Facilities Management – Friend or Foe?

- An exploring study of the leading FM companies in Sweden and their position in the Crawford world.

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Pontus Axelsson & Tommas Davoust
Abstract

Title: Facilities Management - Friend or Foe?
- An exploring study of the leading FM companies in Sweden and their position in the Crawford world.

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Tutors: Carl-Johan Asplund – Assistant Professor LTH
        Tim Webster - Crawford, VP Marketing & Sales
        Magnus Levin - Centigo, Management Consultant

Purpose: This master thesis aims to understand how the development of the leading FM companies will influence upon the service strategy in Crawford Sweden.

Design/approach: Literature review of published work concerning FM along with interviews with a range of people within Crawford and in the FM business.

Research limitations: Owing to constraint of time, the authors have had to make some delimitation; e.g. the thesis only concentrates on the Swedish market. Read more under Delimitations.

Practical implications: The thesis helps Crawford and other service providers to understand the role, desires and development of FM companies. It could be used as ground and foundation to the strategic decisions-making process with FM firms.

Originality/Value: The thesis has contributed to the research area of FM, more specifically to the relations between an FM company and a service provider.

Conclusions: The general conclusion is that, with the right conditions and prerequisites, Crawford could look forward to a successful future together with FM companies.

Keywords: Facilities Management, Facility Management, Service Provider, Business Model.
1 Introduction

This chapter will set the scene for this master thesis. First a brief description of Crawford and Facilities Management is presented with a declaration of the most central definitions used. It continues with the background leading up to the main issue of the study, followed by the main purpose and the specific issues of the project. Finally, the authors state the limitations, target audience and reading instructions of the thesis.

1.1 Thesis Background

1.1.1 The company
Cardo Group is a listed company on the Swedish stock market with headquarter in Malmö. Crawford is the corporate brand of Door & Logistics Solutions, which is one of four divisions that operate within the Cardo group. Crawford is one of the world’s largest manufacturers of industrial doors, Europe’s leading supplier of dock loading equipment and the market leader when it comes to giving service to these products. The company has approximately 3000 employees and operates primarily in Europe, China and the Middle East.

Crawford, as well as Cardo, states that the future lies in providing added value to strategically selected customers through solutions with quality products, a high service content and great applications know-how. Service is increasingly important in the company and it is seen as the important link that binds and strengthens the relationship with customers. (Cardo Intranet, 2009; Cardo Annual Report, 2008a)

1.1.2 Facilities Management companies
Facilities Management Companies (hereafter FM companies) are corporate organisations that primarily are devoted to maintain and take care of everything that is not core activities in other companies. FM can be summarised as creating an environment to support the primary operations while taking an integrated view on service infrastructure and using this to deliver customer satisfaction. Still many people associates FM with cleaning, caretaking, repairs and maintenance but today it is so much more than that. The FM companies often offer top class support activities within IT, energy reduction, security, office planning, transportation and much more. In order to be really successful, an FM company
needs to consider both hard issues, such as engineering, and soft issues, such as managing people. Today you often hear FM companies talk about the importance of understanding their clients’ core activities and processes to be able to offer solutions to make them more efficient. They are experts in organising and coordinating activities as well as finding the right subcontractors, called service providers. The FM companies bring value to their customers by reducing costs and/or by delivering a higher service level for the same amount of money. (Atkin and Brooks, 2009a)

In 2006, CEN¹ agreed on the following definition of Facilities Management: “Integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities.” (CEN, 2009)

The definition is valid in Europe but there is no single worldwide-accepted definition of FM and the concept differs throughout countries and organisations. The world’s largest and most widely recognised international association for professional facilities managers, IFMA², defines FM as follows: “Facility management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology” (IFMA-Sweden website).

To separate the old intrinsic meaning of Facilities Management from the new deeper and much broader definition, many FM companies began using other concepts for their corporate activities, like Total Facilities Management or Integrated Facilities Management (I-FM). Henceforth it is these companies we refer to when we write FM companies.

1.1.3 The challenge
Since 2005 there has been an ongoing change in the whole Cardo Group, a journey that aims to create “the new Cardo”. The main part of this change consists of moving from a traditional product oriented view to a view that is much more solution and service focused. Crawford illustrates the journey with a model shown in figure 1 and figure 2.

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¹ European Committee for Standardization
² International Facility Management Association
Crawford is illustrated with a star in the figure, and the competitors are illustrated with circles, most of them situated in the left bottom quadrant. Emphasis of the companies in this quadrant lies on the product itself; you sell your products by discussing product features and most relations with customers are strictly business orientated.

"We are developing from a product company into a service company. This is an enormously exciting process, where working together with the people in the division is the crucial factor for success."

Peter Aru, Cardo CEO and former head of Crawford

Crawford strives to become a more solution and service focused company; they want to build long lasting relationships and understand the needs of the customers in order to solve their problems. As described in figure 1 Crawford has identified a big opportunity when moving to the upper right quadrant as it seemingly means leaving all competitors behind. However, Crawford has also realised that they will not be alone in the sector and that a new type of actor could await them when entering the service business.

This is where the FM companies come in to the picture. Crawford is an expert in serving industrial doors and therefore their service business is specialised on a relatively small part of their clients’ non-core activities. The business idea of FM companies, on the other hand, is generally to take care of everything that is
not core activities of their clients. Since this potentially could include the service of doors, Crawford has identified FM companies as someone who will operate on the same market (see figure 2), either as a competitor or as a partner. In other words, Crawford is well aware that FM companies and their actions will play an important role in the future of the company, but there is no clear picture of how these FM firms will influence the business in the long term.

Therefore Crawford wanted us to provide strategy recommendations regarding how to face this upcoming industry with Facilities Management companies. Should FM companies be seen as a competitor or could Crawford look forward to a bright future together with FM companies? (Crawford internal document, 2009a)

Facilities Management - Friend or Foe?
1.2 Purpose
The purpose of this master thesis could be generalised to contribute to the academy and give benefit to firms within the industrial service sector, and in particular to companies working as service providers to Facilities Management firms. The research questions, on the other hand, are customised to the study of Crawford. These are listed in the same order as the structure of the thesis.

1.2.1 Main purpose
To determine how the development of Facilities Management companies will influence upon the service strategy within Crawford Sweden.

1.2.2 Deliverable
The aim of the project is to analyse the alignment between the current service strategy in Crawford and the future development of FM companies, and based on this analysis give recommendations concerning future strategic directions for Crawford within this area.

1.2.3 Research questions
1. Understand the business context where Crawford and FM companies operate.
   - What is Crawford’s current business model?
   - How does Crawford work with their regular customers?
   - How does Crawford work with FM companies and the FM clients?
   - Map out the FM industry.
   - Identify the value creating process within FM companies.

2. What position should Crawford take in the identified business context?
   - What positions are possible alternatives for Crawford?
   - What is the most strategic and profitable position for Crawford?

3. What strategy should Crawford have towards FM companies?
   - How does a perfect service provider work according to FM companies?
   - How well is Crawford adapted to work with FM companies?
   - How could Crawford adapt/change to be the preferred service provider?
   - Can Crawford’s current business model work in synergy with a new FM business model?
4. Examine possible future scenarios concerning FM companies that will affect and could be a threat to Crawford.
   - What are the possible future actions of FM companies?
   - Evaluate the identified scenarios.

5. Strategy recommendations based on identified future scenarios.
   - Which are the possible strategy directions for Crawford?
   - Identify the areas for further research.

1.3 Delimitations

As mentioned above this study is carried out on a strategic level and will not give much attention to how an actual implementation could proceed. The more distant in time the strategies are, the more comprehensive they get.

There are a lot of factors to take into consideration when strategies are made. It is not possible to make in-depth studies of all relevant factors within the scope of this thesis and therefore limitations had to be made. The thesis focuses mainly on Crawford’s aftermarket and service strategy towards FM companies but do not totally ignore relevant factors like other customers, end users and the product organisation within Crawford.

The following limitations have been made:

• The thesis will concentrate on the Swedish market and our final recommendations will concern the service strategy of Crawford only in Sweden. However, we live in a globalised world so comparisons will be made with other European countries with a well-developed FM industry.

• The thesis will not include the threats of a potential repositioning of Crawford’s current manufacturing competitors.

• The thesis will focus on FM companies that have a potential influence on Crawford’s future, in other words, FM companies that offer Crawford’s type of services or are likely to do so in the future.

1.4 Target Audience

The thesis is written to be of interest for both academics and professionals working within FM related areas. Theories and models used to support the findings together with the authors reasoning and conclusions could of course be
interesting even for people with general interest in business strategy and complex partner/competitor relations.

The strategy recommendations are written for the management team in Crawford but the study aims just as much to contribute to the academy. We also hope that the greater part of employees within Crawford find this thesis worth reading.

1.5 Reading Guide

To get an overview of the content and the structure of the master thesis, go to section 10.2 – Reconnection to the Main Purpose. The thesis is written in a chronological order and a common theme connects all the chapters, which is why we generally recommend the reader to start from the beginning and work his/her way to the end. For people who are non academics and/or not interested in theories, chapter 2 – Methodology and chapter 3 – Theory and Models could be read lucidly.
2 Methodology

This chapter describes the research design and the working process and motivates the research methodology used. It also explains the process of the data gathering and the theory studies. Finally the authors have a brief discussion of the pros and cons with the method chosen and a section with criticism of source.

"...methodology, as I see it, is a product of common sense applied to circumstances."

Samuel E Morison, American historian and scholar

As we started this master thesis project we had very limited knowledge of the industrial service industry and we had practically never heard of Facility Management in its true meaning, but with a well-founded business education from Lund Institute of Technology we found the challenge very interesting. With this baseline of the project we had a lot of reading and initial research to do in order to get hold of the subject.

2.1 Research Design

Due to the complexity of the project we decided on an early stage to execute the master thesis based on an abductive approach with a qualitative research strategy. As the management of Crawford requested recommendations for the future strategy there was no absolute truth to be found, but instead a lot of interpretations and analysis to be made. This kind of work is well suited for an abductive approach described by Bryman and Bell (2003) as “an approach where hypotheses are formulated from data and from these conclusions are drawn”. This approach and the qualitative research strategy based on in-depth interviews with experts, studies of specialist literature and theory generating rather than theory testing goes hand in hand. In the end the research phase leads up to the point where the researchers make their own conclusions from the gathered data (Bryman, 2001).

Figure 3 below shows our research design. This is an illustration of how we structured our work from issue to deliverable. The boxes are not necessarily in strict chronological order but shows how we started from a Crawford point of view and how the research was focused on Crawford and FM companies. This
phase then led up to the Theory and Analysis part, where the customers and FM clients again were taken into consideration through secondary data. Ultimately the Analysis generated the final Strategy Recommendations.

Our work was early concentrated around the business model concept. A key factor for a business cooperation to become successful is their basic ideas of how value and money fit together. The business model concept takes all parts of a company in consideration and is therefore a very wide type of analysis.

Based on our research, one of our aims was to come up with different future scenarios that could affect Crawford in any way. We decided to analyse these scenarios in a likelihood/impact model in order to come up with strategic recommendations in the form of creative, doable alternatives.

