

Locally sourced FM to secure your success

A CPO's mini-guide to answering the 'Local or global?'
FM conundrum



A blurred photograph of a modern office interior. People are seen in motion, walking through a glass-walled corridor or meeting area. The ceiling has exposed wooden beams and modern lighting fixtures. The floor is covered in a patterned carpet. The overall atmosphere is one of a busy, dynamic work environment.

Local?
Or global?
Make the right choice for
your organisation...

Global procurement has long been a mainstay of organisations with a global footprint. Reported benefits range from lower costs to seamless delivery, plus the ease of liaising with one FM partner that covers multiple countries.

But what if such benefits remain unrealised? With an increasingly unpredictable world impacting energy costs, supply chains, transport networks and more, the delivery of global FM solutions often falls short of what was promised. Disillusioned organisations are opting for local solutions instead.

Before becoming Mitie's Chief Procurement Officer, I worked in global procurement for over 20 years. I can share insights and knowledge from both sides of the fence. And in the current climate, I believe local FM offers best value, increased stability and even improved colleague satisfaction.

In this mini-guide I'll present key considerations when choosing between local or global FM. I hope each point helps you to reflect on your organisation's needs and contributes to an informed and successful decision.

Shaun Carroll
Chief Procurement Officer, Mitie



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Consider your
strategic goals



Consider your strategic goals

Local and global FM solutions serve two subtly different purposes. When deciding which is right for your organisation, ask what you hope to achieve by appointing a facilities management partner - and whether they'll contribute to your strategic goals.

Going local

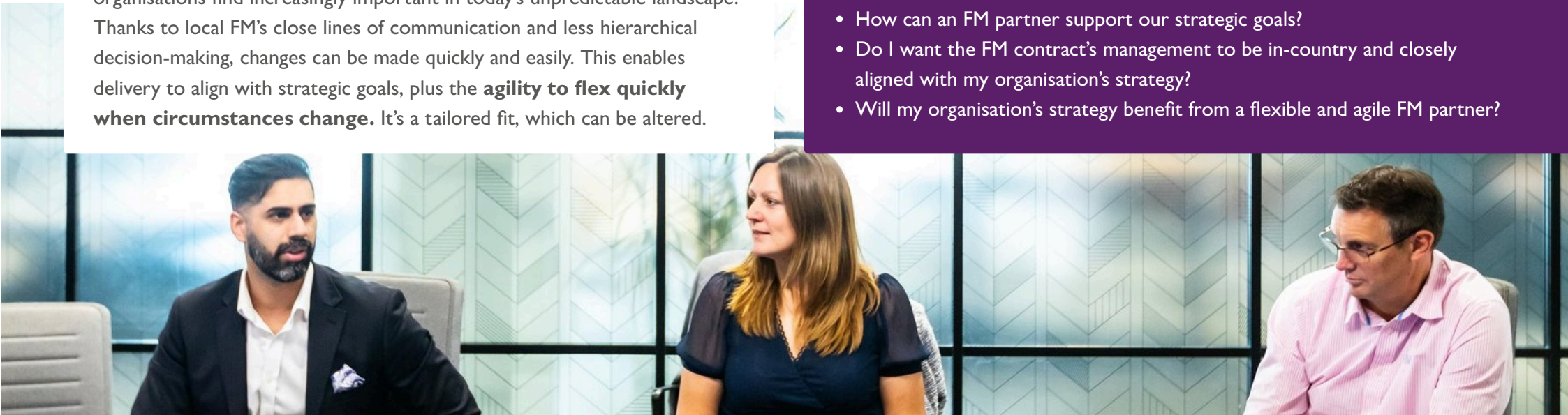
Local FM solutions are delivered in-country by experts that remain close to the needs and expectations of your local teams and in-country operations. As local FM means fewer degrees of separation between management, your organisation and contract delivery, **the approach is more efficient and agile**. A major benefit is being responsive and flexible, which many organisations find increasingly important in today's unpredictable landscape. Thanks to local FM's close lines of communication and less hierarchical decision-making, changes can be made quickly and easily. This enables delivery to align with strategic goals, plus the **agility to flex quickly when circumstances change**. It's a tailored fit, which can be altered.

Going global

Global FM suppliers usually offer real estate management and consultancy on top of standard services like cleaning, security and front-of-house. By design, **it is a more fractured approach** than local FM, with services delivered by a patchwork of partners. This disjointed approach compromises delivery as it is more complicated and bureaucratic. With multiple parties involved in delivery, there is greater opportunity for things to go wrong, plus additional challenges due to multiple stakeholders when putting things right. **Global solutions lack agile delivery** that can be quickly changed to support your strategic goals. It's a one-size-fits-all solution that won't always suit.

