



IST

Fallstudienreihe

Innovation, Servicedienstleistungen und
Technologie

Case Studies on

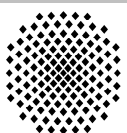
Innovation, Services and Technology

**Facility Management: Resources
and Markets**

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Facility Management: Resources and Markets

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1 Introduction

In recent years, there has been a trend towards outsourcing of facility management services. Following this trend, various property management companies have tried to establish themselves as facility management full-service provider. A company offering an all-inclusive facility management service acts both in the operative lines of business (commercial, technical, infrastructural facility management and space management) and in the area of strategy development which covers, in fact, the entire life cycle of buildings.

The case study below describes such a facility management full-service provider, which has to be analyzed using the resource-based and market-based view of the firm within the scope of the task.

2 Case study

Facility management full-service providers are very heterogeneous. In Germany, a total of 72 companies can be counted as facility management full-service service providers.¹ The industry's heterogeneity is especially demonstrated by the fact that although many companies call themselves full-service providers, in reality they offer a limited range of property management services only. This makes it more difficult for real full-service providers to prevail against property management providers with a supposedly comparable offer although their actual range of service offerings is rather limited. Overall, the requirements for full-service providers have risen continuously over the past few years. This is especially true for small and medium-sized companies.²

The Berlin-based ALBA Facility Solutions GmbH (ALBA)³ is one of those full-service providers. Founded in 1968, ALBA is one of the leading privately-owned companies operating in the waste-disposal and recycling industry. Since 2002, ALBA has been increasingly active in facility management, especially in cooperation with GEWOBA, one of Germany's biggest housing associations

¹ Cf. Altmannshofer / Kopp (2009), p. 14-15.

² Cf. Gondring / Wagner (2007), p. 342.

³ For all not otherwise identified information on ALBA Facility Solutions GmbH cf. Alba (2008), for URL see bibliography

with no less than 100.000 residential and business units. All in all, ALBA has more than 10 years of experience in administration and management of real estate. Besides technical, infrastructural and commercial property management, the service portfolio also includes the provision of consultancy services in all facets of the property business as well as call center services.

Integral components of ALBA's infrastructural property management are caretaker services, glass and industrial cleaning, maintenance of green areas, road cleaning as well as snow and ice control.

The technical property management comprises engineering services, plant tours, technical documentation, building and plant documentation, energy management, craftsmen services, minor repair services, service and maintenance, renovation of buildings and the ALBA help desk.

In 2008, ALBA in Germany employed 685 people in facility management. Compared to 2005, this represents an increase in the number of employees in Germany by more than 20%. In 2008, ALBA's sales in Germany in facility management amounted to 39 million Euro, which corresponds to a sales revenue growth of 34 % since 2005. In the field of quality assurance, ALBA is certified according to DIN EN ISO 9001. A certification according to DIN or GEFMA was not carried out,⁴ although a certification according to GEFMA 730ff would, for example, make the risk minimization of availability and reliability, as well as the optimization of interfaces between core processes and support processes, clear to the customer.⁵

In the fields of service and maintenance as well as energy management, ALBA does not have a specific EDP system, however, in the field of CAFM (Computer Aided Facility Management), ALBA is working with an IFFM (Institut für Facility Management) software and in the field of ERP (Enterprise Resource Planning), commonly available software such as SAP R/3 is applied.⁶

Two business economists, an academic electrical engineer and a lawyer, form the executive board of ALBA Group. The Members of the executive board are

⁴ Cf. Altmannshofer / Kopp (2009), p. 14-15.

⁵ Cf. Ibidem, p. 7.

⁶ Cf. Ibidem, p. 16.

between 40 and 54 years old. Two managing directors, who - in turn - control various departments, report directly to the executive board. ALBA is organized in a total of eight departments: Controlling and Mergers & Acquisitions; Sourcing, Insurance and Shared Services; Finance; Organisation and IT; Human Resources; Accounting, Tax and Reporting; Technics; as well as Corporate Communications.

ALBA's national references in facility management are broadly dispersed and range from managing the Berlin emergency hospital and contracts with the Berlin Cooperative Bank to contracts with dug telecom AG. Other customers include appellas Facility Management GmbH, Deutsche Annington Service GmbH, Domizil Property Management, Europ Assistance and Viterra Development.⁷ Customers of comprehensive facilities management service providers are thus both investors and owners of buildings as well as their users. Branch segmentation reveals that industrial companies are the most important customer group. A particularly strong demand for facility management services is emerging in the chemical and pharmaceutical industry.⁸

In facility management, ALBA is internationally represented by a subsidiary in the Slovak Republic. ALBA's subsidiaries in Poland and Bosnia-Herzegovina each operate in the fields of waste disposal and steel- and metal recycling only, but not within the field of facility management.

3 Assignment of Tasks

As a new assistant to the Executive Board for comprehensive facilities management service provider ALBA Facility Solutions GmbH, you have been entrusted with developing a concept for a more efficient use of existing resources within the company. In doing so, you are to find out first whether ALBA Facility Solutions is well-positioned and whether it has an advantage over its competitors and second, what measures can be taken to be more successful in future. Furthermore, you are to classify ALBA Facility Solutions GmbH in the

⁷ Cf. ALBA (2009), for URL see bibliography

⁸ Cf. Gondring / Wagner (2007), p. 354.

overall competitive context of the industry to find out what standing ALBA Facility Solutions GmbH has in its competitive environment.

3.1 Resource-based view

In order to be able to make a decision about the measures to be taken, you initially analyze the situation of ALBA Facility Solutions GmbH using the resource-based view. After having listed all elements of the lowest level of the resource typology, focus on three selected items in detail. With reference to the case study, please explain why of all elements these three are of particular relevance to you. When analyzing the resource-based view, you are to further demonstrate which resources you think are currently of particular importance to the local facility management market. In addition, please discuss which resources are needed to penetrate international markets and how they can be generated. Briefly focus on whether – in your opinion - ALBA Facility Solutions is well-positioned and which competitive advantages and disadvantages the company has over its competitors.

3.2 Market-based view

Due to increasing competitive pressure as a consequence of the decrease in orders since the beginning of the financial crisis, it is of vital importance to be familiar with the competitive situation in the facility management branch. You are commissioned by your superior to carry out a market analysis. From your studies you remember Porter's market-based view. Please apply this approach to the aforementioned case. Discuss which of the five market forces in your opinion poses the biggest threat for ALBA Facility Solutions GmbH and describe how to counter that particular threat.

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