2.2 Empirical Gathering

The data collected is divided into two different categories, primary and secondary data. Secondary data is consolidated by someone else for a different purpose, while primary data is gathered for this particular study. The two types could be
equally important for the analysis even though the primary data often suits the purpose better. (Lekvall and Wahlbin, 2008 212)

2.2.1 Primary data
The main part of the primary data comes from semi-structured interviews with experts in different fields of interest. Among the interviewed people are hand picked people from Crawford, where we chose persons who worked with and had knowledge in the subject of FM. We also interviewed: a professor and a Ph.D. candidate from the Department of Real Estate Management at MAH representing the academy, representatives from the six largest FM companies in Sweden, Bertil Oresten who is the CEO at a specialised FM consultant company and Helena Ohlsson, a board members of two of the world’s largest network associations for FM (IFMA\(^3\) and EuroFM). We also had two different meetings with FM experienced consultants from Centigo and Ernst & Young to discuss our findings and our outline for the strategy recommendations. All interviews are listed in Appendix A.

To be updated with the frontier of the FM business we attended an international conference in Stockholm in December 2009 hosted by IFMA, or longer International Facility Management Association. At the conference we listened to talks and mingled with people in the business. We also took part in the European innovation conference called “Innovation in Mind”, 2009 held in Lund, to hear some of the worlds leading researchers and CEOs talk about the fundamental need for innovation in a successful business.

2.2.2 Secondary data
The use of existing data is of great importance for most research and even so in this case (Lekvall and Wahlbin, 2008). The secondary data used in this master thesis consists of: research articles, consultant reports, industry journals, specialised literature, company websites and internal Crawford documents. All data referred to in this thesis is valued by the authors to be of high credibility. The two main criteria used to select the data have been age of publication and the author’s number of publications concerning the area of FM. Tutors, supervisors and colleagues have been consulted to further validate the sources.

\(^3\) International Facility Management Association.
2.3 Working Process

2.3.1 Research and interviewing process
After searching the web, libraries and different databases for relevant information
and literature we carried out a few pilot interviews with Crawford employees at
the headquarter in Malmö. Based on our improved understanding of the subject
we first tried an unstructured interview approach but concluded after this pilot
study that we needed a stricter framework for the future interviews. A basic
question guide for semi-structured interviews was designed and later adjusted to
the different respondents, see Appendix C.

2.3.2 Theory studies and tutors
During the research process we simultaneously searched for relevant academic
theories to support and guide our analysis. Throughout the study we had frequent
meetings with our different tutors that kept us on track, inspired new ideas and
helped us see the problems from new angles. Besides our tutors from Lund
Institute of Technology and Crawford we had the privilege to have a third party
tutor from consulting firm Centigo to validate our work and give us his thoughts
on our strategy conclusions.

2.3.3 Analysis
The interviews were both analysed individually and side-by-side to find interesting
patterns in the respondents’ answers. We searched for patterns mostly by looking
for similarities in the answers connected to the specific research questions. All
interviews were recorded, listened through a second time and transcribed. This
process resulted in follow-up discussions between the authors where possible
ambiguities were cleared out. All quotes and facts from the interviews were sent
back to the respondent to be verified. Furthermore, an open presentation was
held at Lund Institute of Technology to validate the thesis.

2.4 Method Analysis

2.4.1 Method pros and cons
The qualitative method has a lot of advantages. It suits very well when there is no
precise predetermined issue to investigate and a wide scope with a lot of analysis
work, as was the case in this master thesis. It also suited particularly well to
investigate the big FM companies in Sweden, since there are quite few actors on
the market. Interviewing people from six out of the eight biggest FM firms in
Sweden, as we did, increase the credibility of the results of the study.
One disadvantage with the method chosen is that it is not possible to generalise findings that are gathered from very few representatives of a target group. This was the reason why we did not conduct interviews of Crawford’s customers or the FM clients as we cannot generalise from just a few in-depth interviews, and the limitations of our thesis hindered us from making more interviews. Because of limited time and prioritisation we opted not to do a statistical valid quantitative survey. We therefore decided to rely on Crawford’s previous customer studies and more general quantitative reports regarding customers.

The study had a very wide scope from the start that was to be narrowed down during the project. Our tutors encouraged us to find our own research niche and leave other areas addressed for further research (see Appendix E). With the objective to provide strategy recommendations we had a hard time deciding what areas could be delimited. The freedom of adopting the work after the findings is a basic condition for this kind of study, but there is also a risk of unaware choices when obstacles are met.

There are always uncertainties regarding objectivity and validity in interview based data gathering. In the semi-structured approach, which we used, there is a lot of responsibility on the interviewer to ask the right questions and perceive in what areas the respondent has most knowledge to contribute with. On the other hand, the semi-structured approach is advantageous if managed correctly as very specific and deep knowledge could be obtained. (Lekvall and Wahlbin, 2008)

2.4.2 Criticism of sources
When interviewing people at companies about sensitive subjects such as future strategic actions you cannot expect total objectivity. People are always biased and tend to overrate the importance of their specific business area. Another issue is to determine whether the interviewees have evidence for their statements. Researchers must be critical and take personal agendas and ignorance into account when analysing the gathered data.

When interviewing people from other organisations than Crawford there is always the risk that, despite the fact that we are student researchers, the respondents do not want to disclose certain information to outsiders.

As FM must be considered a young business there is not much academic research published on the subject. Most of the research done is presented in short articles in FM trade publications directed to business people. For example, when
searching for publications in a database at Lund University, ELIN⁴, listing the words “Facilities Management” only gives you 2 journals and 14 books as a result. Due to the constant change and development in the FM business, data quickly becomes outdated. We have tried to not use material older than three years but the lack of good research has sometimes not given us any choice.

### 2.5 Reliability and Validity

These criteria play an important role for quantitative researchers but have limited value in qualitative research. The concepts’ meaning, by definition, concerns measurements and is therefore not interesting in qualitative research where nothing is measured. However some qualitative researchers find the criteria valuable for their research, but the definitions must then be modified to fit their purpose. We have used LeCompte & Goetz (1982) and Kirk & Miller (1986) definitions of reliability and validity for qualitative research. (Bryman, 2001)

#### 2.5.1 Reliability

This means to what extent the study is replicable for other researchers. This is often very hard when it comes to qualitative research because social and business environments are in constant change. However, a good documentation of the research design and the working process facilitates a repetition of the study. The reliability also concerns how aligned different researchers in a team interpret what they hear and see. In our case with only two researchers this was easy to fullfil. (Bryman, 2001)

#### 2.5.2 Validity

The validity shows how well the observations conform to the theoretical models. In our study of Crawford’s business model and a more generalised FM business model our work is valid by the fact that the models were completed together with representatives from the different organisations. Work committed over longer periods of time also tends to have higher validity. The concept also includes generalisability, which could be somewhat limited in some parts as our conclusions and recommendations get very Crawford-specific, however, applicable to companies and organisations in a similar situation as Crawford. (Bryman, 2001)

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⁴ Electronic Library Information Navigator
3 Theory and Models

Below, the academic theories and models that are used to support the authors’ findings are explained. The three main theories are, in order as they are presented in the chapter: Business Model Canvas, Decision Quality Chain and Core/non-Core business.

3.1 Business Model Canvas

The term “business model” sometimes has an unclear definition and use in business circles. The concept is often stretched out to mean a little bit of everything, and ends up meaning nothing (Magrette, 2002). Here follows the definitions we have used for the well-known term in this master thesis and a description of a way to illustrate business models called the “Business Model Canvas”. This way authors and readers start from the same point and look at the concept from the same perspective.

The Business Model is the most fundamental description of how a company or an organisation makes money. Different authors and researchers express this in different ways. One of the most accepted definitions of the business model is the one Peter Drucker wrote in his book “Theory of the Business” (1994). He divides the concept into three parts; assumptions about the environment, the specific mission and the core competence in the organisation needed to accomplish the mission (Birkinshaw and Goddard, 2009). In the book “Exploring Corporate Strategy” the definition reads “A business model describes the structure of products, service and information flows and the roles of the participating parties” (Johnson, Scholes and Whittington, 2009). Both definitions are good but quite complex to understand due to the lack of figurative illustration. Therefore we have chosen to use Alexander Osterwalder’s framework, called the Business Model Canvas, to structure the concept in our master thesis. His definition and framework does not differ much from the others’ but makes it easy to understand and overview. Dr. Osterwalder’s definition reads:

“A business model describes the rationale of how an organization creates, delivers, and captures value”

Dr. Alexander Osterwalder, PhD Business Administration
The basic structure of the Business Model Canvas (see figure 4) is built on four main areas: Customers, Value Proportion, Infrastructure, and Financial Viability. In short, you can say that the Infrastructure builds up the Value Proportion, which in turn is what is offered to the Customer side. The Financial Viability represents how the stream of money is coming in and going out of the company. These four main areas of business are in turn divided into nine basic building blocks that show the logic of how a company intends to orchestrate its business and to make money.

3.1.1 Target customer
The Customers are the most central part of a business. Without customers that are willing to pay for the company’s offer there is no business. The building block could contain many different customer segments and it is important for the company to identify which segments they want to serve. A customer segment is separated from another if they have considerably different needs, if they are reached through different channels, if they require different types of relationships, if they have substantially different profitability and if they are willing to pay for different aspects of the offer.

3.1.2 Customer relationship
It is important to determine what kind of relationship the company wants to have with its customers. It could be totally computerised and automated or deeply personalised relations and of course any hybrid in between. The desired
relationship could also differ with different customer segments but it is then even more important to clarify what applies where.

3.1.3 Channels
The block “Channels” is the way a company reaches, communicates, sells and distributes to its customers. In other words, the channels are the company’s interface with its customers. Many important activities are handled through the channels, for example; raising awareness of the company’s offer and brand, helping customers to evaluate the offer, facilitating purchase of products and services, delivering to customers and providing aftermarket support.

3.1.4 Offer
A company could have more than one specific offer but in the business model canvas the meaning is more general and is aimed at what problem or need the company as a whole tries to solve or satisfy.

“(a value proposition) is an overall view of .. products and services that together represent value for a specific customer segment. It describes the way a firm differentiates itself from its competitors and is the reason why customers buy from a certain firm and not from another.”

Dr. Alexander Osterwalder, PhD Business Administration

3.1.5 Key activities
Key Activities are the most important things a company does to make the business successful. Those activities are closely linked to the business model as a whole and describe how the key resources, relations, channels and financials are handled to make the company successful and competitive.

3.1.6 Key resources
If Key Activity is what a company does, the Key Resources are what a company has that makes it able to create the offer, reach the market, maintain relationships and earn revenues. Key resources can be of different kinds depending on the business the company is involved in. Physical-, financial-, intellectual-, or human resources could be combined in many different ways. The Key Resources are not necessarily owned by the company but could be leased or acquired from the Partner Network.

3.1.7 Partner network
This block describes the interactions with other companies to make the business model work. The partnerships are becoming more and more important for many
companies. The reason to have partners could be optimisation, risk reduction or to acquire Key Resources. There are also many different levels of partnership; coopetition, strategic alliances, joint ventures or buyer-supplier relationships are the most common.

3.1.8 Cost structure
After defining Key Resources, Key Activities, and Partner Network the Cost Structure is quite easily calculated. The Cost Structure in the Business Model Canvas concerns the most important costs incurred while operating under a particular business model.

3.1.9 Revenue flows
This block represents the cash flow from the customers to the company. It could be generated from single payments or from ongoing business such as aftermarket service agreements. Here it is important to identify things like what each customer segment is willing to pay and what pricing model that should be used.

3.1.10 How to use the Business Model Canvas
With a slight modification the theoretical model could be turned into a practical model used to map out a specific organisation’s business model (see figure 5). So the Business Model Canvas is not linked to a certain business model but is, as said above, a tool to illustrate and clarify all different models one could think of.