Consider the following:

- How can an FM partner support our strategic goals?
- Do I want the FM contract's management to be in-country and closely aligned with my organisation's strategy?
- Will my organisation's strategy benefit from a flexible and agile FM partner?





Consider costs

The background image shows a business meeting in progress. A person in a dark blue shirt is pointing at a tablet displaying a line graph. Another person is writing in a spiral notebook. On the table are a laptop with a bar chart, a coffee cup, and various printed reports including one titled 'Report Overview' with a bar chart. The scene is set in a modern office with large windows in the background.

Consider costs

Price is always a key factor in choosing your FM partner. There are cost implications for both local and global FM, which must be kept in mind.

Going local

The cost of partnering a local FM provider usually remains stable and is often better value.

Of course, global events from natural disasters to pandemics and international terrorism, may impact costs on a local FM contract. But crucially, the agility of such a contract means **changes to delivery can be implemented more quickly**, mitigating any price instability.

There's another big benefit to local FM that shouldn't be overlooked. Local FM providers have the ability to offshore or buy globally, which can sometimes make sense...

- For non-customer facing or administrative functions such as IT, HR or Finance
- When there are limited local suppliers for a very specialised service
- If lower prices due to economies of scale or other factors outweigh risks and logistical challenges

If circumstances mean it's more cost effective to procure globally, an agile FM contract can do so.

Of course, people costs are usually the biggest spend in any FM contract. When working with local partners, these are direct costs to the customer rather than being marked up by a global managing agent.

Local FM efficiencies



Local employees



Self-delivered services



Local supply chain that isn't as vulnerable to global events



Simple contract structure without added layers of management overhead



Clear chain of command without complex departmental silos across multiple locations



Consider costs

Going global

Even with globally procured facilities management, the on-the-ground service is likely to be subcontracted locally, to a patchwork of in-country suppliers. Very few FM organisations (if any) can provide a consistent, self-delivered global presence, with their own staff in each location.

Your management overheads are a major consideration for globally procured FM contracts. Dedicated teams for managing service delivery, contracts and relationships with multiple service providers across regions are required. The overheads of establishing and maintaining this centralised team can be substantial and will be passed on to you through the contract.

Compliance costs are often higher for globally procured FM. Varying regulations, standards and legal requirements need additional resources to make sure local laws are complied with. Navigating country-specific rules and legislation can be time-consuming and costly.

Currency fluctuations can impact global facilities management procurement more too. **As exchange rates fluctuate, the cost of procuring FM services through networks of local service providers can vary**, often requiring extra contingencies. This unpredictability can make financial planning and budgeting more challenging, particularly when substantial currency fluctuations occur over the life of a contract. It's important to determine who will bear the foreign exchange risk and decide what happens in the case of significant currency changes.

Consider the following:

- Can my organisation absorb potential price fluctuations from foreign exchange rate changes?
- What are the cost implications of using a local supplier for any necessary in-country labour?
- Can some aspects of the contract be offshored to create further savings?

“The overheads of establishing and maintaining this centralised team can be substantial and will be passed on to you through the contract.”

Consider service
delivery



Consider service delivery

Understanding how your facilities management contract will work in practice is critical when choosing an FM partner. Both local and global solutions impact delivery in different ways. It pays to know how your services will be delivered.

Going local

Whether working with local or global partners, there is a big advantage to partnering with suppliers that prioritise self-delivery. **In a self-delivered model, there is less reliance on outsourcing to third parties.** Instead the FM provider uses their own teams to manage and maintain your assets. You are more likely to encounter self-delivered FM with a local provider than you are with a global provider or managing agent. Let's explore some of the benefits further.

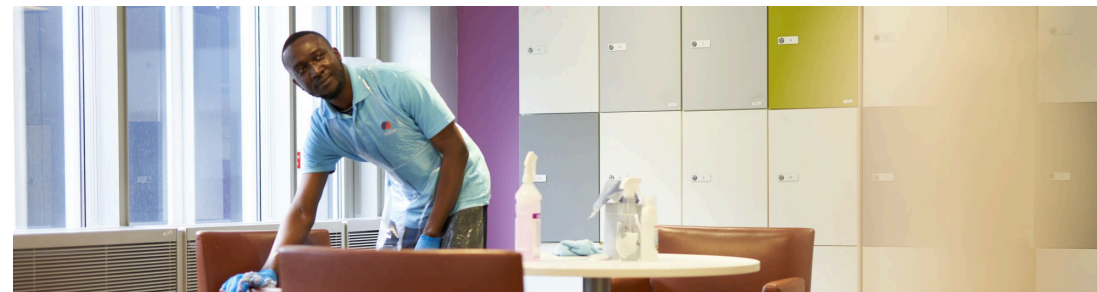
Local self-delivery offers more direct **control, customisation and flexibility**, with services tailored to specific needs. Services can be adapted based on your changing needs and expectations. If there was third party involvement, you would undoubtedly have to contend with various levels of control across the different service providers.

