentives to meet or exceed the goals that you jointly define. And, your contract should address governance—how the partnership will be managed and by whom. Your partnership is much more likely to achieve its goals if you first establish, in plain language, how you will manage the contractual relationship. Through these measures, the service provider's work will be closely aligned with supporting your mission—and you will open the door to bringing leading practices and innovative new approaches to your facilities operations.

Your service provider agreement should include financial incentives for meeting or exceeding the goals you jointly define.



5. *Communicate* clearly— and often—to manage a smooth transition.

Whether you outsource some facility management functions or choose a full-service partnership, managing the change will require thoughtful communications before, during and afterwards to prevent negative misperceptions from undermining the overall experience.

Facility management associates will naturally have questions about their jobs and the prospect of transitioning to a service provider. It's critical to convey that a leading facility management service provider will want to hire your knowledgeable associates to continue supporting your facilities.

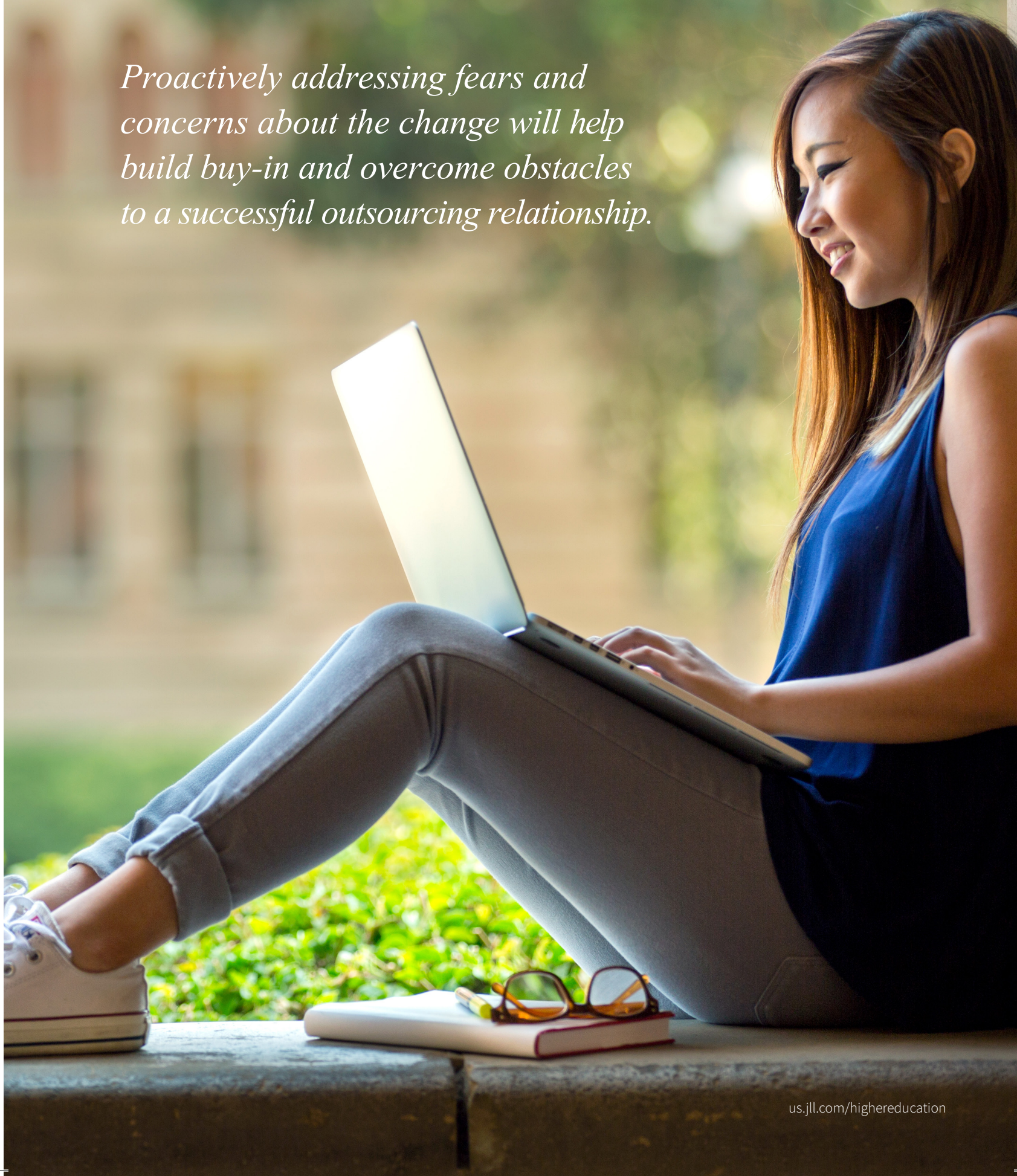
Administrators, faculty and students, meanwhile, will likely want assurance that the facilities staff they know and trust will still be on hand. They may have concerns about levels of service or accessing services. They will want to know that the service provider, once selected, is reputable and committed to honoring both the institution's mission and the transitioning employees.

Once selected, your service provider should collaborate with you to create and implement a thoughtful communications plan that anticipates and addresses important issues. The plan should include consistent messages for key stakeholders and the campus community as a whole, and provide opportunities for facility management professionals to discuss their concerns in one-on-one meetings with your facilities leadership.

Also critical, allow time for a smooth transition. Typically, the service provider will need 90 days to onboard transitioning employees, depending on the scope of the partnership. During the transition period, your facility management partner will ensure that transitioned associates are informed about their pay and benefits, and equipped to apply their new employer's technologies and processes to benefit your campus. Also important, transitioned associates can begin to consider their professional development opportunities.



Proactively addressing fears and concerns about the change will help build buy-in and overcome obstacles to a successful outsourcing relationship.



The journey matters as much as the goals.

A facility management partnership can be an effective solution for your campus real estate challenges. And, the most effective partnership will be one that begins with a thorough discussion with stakeholders of the outcomes you want to achieve. By focusing on outcomes, as well as implementing a thoughtful communications plan throughout the process, you'll create a rewarding journey to facility management outsourcing.

A facility management partnership can be a strategic solution for reining in costs, improving quality of service and enhancing the campus experience.



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About JLL

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JLL's Higher Education practice partners with public and private universities, as well as university health systems, to help fulfill their missions through the stewardship of real estate. The group taps the unrealized potential of real estate to produce cost savings, improve financial strength, manage risk, and improve the overall student experience. A leading provider of higher education services, JLL has worked for more than 200 colleges and universities throughout the world and provides a broad range of services that encompasses: brokerage, project and development management, sustainability solutions, public private partnerships, facilities management, and master planning. JLL's expertise includes student housing, athletic stadiums, gateway and innovation projects, science and research facilities, parking garages, continuing education, hospitals and international campuses. us.jll.com/highereducation