“There’s not a single business model... There are really a lot of opportunities and a lot of options and we just have to discover all of them.”

Tim O'Reilly, CEO, O'Reilly

Post-its could be used to fill in the boxes so ideas and reasoning could be shared and moved around until the current business model is identified or a new is found. Osterwalder really stresses the importance of business model innovation in successful corporate organisations.
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<th>Partner Network</th>
<th>Key Activities</th>
<th>Offer</th>
<th>Customer Relationship</th>
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*Figure 5. Dr. Osterwalder’s Business Model Canvas.*
3.2 Decision Quality Chain

Because our aim with this master thesis is to deliver strategy recommendations that could be used as a foundation for future decision-making we want to assure the quality of our work. The Decision Quality Chain is a tool developed by Jim and David Matheson to raise the level of quality in decision-making. Jim, a world-recognised authority on the application of decision analysis, is also a founder of the international consulting firm SDG, Strategic Decision Group. (Fender, 1998)

The Decision Quality Chain (see figure 6) was designed for strategic decisions regarding R&D investments, mostly because these are known to be of very complex nature, but the theory works for all strategic decisions. Strategic decisions are often characterised by dedication of resources, uncertainty and long feedback-loops. These kinds of decisions call for a profound groundwork, as it is hard to learn from mistakes here, in contrast to operational decisions with short feedback-loops where Walter Shewhart famous PDCA-cycle\(^5\) is more applicable.

“When cause and effect are distant in time or space, and results are ambiguous, then learning is nearly impossible.”

Peter Senge, director of Organizational Learning MIT

\(^5\) PDCA (plan-do-check-act) is an iterative problem-solving process used in business process improvement
3.2.1 Appropriate frame
The first link of the chain is the **Appropriate frame** which is described by Matheson and Matheson as a window through which we view a particular problem. The purpose is to give the problem the correct background, setting and context to make a good decision. A problem can often be viewed through different frames but it is up to the decision maker to determine which the most appropriate one is. If there are many decision makers a common view eases the decision process.

3.2.2 Meaningful, reliable information
Since strategic decisions always concern the future, and you can never find any real facts about it, the decision maker has to rely on other kinds of information. A common mistake is to only look at what we know today and let that bear the decision instead of asking what information would be meaningful to have for this particular decision. Information should be helpful and not contribute to unnecessary complexity. Source review is recommended to ensure that the information is objective and reliable.

3.2.3 Clear values and trade-offs
The three basic questions in this part are: What is the risk/return relationship? What is the expected value of the decision? What is the cost of failure? If a decision maker has the answers to these questions the quality of the decision could be improved a lot. There are often trade-offs to be made whether money is preferred now or later and if the company is willing to take higher risks with the opportunity to get greater returns.

3.2.4 Logically correct reasoning
This link combines all the other ones in the chain. The reasoning process should consider background, information, risks and alternatives to reach a conclusion based on evidence. The logic should be easy to follow and sort out possible complexities.

> “Most business decisions are taken as a result of animal spirits - of a spontaneous urge to action rather than inaction, and not as an outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities”

    John Maynard Keynes, Economist and philosopher
3.2.5 Creative doable alternatives
Without alternatives there is no meaningful decision to be made. If only one possible action is presented then the only decision management has to make is to say “yes” or “no”. If alternative scenarios is presented with different solutions the quality of the decision rises. It is important to be creative and “think outside of the box” when alternatives are formed but it is equally important that they are doable. Alternatives that are not realistic and feasible do not contribute with any value to the decision process.

3.2.6 Commitment to action
The last link of the chain is just as important as the other ones above. Even an excellent decision is useless if it is not implemented. The easiest way to be successful in this dimension is through quality in the others. If management decides to go through with a project it is vital for the success that the involved people are committed to the actions. And the other way around, if a project is rejected it is important that the organisation accepts what has been decided so no turned down projects still lurk in the organisation.
3.3 Core and non-core business

In order to understand the correct focus for facilities management, it is important to explain the concept of and the relationship between core and non-core activities. The core activities of a business are often described as the functions that are critical and closely related to a firm’s strategy. Non-core activities could be described as service activities that are not necessarily required by a firm in fulfilling the value proposition. Core activities should always be dealt with in-house whilst non-core activities could, if desired, be outsourced other parties. (Business Dictionary, 2009)

Figure 7 illustrates the relation between the core and the non-core business, and it is based on a model from the book Total Facilities Management written by Brian Atkin and Adrian Brooks (2009).

Surely many organisations have already considered the distinction between core and non-core business as an instrument to meet their business objectives. Reducing costs is a significant part for an organisation and besides the obvious core business there are many cost saving opportunities bound to be found in the non-core business areas. There are many activities and processes that need to function together efficiently in an organisation and it is therefore important to take an integrated perspective on non-core activities. Facilities Management does just this, and by finding synergy effects and economies of scale they reduce costs of the non-core business.
A money source, or Capital, comes into the core business as well as the non-core business and both generate profit and cost savings in the end. The core business is built up by primary/core activities and the business strategy is primarily aimed to support the core business. Deriving from the core business, the non-core activities are identified and the decision whether or not to outsource the activities is taken. IT infrastructure and Organisation management are two activities that support both the core business and the non-core business. Finally, outsourcing the non-core business often means handing it over, completely or partially, to Facilities Management companies. (Atkin and Brooks, 2009b)
4 Crawford in the Business Context

This chapter aims to explain Crawford’s current business model and to place Facilities Management companies in the business context surrounding Crawford. Describing the business model includes sorting out concepts like value proposition, target customers, customer relations, key activities, key resources and channels. The chapter begins with a short historical resume.

As explained in the introduction chapter Crawford is in the middle of a journey towards a new business model where solutions and service are the catchwords. To be able to understand the future you first need to know something about the past.

4.1 Crawford’s History

“I started work in 1916 and have been going to work daily for 75 years. I am now 102 years old. I shall attempt to give you the history of how Crawford Door first came about.”

Frederick C. Crawford in a letter April 20, 1993

Crawford Door Company was founded in 1930 by Frederick C Crawford Ohio, USA. A small operation, manufacturing residential garage doors, began in Detroit, Michigan and later industrial doors were added. In 1956 a young Swedish engineer by the name Fred Bengtsson travelled the US to look for suitable American products to market in Sweden and the very same year he obtained the right to resell Crawford’s product range in Europe.

In the 60-ies Crawford Door European Co AB was formed and hardware production started in Sweden. Sales subsidiary were started in Finland, Denmark, Great Britain and in the Netherlands.

During the 70-ies and 80-ies Crawford continued to grow with sales subsidiaries opening in Germany, Belgium, Switzerland, France, Norway and in the United Arab Emirates. Crawford also grew through acquisitions of related companies throughout Europe. Even production units were opened in other countries besides Sweden and the product range were extended with docking systems and electronics-based automatic doors, which became Crawford’s core business.
Crawford entered new markets in China and Eastern Europe in the 90-ies. But hard times awaited the company. The first half of the decade Crawford was still the market leader in industrial and garage doors in most Western European countries, but financial crisis, a weakened Swedish currency, strengthened competition and dropping demand led to significant structural measures and the employees was reduced by one third. Crawford survived the tough years and the numbers once again was looking better. (Persson and Frithiof, 2000)

In 2005 it was time for a new structural change and the journey towards “the new Crawford” began. (Crawford website, 2009)

### 4.2 Crawford’s Traditional Business Model

In 2005 when Peter Aru took over as CEO, Crawford was strictly product oriented and had been so from the very start. The company had developed through technical innovations and acquisition and that way broadened the product portfolio. Aru realised that higher margins could be obtained by changing the business model towards a more service oriented strategy.

“expanding our collaboration with service-intensive customers makes us less exposed to the price squeeze than companies that only supply simple products”

Peter Aru, Cardo CEO and former head of Crawford

Said and done, Crawford began the hard work to change the company. Major changes like this one are not made overnight. Old patterns and mindsets were deeply rooted in the company. One example is that the first brochure without any of the company’s products on the cover was released in 2009, a whole four years after the solution and service orientation was initiated. Instead of a garage door the picture showed an open freezer with the text “would you leave this door open?” to give attention to the energy saving that smart monitoring and control of doors could provide. Still, Crawford has come a long way on the journey and today the service sector stands for about half of the total turnover.

Figure 8 shows Crawford’s business model mapped out in the Business Model Canvas by the authors. The figure illustrates what is the desired business model for the service organisation within Crawford. It is communicated by the company through documents like the Annual Report and Statement of Direction. The model
is designed to work towards traditional customers within Crawford; working towards FM companies on the base of this business model is not the best way. Crawford recognises this and often acts differently towards FM companies and therefore the current business model is sometimes slipping away from the foundations. How and where FM fits into the picture is part of the objective of this study and is therefore discussed separately later. The model has been discussed partly or in full detail with the interviewed Crawford employees.

Figure 8. Crawford’s traditional customer business model.

The post-its illustrate how the authors worked with different views and ideas before the result in the figure was completed. It also shows that the canvas is not painted with permanent colour and could very well be seen in another way or changed in the future. Below follows a more detailed description of the building blocks in the Canvas and how they look in the desired Crawford service organisation.

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6 Customers that Crawford has direct contact with, i.e. no FM company as middleman.
4.2.1 Target customer
With the new solution and service oriented business model Crawford focuses on strategically selected customers. Volume-intensive customers with a great need for service, or customers that need complex solutions that create a significant aftermarket are typically what Crawford is looking for. The goal is to build strong, long-term relations that create value in both ends through constant learning and developed understanding for the customers’ needs. (Cardo Annual Report, 2008b)

4.2.2 Customer relations
One part of this customer focus is the building of a key account organisation to enable a better service and a better overview of the large returning national and international customers. The IKAMs work across national borders focusing on giving large international customers the best service conditions possible. Also on national level KAMs are responsible for the strategically selected relations and their development.

One example of an important relation with a strategically selected customer is the transport and logistics company DHL. With logistics as the core business it is absolutely vital to DHL that the docking systems and doors at the terminals function correctly. With more than 70 offices, terminals and stations all over Sweden, DHL is an important customer to Crawford. (DHL, 2009; Cardo Annual Report, 2008a; Crawford Product Catalogue, 2009)

4.2.3 Channels
For many years Crawford enjoyed the position as market leader in their business. The brand is often associated with quality and reliable products, which contributes to returning customers. When the company changed focus towards service and solutions many of the old customers were contacted to be informed of the new offers. The service offer was facilitated by the installed product base already out on the market. Also, on a day to day basis, the Direct Sales department identifies and contacts potential customers that Crawford does not have a history with. (Webster, Crawford)

4.2.4 Offer
A central part of all companies is what they offer their customers. Crawford’s value proposition is multifaceted when it comes to industrial doors and docking systems. Different levels of service agreements called “Key customer service agreements” and a wide range of products and spare parts are part of the

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7 International Key Account Managers
company’s offer (Cardo Annual report 2008a). The service agreements are available in four different categories based on the equipment utilisation. Another important factor when companies choose Crawford is their international presence. To work with the same supplier over boarders is often seen as beneficial. The preferences and needs vary a lot from customer to customer but Crawford’s objective is to find solutions for all kinds of requests (Crawford internal document, 2009b). Crawford likes to see themselves as solution providers; it is not about the product anymore, it is about the function demanded by the customer. Crawford is confident with the competence in the company and is appreciated for the know-how and trustworthiness.

New technological innovations are sporadically absorbed in the product portfolio. One of the latest added products is a monitoring and control system, called CMS, which gives the operator good overview as well as detailed information of the loading and unloading process (Leichtnam, Crawford).