Use of **data and analytics** in FM has exploded, offering huge benefits to you as a customer and to FM service providers. Artificial intelligence and machine learning are being applied to building management systems (BMS) and other operational platforms.

Locally-procured FM from self-delivered service providers offers full ownership and control of data throughout your estate. As data is collected and managed by one service provider, you can be sure of consistency and less risk of data breaches, leaks or other vulnerabilities.

Having a local FM provider that self-delivers means your senior management partners are in-country and can be accessed more easily than senior colleagues on global contracts, who are often based abroad. This enhanced **communication, collaboration and responsiveness** from the highest levels of command is a considerable benefit. Having senior decision makers close to hand to address issues makes for a more agile and responsive contract; the ability to implement changes quickly will secure the quality of delivery.

The hands-on decision-making process in local FM means decisions about contracts, suppliers and service standards are made with the best possible solution in mind. This contrasts with global FM, where uniformity is the priority and often decision makers operate at a distance from day-to-day delivery. With self-delivered local FM, teams remain **informed and empowered** to influence services in their regions and to respond appropriately to any challenges.



Consider service delivery

Going global

Global FM contracts can be negatively impacted by the layers of management that run them. From the global headquarters down, there is typically a rigid hierarchy that means key stakeholders in local services may only be contactable when issues are escalated several times. This creates delays in decision making, additional bureaucracy and even additional costs. The layer of senior global FM management also comes with a cost implication. Let's explore some of the challenges of global solutions further.

As global FM providers typically rely on multiple partners for services, they have **less control over contract delivery**. Due to the range of partner organisations involved, flexing the approach to suit changing needs and expectations is time-consuming and cumbersome.

The patchwork of suppliers involved in global FM contracts impacts the quality of the data your organisation receives. With **multiple, fragmented data sources** - rather than the robust, all-encompassing solution you would expect from a self-delivered contract - there is more inconsistency. Stitching together insights from disparate sources also makes it more difficult to produce a true reflection of performance. This means it is even more challenging to make informed and meaningful decisions.

Global FM solutions may hinder open lines of communication and a culture of collaboration. With the most senior management roles likely based out of country, there may be **delays as important issues are escalated to the appropriate individual**. Cultural differences across borders may influence the understanding of unique situations. There is also a risk that colleagues working at a distance lack insight into a particular region's ways of working, leading to misunderstandings and frustration among colleagues on the ground.

Collaboration is similarly impacted. The multiple partners involved in global contracts have their own organisational structures and hierarchies. This means **collaboration is often hampered by bureaucracy**, with slow decision making and a lack of agility.

Consider the following:

- Is the contract likely to prove challenging with potential complexities slowing my organisation's progress?
- Does my organisation move at pace, with an expectation partners do the same?
- Is access to senior management at my FM partner a priority?

A man in a dark blue suit and tie stands on a glass-enclosed balcony in a modern office building. He is looking out over a large, open-plan office space with many desks and computers. The ceiling is high with a grid of circular lights. The balcony has a glass railing and a metal handrail. The overall atmosphere is professional and modern.

Consider security

Consider security

Safeguarding operations has never been more important. From terrorism to cyberattacks and threats from rogue states, you must think carefully about global and local FM's implications for your organisation's security.

Going local

Local FM partners bring a range of security benefits to the table. Any relevant accreditations and delivery standards should be visible and transparent. This isn't always the case in a global solution with a complex chain of suppliers. Look for independently verified accreditations that demonstrate **a commitment to keeping your organisation, its people and data safe**. For example, Mitie's estate is certified by Cyber Essentials Plus, the UK Government-backed standard in cyber security and has an **exceptional A(98) rating** for cyber security and resilience, independently rated by SecurityScorecard, an external cyber assessment and rating company.

In addition, local FM providers' specialist in-country knowledge means they have a thorough understanding of the codes and regulations that apply in that location. Compliance further minimises security risks as systems are appropriately operated and maintained, sites are kept safe and emergency responses are in place. On a practical level, **a local provider is best qualified to manage access and implement site-specific security measures**. They are directly involved in screening and choosing suitably qualified staff - another major plus due to the additional safeguarding this enables.