4.2.5 Key resources
Crawford is a strong brand and has good recognition among people in the business. The installed product base out on the market and new unit sales always carry the Crawford logo. This facilitates the recognition of Crawford as a service company as well. However, today it is a symbiotic relationship as the service also is a key in maintaining new sales. (Crawford internal document, 2009b)

The service organisation is well structured and well aligned with the spare part supply chain. Crawford holds a wide range of spare parts needed to execute both preventive and corrective maintenance including repairs. Crawford’s IT system also contains a lot of data that could be used in detailed reports if requested. (Webster, Crawford)

"Continuous learning and development is vital to remain competitive."

Peter Aru, CEO Cardo and former head of Crawford

In most companies HR is seen as a key resource and even so in Crawford. On an individual level all employees are replaceable but seen as a group with a lot of tacit knowledge the people could definitely be a key resource. Crawford in general is working a lot with learning and development and among others the service technicians in Crawford, educated in Crawford’s own training courses, are seen as a vital group for the company’s success. They are the people doing the
actual service work and they meet the customers on a daily basis. (Crawford internal documents, 2009c)

**4.2.6 Key activities**

All the activities in the service process are very important and this is where Crawford is ahead of the competition (van der Linden, Crawford). Reliable high quality service with nation-wide quick response times, access to spare parts and skilled service technicians are some of the factors that make the service process, as a whole, a key activity.

Crawford has also been innovative in their service organisation in recent times. The solution thinking with focus on function instead of product is one example.

**4.2.7 Partner network**

This block focuses on organisations and companies that Crawford has a relationship with on the cost side, where the value proposition is created. Most valuable are the companies that provide complimentary technology to Crawford’s products. With an emerging focus on energy efficiency and environmental questions, the organisations within this area become more and more important.

**4.3 Crawford’s Business Context Overview**

Crawford has already many established business deals with FM companies and the relations grow stronger continuously as more and larger contracts are signed. In the contracts Crawford has the service provider role and they are a small part of the total value proposition that FM companies offer their clients. However, exactly how the FM companies fit into Crawford’s desired business model, presented above, is not totally clear. Figure 10 below shows an overview of Crawford’s current business context to better illustrate the relations with traditional customers, FM companies and FM clients.
Crawford is located in the middle of the figure and with the different types of customers around. Above Crawford, in the circles, are the traditional customers that Crawford has direct contact with. Among them are also the strategically selected customers with substantial door service needs. With those customers Crawford often has strong, long-term relations, illustrated by thicker arrows. Below Crawford, in the squares, are the FM companies and their clients in the circles below them. The relationships with the different FM companies are also of shifting character and therefore linked to Crawford with varying thickness of the arrows. There are some major differences between the relationships with traditional customers and with FM companies. With traditional customers, the business relation, the payments and the contracts are between Crawford and the company that actually needs the service. Below with the FM firms the business relation, the payments and the contracts are between Crawford and the FM company but the service is performed at a different company, the FM client, that hired the FM company in the first place. Another difference is that Crawford’s pre-packaged “key customer service agreements” are only offered to the traditional customers. When business is made with FM companies they set the rules for the cooperation. There are also limitations of how much contact Crawford is allowed to have with FM clients. FM companies also have higher requirements on the service delivery than do traditional customers. For example, FM firms have more restricted rules of the reporting process where they often
demand more, e.g. exact start and finish time. The dotted lines in the figure show that all higher-level communication with the FM clients must go through the FM company. This structure complicates the incorporation of FM companies in the current business model where Crawford speaks of the importance of close relations and understanding of the customers. (Eriksson and Lindholm, Crawford)

4.3.1 The contracts
Today, three out of four FM firms that Crawford is working with in Sweden are among the top ten customers in revenues. This makes them seen as very important customers, although they together only stand for about 6.5% of the total service revenues. A few years ago the attitude toward FM companies was different. (van der Linden, Crawford)

“honestly, if you would have asked (...) me a couple of years ago I would have said competitors but nowadays, knowing these companies much better, for sure they are customers, customers with huge potential and we cannot afford to not work with them”

Christophe Winling, Global Key Account Manager Crawford

The very first FM contact was initiated by an FM company. Crawford received a tender for an assignment and decided, with some hesitation, to try to win the business. The FM company found Crawford the best suited candidate for the job and the first contract was signed. Even though FM firms still was seen as potential competitors the management in Crawford realised the potential in the FM business. Crawford had worked with similar intermediaries before when selling their products to building sites. In those situations, contractors and architects have the middleman position (Eriksson and Lindholm, Crawford). This was not a preferred way of working but if handled right such relationships could be very profitable (Winling, Crawford). When the first frame contract in Sweden was written with an FM firm there was a lot of uncertainty involved. The price agreed on was not what Crawford wanted but the idea was that hopefully the volumes could compensate for that. The problem was that no one knew what the exact volumes would be at this early stage. This first agreed price level is often very hard to renegotiate and has also been so in this case; the prices have more or less just been adjusted to the market index and the circumstances have been further complicated by Crawford’s wish to out-compete other service providers within the same business area. The cooperation with these FM firms works very well and the processes are well incorporated, but these early contracts are a headache for Crawford and it might come to a point where the relationship must
be risked to improve the terms in the contracts. (Eriksson and Lindholm, Crawford; Argurs and Lauseger, Pricegain)

Later contracts written with other FM companies have been based on more accurate data and prognosis and are therefore on a more suitable price level from Crawford’s point of view. “But the price is not the main issue for these companies” says Christophe Winling, Global Key Account Manager at Crawford, “then we wouldn’t work with facility managers; what is much more important for them is the response time and the reporting process”. Other Key Account Managers made similar statements and Jos van der Linden, Regional Key Account Manager, also stressed the FM companies’ high professionalism in the procurement process and high awareness of value for money.

4.3.2 A new way of working

The FM firms have one thing in common; they are more demanding than the average usual Crawford customer. In the end, FM companies have full responsibility for the delivered service to their clients, including the service delivered by their service providers. Not rarely, penalty fines are included in the contracts to ensure that the service reaches the agreed level (Argurs and Lauseger, Pricegain). The clients often expect the FM company to have full control and detailed information about all planned and ongoing FM activities, and sometimes about things that normally would be beyond the scope of FM. Erik Wennerholm, business developer at Sodexo, gave an example where a customer had asked him how many employees the company had at different sites. These expectations about what information a facility manager can and should be able to provide for the client reflect the demanding relationship FM firms have with their service providers.

Patrick Lindholm, IKAM Crawford, gave the same view when he said that “the FM companies are harder to work with on all levels, even our service technicians find it more demanding”. All activities must be done and reported in an established and standardised process.

“Sometimes it is frustrating to arrive at a site with a broken door where customers cannot get in or out and I have to sit in the car and call in a work code to get my permit to work before I can help them”

Crawford Service Technician

This new way of reporting, with many things to measure such as exact start and finish times, is a new way of working for Crawford and being able to meet the
required standard will probably be a critical success factor for the future in order to work with FM companies. In Crawford there is still no completely standardised process for it and often local solutions are made when a flaw in the reporting system is discovered (Winling, Crawford).

4.3.3 FM in the business model
So, were do these FM companies fit into Crawford’s current business model? The answer is not easy but from our point of view, very important. In this section we discuss some of the different views there are among the Crawford employees that were interviewed in the study. In chapter 7 we suggest a new business model to how Crawford could approach FM companies to become even more successful and profitable when working with them.

A very common view in Crawford is that people see the FM firms as customers. The first thing to answer is; what is a customer? There are many different roles of a customer; the initiator, the buyer, the payer, the user and so on, but ultimately it is someone who pays for goods or services (Princeton University, 2009a). The FM companies buy services from Crawford, so they could absolutely be treated like customers and today they are. The FM companies that Crawford work with are on the customer list to be compared to other customers in terms of orders and revenue, they are serviced by the Key Account Managers to ensure that their needs are satisfied, they have the right to speak up if something is not what they expected and they have the rights of a customer to turn to whatever supplier they want. So in many senses they act and are treated like customers, but they do not fulfil all the roles of a customer; they do not pay, they do not use and do not always initiate the purchase. They buy to resell.

The traditional role of a wholesaler is someone who buys large volumes to keep the price down and distributes the products to the end customers. This is also a reasoning we sometimes have heard in the interviews, but if the FM companies only were channels to the market, how could they sometimes be so demanding and important? Well, FM companies cannot be equally demanding towards all of their suppliers, it depends to what extent the product or service delivered could be considered a commodity. The importance of FM firms for a company like Crawford lies in the potential to grow with their success. Not seeing FM companies as customers does not mean that they are less important, just that they need to be seen from a different view.

Like in many other companies Crawford likes to call the organisations and firms that are important for their success partners. This qualifies FM companies to the
partner title, and the partner view is answered by the FM firms as they like to call their service providers partners as well. There are different levels of partnership and no exact definition of the word, but common formulations often speak of agreements to share responsibility for achieving a specific goal or agreements to pool talent and money and share profits or losses. A somewhat softer definition is that partners are the members of a business venture created by contract (Princeton University, 2009b). In the Business Model Canvas the partner block represents outside organisations that are vital for the creation of the value proposition.

Even if not said in exact words, the interviewees sometimes speak of the contracts with the FM firms as a key resource. A lot of effort is put into the tender work and into signing frame contracts that include more and more European countries. These contracts are very valuable if FM is the new way for Crawford to achieve growth. At the same time key resources should be something a company possesses that give a competitive advantage, this could be the case with the FM contracts but there is no exclusiveness included in the agreement, so the FM firms are still free to choose other service providers when it better suits their needs.
5 FM in the Business Context

This chapter maps out the Facilities Management business. It starts with giving a short historical background before it clarifies the current situation on the FM market in the Nordics. It continues with describing the general business model of the average FM company. In the end of the chapter, the authors address several trends in FM as well as important actors on the Swedish market.

Facilities Management is going through a form of identity crisis. The discipline has many definitions and there are many different views on the exact scope of what is really included in FM. Jahn Wahlbäck (2009), CEO for real estate consultant company Fasticon, takes it as far as to describe this topic as the single most important issue to be clarified in order for the Swedish FM market to keep developing (Addici, 2009a). As we have stated before, the European definition points out that FM is about integrating processes which are meant to support and improve the effectiveness of core activities. However, the history of the FM industry and associations related to FM is making it difficult for the new definition to get accepted. There lies a big challenge in convincing the majority that FM is a discipline that goes beyond the tasks of a janitor (Atkin and Brooks. 2009a).

Figure 11. Different types of FM service.

Since there is no common and accepted definition of FM there are also several ways of separating FM services. As seen in figure 11, one way is to divide FM between Infrastructural FM, Technical FM and Business related FM. Infrastructural FM services are in general soft services like cleaning and reception, whilst typical tasks within Technical FM are maintenance and reparations. The third area, Business related FM, relates to management services and it is clear that there is
an ongoing shift where many FM players are moving from just concerning operational and non-core activities to include strategic and core-related issues as well (Centigo, 2009; Fernie and Waheed, 2009). Strategic activities are becoming more common within FM and they are related to long-term decisions and core related activities. Today, FM covers things like real estate management, facilities planning, financial management, change management, human resource management, engineering service maintenance, utilities supplies, health and safety and contract management (Atkin and Brooks 2009a). Despite this, most activities performed by FM companies today are still operational and they include day-to-day work such as canteen service or different kind of simple reparations (Chotipanich, 2004).

The FM business is an interesting and changing marking that is growing each year (IFMA - FM market, 2009). Even though the industry is still in its infancy, it seems clear that understanding organisational needs is the key to future efficiency in FM. (Nazali, Noor and Pitt, 2009). FM is nowadays often managed as an integrated activity with other functions of an enterprise, but there are still many organisations which have not realised the potential that lies within FM: “Many companies have yet to embrace the strong strategic power that FM carries” (Amaratunga, Badry, Haigh and Pathirage, 2008; Nazali, Noor and Pitt 2009).

See Appendix B for a brief explanation of the largest FM companies in Sweden.

5.1 In-house or Outsourced FM

All companies have core and non-core activities but it is not always easy to decide what category an activity belongs to, not even for the company itself. Core activities are business functions that are critical, and closely related, to a firm’s strategy. Such activities cannot per definition be outsourced, but non-core activities could, if it is advantageous. FM is typically non-core activities, which means that they could be done in-house or be completely or partly outsourced. In other words, FM in itself does not mean that the activity is outsourced. On the contrary, most companies have an internal FM organisation even if it is not expressed. Some global companies have very big internal FM organisations that could benefit from the same kind of knowledge building and economies of scale as the FM companies, but for most companies FM is just support to the more important core activities that occupy most of the focus. In the FM companies the focus lies on developing the support activities because this is the core activity. A study conducted by Liverpool John Moores University was made on people who
worked with FM, either in an FM company or in an internal organisation. The results showed that 92% thinks FM firms are more innovative than internal FM organisations (Goyal and Pitt, 2007).

When Crawford has a direct contact with a customer it is most likely that it is the internal FM or outsourcing function in the company that handles the matter, but the objective of this study is to research and understand the FM companies and therefore the focus is on them.

5.2 FM History

The concept of FM emerged in the US as a response to the business environment and the recession, and spread to Europe in the 1980’s (Coor Annual Review, 2008). Organisations needed to cut down on overhead costs and operate more efficiently to keep up with the continuously growing competition (Amaratunga, Badry, Haigh and Pathirage, 2008; Nazali, Noor and Pitt, 2009). The first players on the market for outsourced services were suppliers of one or few related services. These providers were called single/bundled service suppliers and they normally worked with basic support activities such as cleaning, catering etc. Over time, FM companies developed their offer as a response to customers who desired a supplier who could offer a broader range of services. FM has developed even further and today prominent FM companies cover a broad type of services. To distinguish themselves from earlier FM predecessors these companies generally call their offer something more elegant, like Integrated-FM or service management. This is because they do not want to be misinterpreted nor associated with the old way of seeing FM. FM is still quite new for Europe and the market is in an early development phase (Amaratunga, Badry, Haigh and Pathirage, 2008; Pitt and Sarshar, 2009).

5.3 FM Business Context Overview

Most FM firms have developed from being smaller and more niche companies to integrate more and more into their service offer. For example, ISS developed from a small guard company and Sodexo arose from being present in the food industry (ISS webpage, 2009; Sodexo webpage, 2009). Even though FM companies have several qualities, the core competence is normally close to the area from which the company once developed. As a rule, services related to these competences are normally done in-house. In addition, FM personnel could also take care of service jobs in many areas, when they are not too complicated.
Among others, Nicklas Smith from Dalkia states that the perfect FM technician is someone who has broad knowledge in many areas. However, because of the huge span of services offered, there is no FM enterprise that could hold all the competence that is needed to take care of everything. In general, you can say that FM companies strive to keep activities in-house when they generate big volumes and when they are somewhat simple. Therefore, FM companies put out some of their services to service providers that are specialists in one area. Crawford is one such service provider, which mainly supply FM firms with the service of industrial doors. As you can see in figure 12, Crawford is just one of many service providers that respond directly to the FM company. The dashed line represents the fact that Crawford, as well as other service providers, perform the actual service not on FM companies but on their clients. In other words, FM professionals work as a middleman between their clients and their service providers.

![Figure 12. FM companies' business context.](image)

### 5.4 FM in the Nordics

Outsourcing is becoming more common in the Nordics and the region is perceived as one of Europe’s most attractive FM markets. The Nordic FM market is in high growth as more companies are realising the benefits of allowing specialists to manage and develop support functions: “The region has a stable macroeconomic environment and relatively high and consistent growth, while Nordic companies are becoming increasingly sophisticated buyers” (Coor Annual Review, 2008).
Sweden has the most developed FM market in the Nordics (Capgemini, 2006) and is probably number three in Europe after Holland and England, most likely due to an early development of the business in Sweden (Addici, 2009b). However, there is still lack of a natural career track and high level education of FM in Sweden, which they have in several other countries such as Holland and England.

As can be seen in figure 13 the potential FM market in Sweden is estimated to about 200-250 Billion SEK. However, only 25% of the addressed market is actually out-sourced, whereas 75% is still in-house activities. About one fourth of the outsourced market is covered by FM companies and the rest is outsourced to several service providers. The growth potential for the outsourced market is estimated to 10-20% per year the upcoming years in Sweden and, at the same time, the FM market is foreseen to grow even faster. Hence, the opportunities for FM companies in the Nordic regions are huge. This has also led to more opportunities and new actors have also arisen at the same time as many single service providers start to include more in their offer, and thereby entering the FM market. (Capgemini, 2006)

![Potential Nordic FM market](image)

**Figure 13. Breakdown in percentage of potential Nordic FM market.**

The degree of price transparency differs between FM companies but for the FM industry as a whole it is high. This gives advantage to actors with high cost efficiency, and economies of scale becomes a large competitive advantage. The profitability for the FM industry is middle to low which varies depending on how
well a company can take advantage of economies of scale. This also indicates that
FM companies probably have a greater opportunity to create more profitable
business than more niche service providers do (Centigo, 2008).

In basically all service businesses it is important to have a personal approach,
which becomes a challenge for global organisations like FM companies. They need
to work in a “glocal” way in order to do good business. In other words, FM companies need to think global and work local to meet challenges and
demands in different industries and regions, including the Nordic region (Plevén, Crawford).

5.5 FM companies’ General Business Model

In figure 14 below, the typical business model for a facilities management
company is mapped out in the Business Model Canvas.

![Figure 14. FM companies General Business Model in the Business Model Canvas.](image)

5.5.1 Target customers

The target customer differs a lot, not only between but also within FM companies.
Due to the fact that most organisations need a similar set of basic services, the
FM offer often stretches over a wide set of customer segments. It should, however, be mentioned that most companies operate more in some segments than other. FM companies differ here depending on related core activities, already existing customer segments or traditional and historical development of the firm. Some, but not all, FM firms also have different approaches to different customer segments, depending on specific needs related to that segment (Pindstofte, Johnsson Controls).

FM firms strive to work with customers over big geographical areas. Whatever size of area, whether it is on a country level or more globally, they all try to find strategic customers where it is possible to sign regional frame contracts. (van der Linden, Crawford; Wennerholm, Sodexo)

5.5.2 Customer relationship
FM professionals endeavour long-term and strong relationships with their clients (Winling, Crawford). One reason is obviously to strengthen the bond in order to make them loyal which, in turn, results in more business. Moreover, FM firms have also realised that strong relationship is the best way for them to perform at top level and bring more value to the client. The better an FM company understands a client and its unique needs, the better accomplishments will be reached in the end (Chotipanich, 2004).

The same reasoning has also led FM companies to realise that they need to work on a long-term basis with their service providers. In the extension, FM companies are responsible for what service providers deliver and therefore it becomes valuable to have a reliable supplier who can deliver quality services. FM firms have realised that if service providers understand the business of the FM client they could contribute to increased perceived value of customers and hence, in the long run, bring more business to FM (Wennerholm, Sodexo).

5.5.3 Channels
FM reaches out and communicates to its customers in many different ways. It is more common to expand the offer to an existing client than to find a totally new one. The FM offer is comprehensive and therefore there are always more activities that could be bundled in to the service package. It is relatively easy to gain business with existing customers where relationships are good and where long-term trust can be built (Wennerholm, Sodexo).
One common way to reach out to new customers is to sell in by expressing what is really core in the company. Dalkia, which’s core lies close to energy, tries to reach their customers by offering energy solutions (Smith, Dalkia).

Softer factors such as personal networks are not to be underestimated as a way to find more business, in contrast it is actually quite common (Hernström, Eurest).

Trade associations such as IFMA and EuroFM are another way of meeting people within the FM business and it could be another channel to find new business (Hernström, Eurest).

5.5.4 Offer
FM operates in the service business and in order to survive it is important to constantly bring value to customers. Brian Atkin and Adrian Brooks (2009) introduce, in their book *Total Facilities Management*, the concept of ‘best value’. Value for money expresses satisfaction with the cost of a good or service of given quality, which in a practical way often means reducing costs. In addition to this, the concept of best value implies a need to strive continually for something superior at the lowest practicable cost. To achieve best value, performance should be measured against both cost and quality and this is often where FM companies are superior.

One of the core competences of FM professionals is to coordinate the service providers in an effective way. One of the perceived values of the client lies in just having to worry about one number to call and one bill to pay instead of many different. Many companies appreciate this because they could put all focus on their core activities and simply let go of the rest (Wennerholm, Sodexo).

Most of the time, FM companies can lower the costs for their clients or raise the value for the same money. (Addici, 2009c). As we have stated, the core activity for FM professionals is to take over non-core activities and give support to core activities of other organisations. This competence has given FM companies the ability to make their clients’ business more efficiently and hence also lower their costs (Goyal and Pitt, 2007).

Another benefit from outsourcing FM activities is the reduction of conflicts between internal and external service activities since everything is handled under one roof (CEN, 2007).
Solutions with FM firms also allow organisations to have more transparent knowledge and information to service levels and prices within the organisation (CEN, 2007).

Another important factor when companies choose FM is the international presence they often have.

5.5.5 Key activities
There are many activities within an FM company and being able to organise them in an efficient way is a key to success. Good planning with obtained synergy effects lead to cost reduction and make processes more efficient. Utilising economies of scale and finding these synergy effects by harmonising delivery between sites require high performing IT processes, and the management of these IT processes has also become one of the key activities to FM firms. (Larsén, Centigo)

The administration process is another key activity. It is essential to coordinate and control in an efficient way; service providers have to be organised, communication needs to flow well, track records have to be updated etc. In order to do that, reporting and monitoring systems need to be in place and function well. (Pindstofter, Johnsson Controls)

Procurement is also important. To keep costs down and to deliver the best service, FM companies need to make sure that they cooperate with the best service provider and they continually re-evaluate the contracts. It is common to scan the market to compare with other providers and even though the aim is to keep the existing provider, it is still a way for FM firms to renegotiate the contract and put pressure on the provider to stay competitive. (Wennerholm, Sodexo)

5.5.6 Key resources
FM companies operate in the service business, which is intangible and something that is hard to grasp. Therefore, the know-how of how to deliver the right service solution is a key resource. It is not easy to take over and support a big part of an organisation and the knowledge necessary to bring all the pieces together should not be underestimated.

According to Rönnholm (ISS) the most important assets are the service personnel and motivated leaders. He believes that the FM business is about soft values like relations, service attitude and experience where it is the people who make a difference to whether or not a client is satisfied in the end.
Another valuable resource for an FM company is its service providers. It is of high importance to have the right supplier which delivers the quality necessary to live up to the standards of the client. After all, FM firms are the ones responsible for everything that service providers do.

5.5.7 Partner network
In general, all suppliers are included in the partner network of an FM company. Many FM firms have shifted focus from having a buyer-supplier relation with their service providers to view them as strategic partners. That way, the service providers become more committed and both quality and value to the final client increase.