Going global

Careful thought should be given to the supply chain used by global managing agents to fulfil their service delivery locally. Relevant accreditations and delivery standards **may not be transparent due to the complexity of the contract**, so be sure to practice due diligence. This is particularly important in relation to data protection regulations to avoid breaches or non-compliance. Remember global providers are likely to implement standard security solutions across multiple locations. In some instances this may result in an **elevated security risk** due to a lack of understanding of local regulations and threats specific to the location. Equally, by applying best practice from across various global regions, the level of security and efficiency may in fact increase.

Consider the following:

- Do I need to have confidence and visibility of my supply chain and the risk of security issues within it?
- Does my potential FM partner have independently verified security credentials?
- Am I happy that my partner has thought about all possible security risks

To learn more about Mitie's approach to Security, listen to our podcast.

[Listen now: [The Science of protecting people, property and assets](#)]

Consider culture, social
value and sustainability

Consider culture, social value and sustainability

A commitment to sustainability and enhancing communities is essential for every organisation's future success. Whether you opt for a local or global FM partner, it's important they share your cultural values and principles.

Going local

Self-delivered local contracts enable organisations to **build a sense of ownership and pride among colleagues**, fostering a positive company culture. Local providers understand their local workforces and are able to create simple lines of communication. From a cultural perspective, they are attuned to behaviours and expectations, and therefore best placed to implement ways of working that keep colleagues happy. Hands-on management offers individuals opportunities to develop their careers and skills within the organisation. Local FM also creates jobs, at varying levels of seniority, within the immediate area and nationally. This benefits the wider community and economy, supporting social value credentials.

Local solutions also bring **sustainability benefits**. Being in-country, distances travelled by goods and people are reduced, lowering fuel consumption and carbon emissions. This is critical for organisations committed to reaching net zero.



Consider culture, social value and sustainability

Going global

Global FM partners must procure labour in-country and follow relevant laws on wages and tax. There can be **communication challenges** between local teams and the central procurement team, based out of country, due to language and cultural differences. Frustrations can arise if locally-based colleagues feel they are hampered from conveying concerns or participating in decision making.

Do bear in mind that with the most senior levels of management operating abroad, they may **lack the local insights and cultural awareness** to reflect expectations of colleagues on the ground. This can cause further frustration. A global solution, managed from a global headquarters, also means social value potential may not be fully realised in the country where the contract is delivered. The boost to the local economy, as well as opportunities for career progression, will be compromised. This is because the globally-procured FM solution concentrates financial functions and senior levels of management outside the country. There will be reduced economic benefits and advancement potential for local professionals.



You should also be aware that **a global solution can increase carbon emissions**. Senior personnel may be required to travel long distances, potentially by plane, to oversee elements of the contract. The smooth running of services may also involve more transportation of goods from abroad. As the challenge of reaching net zero by 2050 becomes clearer, and with increased focus on scope 3 emissions in supply chain, environmental consequences of global FM should be weighed up.

Consider the following:

- Is a positive people culture important for my organisation?
- In addition to the performance of the contract, am I focused on creating social value?
- Could this solution hamper my organisation's journey to net zero?

A considered approach to your FM needs

A considered approach to your FM needs

Strategic goals. Costs. Service delivery. Security. And culture, social value and sustainability.

Each of these five considerations are crucial when choosing the best FM solution for your organisation.

To help with your selection, this guide has also posed 15 questions, which you should think about carefully before making a decision.

Given today's quickly changing landscape, more organisations are discovering the shortcomings of global FM and looking for an alternative that isn't quite so vulnerable to unforeseen events.

In all likelihood, your organisation will gain most benefit from a bespoke, agile and, crucially, local FM solution.

Shaun Carroll
Chief Procurement Officer, Mitie



Meet Mitie

A proud, locally-based facilities management provider, Mitie is the largest FM organisation in the UK and offers a nationwide reach. The scale of our operations means we can self-deliver most services, including:

- Cleaning and hygiene
- Security
- Decarbonisation
- Energy strategy
- Engineering maintenance
- Integrated facilities management

Mitie champions facilities transformation and our technology-backed delivery uses data insights to inform our approach. We continue to invest in strategic acquisitions, optimising what we self-deliver in decarbonisation, security technology and telecoms infrastructure.

Our diverse customer base encompasses:

- Retail, logistics and shopping centres
- Corporate and iconic buildings
- Public sector and critical security environments
- Transport and aviation
- Manufacturing

Let's talk

If you'd like to chat further about your considerations, or how Mitie can transform your facilities management with a self-delivered local solution, [get in touch](#).