“We are trying to create partners who can make us look good in the eyes of our end customers”
Ola Hernström, Eurest

According to Atkin and Brooks (2009), relationships between FM companies and their providers should be encouraging continual improvement. They also state that sourcing services based on partnership have become a popular, and even established basis for relationships with suppliers.

Sometimes coopeitation occur between FM companies, which is when normally competing companies cooperate. This normally occurs when FM companies complement each other and together they could bring higher value to the client. For example, Sodexo sometimes does the food service for an FM contract that is signed to Johnsson Controls (Pindstofte, Johnsson Controls).

5.6 Trends within the FM market
Originally FM was seen as an isolated activity and was considered as an overhead cost. With time it has become more important and today FM is often seen as a function that is vital to an organisation’s overall success (Amaratunga, Badry, Haigh and Pathirage, 2008).

There are many opinions regarding current and future trends within the FM business. We have addressed the ones that we find most relevant to the industrial service sector and in particular Crawford.

5.6.1 Linking FM to client strategy
It is a critical success factor for FM companies to link the role of facilities to an organisation’s core business. Luckily enough there is a trend showing that
company management is also paying more and more attention to what FM has to offer and thereby bringing FM into the boardroom of organisations (Capgemini, 2006). There needs to be a match between FM dimensions and the business strategy of an enterprise. One could think of it as a line that separates the core activities from the non-core. Core activities are done in-house whereas the non-core activities could be outsourced if profitable. This line is slowly shifting and activities that once were considered core often fall on the other side of the line, hence becoming non-core activities for the company. This shift creates an opportunity where FM companies can take over more activities and at the same time get closer to the core-related issues of the client organisation (Pindstofte, Johnsson Controls). There is also a trend that FM companies have a structure where they work differently towards different segments in order to gain expertise in the specific area and understand the needs of the customer even better (Pindstofte, Johnsson Controls; Wennerholm, Sodexo).

The fact is that FM companies are now strategic players for many enterprises and vital for their clients’ success, hence FM needs to support the core of the business as well as taking care of the non-core activities (Nazali, Noor and Pitt 2009). FM companies need to focus on long-term corporate business strategy instead of only short-term focus on tactical or operational levels (IFMA, FM forecast). Chotipanich and Nutt (2008) claim that FM support should focus on “operational strategy” rather than operation and strategy independently, and by doing so provide a linkage between the two (Pindstofte, Johnsson Controls).

With all these demands from the market it is easy to conclude that the FM business, just as many other industries, is becoming more knowledgeable. FM companies are working with more management and strategic questions and there is a desire to bring well-educated people into their organisations. This is due to the increasingly complex environment around FM, which puts higher demand on the work force, and it becomes more important to have the right people onboard (IFMA, FM forecast; Bröchner, 2007).

5.6.2 Change management and flexibility
This trend refers to the fact that all modern enterprises are moving faster and are becoming more flexible. FM companies needs to understand this environment and act with it to fully succeed. According to Erik Wennerholm (Sodexo) being flexible means everything to an FM company. The constantly changing business climate within companies has led to a trend where change management has become of high importance to FM firms. FM plays a vital role in helping
organisations in managing change by enabling them to move from where they are today to where they have to be tomorrow to meet their business objectives (Atkin and Brooks, 2009c). Each organisation will have different needs and since FM companies operate on several markets they need to develop a set of skill that covers many areas. Identifying the influences for change in the business environment and developing facilities to accommodate it are central to the FM function (Nazali, Noor and Pitt, 2009).

5.6.3 Sustainability
The world is becoming more aware of environmental issues and many enterprises emphasize on sustainability and energy related questions. New legislation continues to appear regarding health, safety and environment, and FM firms have to master the changes to not be in breach of the legislation (Atkin and Brooks, 2009d). There are double incentives for businesses to put a lot of emphasis on sustainability. Apart from normal cost saving reasons, which is the normal case, they also gain a lot of publicity and public recognition. Therefore, selling sustainable solutions could simplify the marketing process towards end consumers (IFMA, FM forecast). Bengt Håkansson, who is VP for Coor Service Management Sweden, agrees and he believes that sustainability will be one of the biggest sales arguments for FM firms in the near future (Addici, 2009c). According to Bertil Oresten, CEO at FM konsulterna, sustainability is probably the biggest trend and it is a theme high up on the agenda within FM companies (Oresten, FM konsulterna).

5.6.4 Technology development
A significant challenge to FM professionals is to manage the several systems in operation and utilise these systems to their fullest potential. The rise of these technologies and Information and Communication Technology (ICT) into buildings, especially with smart sensors and controls, indicates that FM strategies need to be tied to the ICT strategy and the business strategy of other organisations (Atkin and Brooks, 2009e). Facility management professionals will be expected to manage facilities based on technological models and systems like BIM® and IWMS® (IFMA, FM forecast). FM companies seem to already put a lot of focus on technology systems to give support to their processes. For example, Coor states in the annual report from 2008 that the company will invest in system support to improve its monitoring systems. Tim Pindstofte (Johnsson Controls) claims that

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8 Building Information Modeling
9 Integrated Workplace Management Systems
Johnsson Controls are constantly improving the IT systems to be able to monitor and coordinate processes more efficiently.

5.6.5 Globalisation
The world is constantly becoming more globalised. There is a growing demand for FM companies to work across many geographical areas, where decisions about outsourcing are becoming more centralised (IFMA, FM forecast; Capgemini, 2006). Pindstofte (Johnsson Controls) means that more decisions are being centralised and it is becoming more common that clients want to sign frame contracts where FM firms are expected to give support to the client in all countries where they are present. In turn, there is also a demand where FM companies are looking for service providers, which can cover and operate on big geographical areas.

At the same time as globalisation leads to greater opportunities for FM companies, it also means that some challenges arise. FM firms have to understand and act upon many differences between countries including issues with law, culture, environmental legislation, languages, educations etc. (IFMA, FM forecast)

5.6.6 FM companies expands the offer
The FM profession is about improving and making processes more efficient. The market puts big focus on cost efficiency and it is vital to keep the FM budget down (Capgemini, 2006; Erik Wennerholm, Sodexo). For example, it is becoming normal to use key figures as a way to measure how well the FM companies have performed. Working to improve the processes and lower customers’ costs becomes a paradox for FM companies. Constantly more efficient processes mean less work, fewer personnel and decreased revenue in the long run. In other words, FM companies are slowly cutting their own legs and this is something that Bertil Oresten (FM konsulterna) identifies as one of the biggest future issues for FM companies. To solve this issue, FM firms are constantly trying to include more services into their offer. Looking back in time, as we have described, single bundled services developed into Facilities Management with coordination of many services. This, in turn, has developed even further and today FM companies include many activities that were not included before, for example issues of strategic concern. This development is continuing as FM companies work closer to the core of their clients, and opportunities to develop the offer even more have arisen. By including more services into the offer, costs can be lowered on one activity but the total revenue is still increasing.
5.6.7 More in-house activities

Another trend is that FM companies strive to have more activities done with own personnel instead of delegating to service providers. By doing so, FM firms can lower the prices or raise the margins to the client as one mark-up is taken off. Having more activities in-house gives better control over the services that are offered to clients (Pindstofte, Johnsson Controls). It is also seen as a possibility to learn and become more knowledgeable. Nicklas Smith (Dalkia) claims that, whenever there is a difficult problem to solve, the best thing is when one person from Dalkia could attend together with one person from the service provider. This way, the cost can be lowered at the same time as more knowledge is brought into the company.

However, it should be mentioned that FM companies realise that they need service providers that have specific competence. For example, Erik Wennerholm (Sodexo) states that service providers play an important role in order to offer high value to customers.

5.6.8 From supplier to partner

FM companies try to enter more long-term relationships, where they strive to be a partner rather than traditional contractor. Apart from getting more loyal clients they also get more insight into the client’s company, which in the long run help them understand the core of the organisation and therefore bring more value to the customer. To achieve this, FM firms try to sign long-term contracts with their clients. A long-term contract with fixed price could, however, also mean higher risks due to fluctuations in the economy which can affect, for example, salary and raw material. (Atkin and Brooks, 2009f; Pindestoft, Johnsson Controls).

By extension, FM also tries to make the relationships with their suppliers to be more of a partnership, to better meet the quality and standard required of the customer. Another related trend is the wish of FM firms to have few service providers that are comprehensive instead of many small. That way the service offered is the same in all countries and it makes it easier for FM to quality-assure fewer suppliers. It is also easier to strengthen the bonds when there are fewer service providers, and to see them as a partner rather than a supplier (Wennerholm, Sodexo).

However, these strong relations could also be a disadvantage for FM firms since their clients are also becoming very well-informed about the FM activities. The client starts to research and benchmark by themselves and they start to demand more and look for other alternatives as the knowledge gap between the FM firm
and the customer is decreasing. On the other hand, Erik Wennerholm (Sodexo) believes that it is basically impossible for customers to take everything back in-house because of lack of knowledge.

5.6.9 Emergency preparedness
There is a growing demand for FM companies to handle the emergency preparedness. It is a fairly natural step for FM firms as they take care of buildings and therefore have to deal with new demands that are put on the buildings. Emergency preparedness includes a wide spectrum of issues that can affect a business and its employees such as safety- and security related questions. A lot has to do with new routines for the personnel but it can also include things such as the improvement of exits through better door solutions. To meet this challenge FM firms need to learn how to analyse vulnerabilities and develop protection strategies (IFMA, FM forecast).

5.6.10 Innovation
Innovation is not only essential for corporate success but also commonly viewed as extremely important for business survival. The FM industry is dominated by service innovation, and innovation is becoming a key to stay ahead of competitors (Nazali, Noor and Pitt 2009).

Customers expect FM companies to be innovative and proactive to constantly deliver new ways to improve activities. This is being recognised by FM firms and several of them have innovation processes implemented in the organisation (Pindstofte, Johnsson Controls). A research made by Sonia Goyal and Michael Pitt at the School of Built Environment in UK shows that 79% of companies involved in FM believe that there is much scope for innovation in facilities management (2007). One of the worlds biggest FM organisations, the BIFM10, also reflects a growing recognition of innovation in the FM sector (Journal of Facilities Management, 2006).

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10 British Institute of Facilities Management
6 Crawford’s position in the FM business

In this chapter the authors recommend the position in the FM business that is best suited to Crawford’s competences and organisation, in other words, the position where the company is most likely to be successful and profitable. First, two alternative positions to the one held today in Crawford are presented and after that the current and chosen position for Crawford is presented.

6.1 Alternative Positions

As we took on the challenge to write this master thesis, our knowledge about the FM business and Crawford was very limited. Our objective was to research the FM business and evaluate how it could influence on Crawford’s business and based on the findings give strategy recommendations to the management team. On an early stage many different possible future positions for Crawford in the FM business were discussed. During the research process it became more and more clear to us how the whole FM business was fitted together and many of the initially discussed positions no longer seemed like feasible alternatives. Below we present the main characteristic positions that were discussed. We also want to clarify that there could be many optional positions in between the ones we have presented below but our reasoning point out the main direction where Crawford has the best chances to be successful.

6.1.1 Become an FM company

One of the first options we came to think about was the opportunity for Crawford to become an FM company and take up the competition with the existing players. We saw the opportunity to start broadening the offer with more services and use service providers for tasks that could not be done with own personnel. The growing market and the increased outsourcing demand from customers made it look like this would be a feasible option, but later research made us let go of the idea.

The main reason for not becoming an FM company is the classical theory of focusing on core business. Crawford has a lot of competence in the industrial door business but still very limited experience of being a service oriented company and even less experience of organising and managing other service companies on a global level. The FM offer is more complex than it looks like at first sight. More
and more technology, advisory and efficiency activities are incorporated in the offer and the business is in constant progress. But still it is a low margin service business, often with as much as 90% of the costs in personnel (Warchalowski and Torehall, Ernst & Young).

Even though small, specialised FM companies still emerge on the market the big firms have a substantial lead. The size of the organisation together with the width of the service portfolio gives a considerable competitive advantage and low margin business demands volume to be profitable. In these types of businesses there is often just room for a few major players.

“Slowly but surely, there will be a consolidation in the (FM) business, the construction business is a good example where we ten or twenty years ago had more than ten companies but today only three or maybe four strong players “

Peter Larsén, management consultant Centigo

The FM companies often have their roots in services like canteen, cleaning, security or front desk, which means that they have stationed personnel or at least daily visits to all their sites. These services are often an easy way in for the FM firms so they later can broaden their offer and do more and more activities on the sites. Crawford has a very large customer base, which speaks to their advantage, but often the sites are visited only a few times per year, which means that Crawford would not be able to compete with the existing players with their current organisation.

6.1.2 Stand alone strategy

Another alternative would be to refuse to work with the FM firms and that way still have the direct contact with the customers. Without a middleman the relationships could be stronger, more controllable and higher margins could be obtained. Today this is the preferred way of working and Crawford is seen as a strong and reliable company with an offer that often exceeds the customers’ expectations. Among door service companies Crawford is ahead of the competition, which could give the company a stable stand alone position.

Not to forget is that one of the FM companies’ strong sides is to organise local service providers to give a comprehensive service offer to their customers. Even though this is not a preferred way of working, it would definitely be a great threat to Crawford if local service providers were used instead.
Besides the fact that Crawford already has many established good relationships with FM firms there are some good reasons why they should not be ignored. One is the fact that the FM companies are more demanding and expects more from their suppliers. This keeps the service providers on the edge and stimulates new ways of thinking. This forced development could benefit even the other customers that still have their service deals direct with Crawford.

As stated earlier, the FM outsourcing business is one of the fastest growing markets in Western Europe. The potential is huge for companies that manage to benefit from the business opportunities developed in and around outsourced FM (Winling, Crawford). FM firms already have ways into many companies through simpler single services and they continuously try to broaden their services.

“We have been in the single service business a very long time so we already have customers all over Sweden, maybe we just deliver a fruit basket but the relationship is there. This is our growth platform and, as I see it, our most valuable channel.”

Chritian Gyzander, Business developer ISS

The chance to convince customers to keep the door service outside the FM package offer is not very likely in the long run. Maybe for some companies with very high numbers or high criticality of industrial doors, such as logistic centres, but for the average customer the industrial doors are not more crucial than other parts of the building.

6.2 Continue as Service Provider

Above we have discussed the two other main positions that Crawford could strive towards in the FM business. Our analysis tells us that those are neither preferable nor likely to be profitable positions for a company like Crawford. At this point we do not go further into possible “grey zone” positions such as a broadened service offer towards FM companies or go exclusively with one FM company, but settle for the fact that Crawford should be in the service provider position and has great opportunities to be very successful within it.

As we described earlier, Crawford already works as a service provider towards FM companies today. There are definitely both pros and cons in this way of working but if managed right the advantages by far outweigh the drawbacks. As we have stated above the potential to grow together with FM companies is significant and the growth could mean an easy way for marketing and gaining new
customers. FM companies could also be a door opener to new geographical markets and customer segments where Crawford does not see a natural entrance today.

There are definitely changes to be made and difficulties to consider if Crawford is to be really successful as a service provider. The FM business is in constant change and the service providers must catch up with the adoptions. Crawford has already come a long way in the process to satisfy the special needs of FM companies but there are still many things that could be further developed.

Figure 15 summarises our recommendation regarding Crawford’s strategic position as service provider. In the next chapter we address the key things a service provider in general and Crawford in particular must consider in order become the preferred provider.

Figure 15. The recommended position for Crawford.
7 Crawford as Preferred Service Provider

In this chapter, the authors give recommendations to how they believe Crawford should act to be the preferred service provider, which is summarised in Crawford’s FM Business Model. The authors identify what Facilities Management companies see as the key factors for a service provider to perform well. All factors are evaluated, and discussions are held regarding Crawford’s current progress within each of these factors.

What key factors do Facilities Management companies look for when it comes to choosing a service provider and how should a service provider like Crawford think and act to become the preferred supplier towards FM firms?

“If you want to be successful with FM you need to think like FM”

Peter Larsén, Centigo

FM companies in general are good at procurement. Even though they are satisfied with a provider they periodically tend to look over the contract and do some benchmarks to compare price and quality with other providers (Lauseger and Argurs, Pricegain). Therefore, in order to keep working with FM, it becomes vital for a company like Crawford to stay competitive to be the preferred service provider.

FM companies, as well as all customers, desire the highest quality to the lowest price. Low cost has always been an important sales argument for FM firms but Wennerholm (Sodexo) states that the golden days, when FM companies could cut 20% of their clients’ costs, are over. This could be explained by an increased knowledge within the clients’ purchasing department and also because more competitors have arisen on the market. Still, according to several of our interviewees, especially because of the recent financial crisis, price is one of the most important factors when it comes to choosing FM company and hence important when FM companies choose their service providers (Ernst & Young, 2009a). Others claim that factors such as service quality and competent personnel are more important than price (Lauseger and Argurs, Pricegain). To what extent quality or price is the most important factor differs a lot between FM companies, but the high ratio remains very desirable.
Based on our research, we have identified key factors that FM firms look for in their service providers. Quality and price are not brought up as two such key factors because they are desired by everyone and not by FM companies in particular. We will list and discuss around what we believe are the most important factors to look over and improve for a service provider with the aim of strengthening the position with FM companies. In each section we will argue why FM companies believe the specific factor is important, we will address implementation challenges and we will discuss Crawford’s current position and possible recommendations for the future. To give you an overview, we first summarise the key factors in what we call the Crawford’s FM Business Model.

### 7.1 Crawford’s FM Business Model

The issues we discuss below are what we believe to be the most important to consider when it comes to approaching FM companies, as opposed to other traditional customers. Figure 16 shows our recommended business model towards FM companies mapped out in the Business Model Canvas.

![Figure 16. Crawford’s recommended business model towards FM companies.](image)

The point with the model is to give a good overview of our findings and at the same time illustrate where in the organisation the specific factors are connected.
The more of the factors that are in place, the more likely it is for a company to become the preferred service provider. Partner Network, Key Activity and Key Resources all affect the Offer towards FM firms and, if implemented, all identified factors will raise the total value of the offer towards FM. The right part of the model describes, as we all know by now, the customer side. For reasons we will explain below, we believe that FM companies should be seen as channels and not as customers. To Crawford, since all business is made directly with FM companies, the relationship building in this model should not only be towards the FM clients but also towards the FM companies as channels, illustrated by the arrow in the figure. However, even though the building of relationship is not only with FM clients, it is still important to make an effort to understand their businesses.

Obviously there are many issues taken into consideration in this model and it would be impossible for an organisation to incorporate all the changes at once. In Crawford’s case, some of the factors are more in place than others. As well, there are differences of how difficult and cost bearing the factors are to implement. By extension, there is a need to prioritise between the factors. As we have mentioned, we have listed the factors that from an FM perspective is what they desire from service providers. It is outside our scope and beyond our knowledge to judge which factors that could be financed within Crawford and we humbly resign from recommendations regarding this matter.

It does not matter how theoretically good the ideas are if nothing will be implemented in the end. An overall challenge, for all changes to take place, is to have an organisation that is flexible and willing to change. Crawford is a big organisation with a lot of tradition, and quite naturally it has not been known for its flexibility (Leichtnam, Crawford). On the other hand, being on this big shifting journey, the company is going through a line of organisational changes. This could be something that facilitates a lot for Crawford, should they decide to implement any of our findings.

**7.1.1 Understanding the clients of FM companies**

In chapter 5 we identified that it is a critical success factor for FM companies to understand the core business of their clients. We have seen that this has led to a growing desire for FM firms to get service providers to work in the same direction. All of our interviewees believe that the ultimate goal of a provider, whether it being a service or a product provider, is to please the end user of the FM company. In addition to
many other requirements, FM firms often demand of a service provider the same thing as a client demand of an FM firm; hence it is of high interest for a service provider to really know the business of the end client. It might sound obvious but it is important to bear in mind, as the contact with the end client gets cut off to some extent with FM as a middleman.

It is also important to realise that understanding the end customer is not always the easiest task. Companies within a specific segment have different needs, they periodically change what they desire and needs normally differ in different levels of the organisation (Sarshar and Pitt, 2009). All big FM companies strive to understand the business of their customer but to what extent differs a bit between them. Christian Gyzander (ISS) estimates that about 80% of the service offer is the same to all customers and the remaining 20% differs depending on specific requirements, leaving the service offer quite similar to all segments and customers. Some FM players, like Johnsson Controls and Coor, have customer centric organisations that look at each client and form different value offers towards different customers depending on their specific needs (Pindstofte, Johnsson Controls). Still, the main part is the same which make economies of scale so important in the FM business.

Crawford makes efforts in understanding their customers and to mention one, a segmentation project aiming to comprehend different types of customers has been conducted in Sweden. Today, whenever Crawford loses contact with a customer due to an FM firm being a middleman, Crawford uses knowledge about similar customers where contact is good and applies that same knowledge to the client of the FM company. That way, because of a broad customer base, Crawford still knows a lot about their clients even though sometimes there is no strong relationship.

“Crawford knows the end customers, it is the FM players that we do not know”.

Tim Webster, VP Sales & Marketing Crawford

The challenge will be to keep the same level of knowledge even though the dependence of FM companies becomes bigger and when, in turn, direct relationships with end customers weaken and decrease in number.

We believe that FM should be seen as a channel that enables Crawford to reach end customers. The essence of how the work is done is practically the same, but the mindset is important to have. Even though all business and all contacts are
made directly with FM firms, it is important not to forget where the actual service is performed. If service providers have that mindset they never lose focus on the end client, which is essential to keep delivering top class service. A good way of being updated of the FM clients’ businesses is to apply knowledge from similar traditional customers. In sum, FM companies should be seen as a very important channel and possibly even as partners, which we will discuss later.

7.1.2 Build strong relationships with FM companies
In addition to knowing the business of FM clients, soft values are becoming increasingly important for FM companies. Gyzander (ISS) claims that the personal relationship they have with service providers is one of the most relevant factors when it comes to choosing with whom to cooperate. Oresten (FM-konsulterna) says that FM will be an industry that is more focused on relations and experience. People and the service delivery are two of the most important key attributes in general regarding added value according to Sarshar and Pitt (2009) who also think that FM should emphasize more on relationship marketing. By improving relations a service provider like Crawford can contribute to this added value and hence please both the FM client and the FM firm.

The challenge with improving customer relationships lies in building trust, which is achieved by keeping promises and clearly communicating the work performed (Atkin and Brooks; 2009f; Sarshar and Pitt, 2009). In addition, of course, it is important to have the right people with a service focused mindset where the client should stand in the centre (Atkin and Brooks. 2009g).

Crawford has a strategy of building long-term relationships and the company has put a lot of effort in strengthening bonds with customers to understand them better. For example, a KAM\textsuperscript{11} organisation has been set up to work directly with important end customers. Today, the KAM organisation is working with traditional customers as well as with FM companies. We suggest that the approach should be different towards these two types of players. As we now know, FM companies should be seen as channels and is therefore not end customers. However, since FM firms are such important players, there still needs to be a group of people working to build and maintain relationships with them and their clients, the so called FMAM\textsuperscript{12}.

\footnote{11} Key Account Manager
\footnote{12} Facilities Management Account Manager
"We need people who understand us. One example could be in the tender process where times are getting shorter and data is getting scarcer. A team that could handle a tender within more or less 24h would be valuable to us."

Jens Rasmussen, Business Development Manager, Coor

It could most certainly be the same person working as KAM and as FMAM. We just make this reasoning to point out that there is a big difference working with traditional customers and FM firms. We believe that gaining this perspective for KAM people working within Crawford could mean a clear and definite line between how to deal with traditional customers and how to deal with FM companies. The separate roles also aim to clarify that these two players are interested in different value propositions from Crawford. The KAM’s traditional strategic offer with e.g. pre-packed service level agreements is not interesting for FM firms, but this should neither be a problem nor confusing even though there is another strategic offer to FM companies from the FMAMs. The next step is to sort out how, then, do these players differ exactly? AN FM company is a middleman and therefore has different incentives than other customers do. In general, FM companies have a more open approach to partnership and they demand a different type of service. Furthermore, this entire chapter is set out to describe how FM companies desire other things than traditional customers; hence, a lot of aspects could be taken into consideration when approaching FM firms as opposed to other customers.

In addition to the strengthening of relationships with FM firms, there should also be a plan of how to build relations with the FM clients. Since direct contact is very limited, this is a challenging task. As mentioned, improving relationships lies in building trust and we believe that this could be achieved by, e.g., focusing on clearly communicating the work performed.

7.1.3 Reporting and measuring method

One of the most important developments within FM concerns strategies of how to demonstrate the delivered value to customers. The challenge is to show how FM firms could be linked to the business strategy and it is most easily obtained by measuring methods. The measured value can be how quality of FM services leads to higher productivity, profitability and growth of the core business (Ernst & Young, 2009b). In a survey made by Ernst & Young with persons in the
FM business, as much as 89% say that they markedly will improve measuring and communication (Ernst & Young, 2009a). In order for FM firms to be able to deliver measures of high quality it becomes important to have a well-defined reporting process. Reporting concerns logging everything done for customers and being able to gather the data in an informative way. Having efficient IT-systems, such as monitoring systems, is one way of meeting the demands of reporting.

FM clients also demand more efficient ways to follow up services and nowadays KPI\textsuperscript{13} are commonly used as a measuring method (Oresten, FM konsulterna). KPI could include everything from response times to price in relation to customer satisfaction, the latter being the most important according to Gyzander (ISS). Whenever required levels of KPI are not met by FM companies, it is also quite common to have penalty fines as part of the contract (Argurs and Lauseger, Pricegain). The reporting process is the most tangible way to demonstrate the value of the services and being good at it could be the difference of winning the next big contract over competitors. Not only is the amount of reporting increasing, it is also of higher quality than before, now aiming to give support to the core activities of the client’s firm (Hernström, Eurest).

With these high demands on FM firms, it is easy to conclude that they require a high level of reporting from their service providers. To meet the expectations of the clients, FM firms need to cooperate with providers that can reach up to high levels of reporting. Winling (IKAM, Crawford) states that reporting is the biggest issue when it comes to requirements from FM firms. He continues with describing how a big elevator company lost their contract with an FM company due to reporting flaws.

“...before you had to wait until the end of the month to print out a performance report, now you can claim intelligent information when you need it, this creates increased pressure on the service providers”

Helena Ohlsson, board member IFMA and EuroFM

Of course, a lot of work needs to be done to implement an efficient and standardised reporting process. The challenge is to be flexible and open to new ways of working and to communicate changes thoroughly in the organisation, from the top to the bottom. IT-systems could create synergy effects and it also facilitates the support to have standardised reporting processes.

\textsuperscript{13} Key Performance Index
Nicklas Smith (Dalkia) says that reporting is one of the things that he believes all providers could improve substantially. Crawford is not fully adapted to the reporting standards that FM requires, and it is one area where there is improvement potential (Argurs and Lauseger, Pricegain). Today Crawford works with a lot of different local ad hoc solutions to the problems (Winling, Crawford). Tim Webster (Crawford) means that most data required for the reporting process is accessible today in a database, but Crawford has never had a demand of providing it before. One challenge is to become good at data mining and transform the data into useful information in reports. A positive result of a good reporting process, apart from the necessity to fulfil the demands of FM companies, is that it could be used to show FM clients and other traditional customers some of the value brought by Crawford.

7.1.4 Response times and service process
As stated above FM companies have high demands when it comes to reporting, and one of the factors that are measured is the response time, which means how fast service personnel can be on the spot. The requirement of response times is included in the contract with FM companies and to be the preferred service provider, these times should meet the requirements and preferably be held. For the same motive, the service provider needs to make sure that the demands are reasonable. Kurt Waltersson (Bravida) states that FM clients sometimes have unreasonable requirements when it comes to response times that are impossible to keep. It is important to pay attention to how the term “response time” is defined in a particular contract. There is a great difference between measuring from when someone starts working on a problem as opposed to when the problem is solved. Because of lack of knowledge about the contracts, service providers normally do not notice until something goes wrong and the client, according to the contract, is entitled to compensation.

“(talking about FM)...the big issues are, again, reporting and response times.”

Christopher Winling, Crawford

A challenge for service providers is to have a well-structured service organisation that can live up to the set requirements. It is also essential to know the content of different contracts so that the process can be optimised. More standardised response times in the contracts would ease the optimisation of the work force and the service process. Crawford has a well-developed service organisation with
good response times. However, the requirement of the response times differs a lot between contracts and the knowledge about these differences is quite poor within Crawford. There are many times when Crawford actually over-delivers to the set requirements (Argurs and Lauseger, Pricegain). More standardised contracts could be one way of facilitating for the personnel the requirements of response times. It could ease the way to optimising the process and even lead to better planned service routes. Better knowledge of the response times in the contracts could as a minimum be used to show both FM companies and traditional customers that Crawford in fact often is better than the set requirements.

7.1.5 Global organisation
We have limited our master thesis to include the Swedish FM business, although international comparisons lie within our scope. Even though the globalisation trend stretches far outside the borders of Sweden, it most certainly concerns the Swedish FM business and is therefore essential for this project.

This trend was set off by big global FM clients that desired global FM organisations to take care of their non-core activities. One example is Shell, which has outsourced everything except its core activities to Johnson Controls all over the world.

“Big companies want to buy from other big companies.”
Bertil Oresten, FM consultants

The biggest FM companies work from a very global perspective, whilst others are present only in the Nordics. Johnson Controls, for example, strives to sign global contracts with its clients as well as with its providers. Johnson Controls also invest a lot in being present in the countries where it does not exist today. The point they make is that fewer providers mean fewer and bigger contracts, which in turn, results in more standardised and efficient processes. Decisions are also taken on a centralised global level instead of decentralised decisions in each country separately (Pindstofte, Johnsson Controls). Ola Hernström (Eurest) means that one of the minimum requirements of a service provider is that they are widely present. Whatever size of the FM firm, there is a desire to sign contracts with service providers that have the ability to cover at least the geographical area of the FM firm.
Jens Rasmussen (Coor) contradicts the above to some extent by claiming that service always need to be very locally present, something he thinks will affect the globalisation trend to go back in the future.

The way we see it, being global is a really strong resource for Crawford and a big competitive advantage when it comes to be the preferred service provider. On a long-term basis, it might be interesting to expand the service organisation to be even more globally present to keep up with the biggest FM companies. Another recommendation would be to set up a centralised group, instead of decentralising everything and deal with it locally. This group, or person, can deal with the global requirements of FM companies and coordinate processes that spans over several countries.

**7.1.6 Generic and standardised processes**

Another thing that FM companies desire of their service providers are generic processes, in other words, service delivery processes that are consistent and the same on all geographical places. FM clients desire the same quality of service in all their branches and consequently FM firms agree to a certain level of delivery that should be consistent in all countries. By extension, FM firms require that their service providers also should be able to deliver generic service processes in cities and countries throughout the organisation (Winling, Crawford).

It is a big challenge to create these generic processes because of big variations of preconditions in different countries. Level of competence, size of branch, training, and available resources are just a few of the factors that could differ between countries and hence complicate the setup of generic processes. Another challenge is to adapt the service organisation to local legislation and political differences (Ohlsson, IFMA).

“(talking about the service processes in Crawford)...the difference is great between countries and how far they have come in their processes.”

Jos van der Linden, regional KAM Crawford

Crawford’s service organisation is still in an early stage and it is slowly taking form throughout the organisation. For obvious reasons, the service organisation and its processes have not reached the same quality in all countries and are still not generic (Webster).
To win the battle of being the preferred service provider, generic processes are essential. Crawford is far ahead of competitors when it comes to global generic service processes in their business segment. However, they still have a lot to improve and it is important not to be comfortable but to keep developing and improving. Van der Linden (Crawford) means that Crawford needs to work in a much more uniformed way then it does today. Earlier on, a suggestion was made about setting up a centralised group or person to deal with global requirement. This same group could start the challenging task to align service processes globally within the company.

7.1.7 Innovation process and being proactive
Innovation is most certainly a buzzword that is misused on many occasions. When we refer to innovation we mean the ability to be in the front edge of a business segment by coming up with new things that competitors do not do. Innovation means implementing actionable and new ideas that creates value and it could be anything from a product to a service process to a business model.

FM is a sector dominated primarily by service innovation and according to FM consultant and expert Magnus Kuchler (Ernst & Young), innovation is one of the most important areas to deal with for FM companies. There is a desire from FM clients wanting FM firms to improve and innovate through reengineering and introduction of new technologies. Some people claim that innovation is becoming a key to the differentiation of players in the market (Sarshar and Pitt, 2009). Tim Pindstofte (Johnson Controls) means that Johnson Controls has pressure from clients of being innovative. He also states that Johnson Controls has a group of people in the company that is solely working with innovation.

In order to achieve these high set innovation standards, FM companies need service providers that can work with innovation. According to a survey addressed to people in the FM business, 71% consider an innovative approach when they choose a service provider (Goyal and Pitt, 2007). Several interviewees, like Ola Hernström (Eurest), states that his company is encouraging service providers to come up with innovative ideas and proactive solutions. Bertil Oresten (FM konsulterna) explains that, apart from the motive of being in the front edge, there are also incitements of possible bonuses when being innovative which could, and should, be written into the contract. In other words, service providers can take part of the savings if they find a solution.
Crawford is indeed an innovative company in many aspects when it comes to their service organisation. To name a couple, Crawford has innovative tools that are developed to make energy savings and improve monitoring. Being proactive in sustainability and energy savings is very good as there is an increasing demand from society concerning these questions. Not surprisingly, according to Marjan Sarshar and Michael Pitt (2009), energy solutions that cut costs are what clients want and remote monitoring is mentioned as a potential technology which can reduce operational costs.

Of course there are things to improve, and according to Webster (Crawford) innovation is medium developed within Crawford. Although there are many innovative people in the company, there is no formal process of how to work with innovation. It could be of interest to implement one such process, in order to actively work on being innovative. Innovation is unlikely to happen in the long run if it does not have a planned introduction and a company should never stop encouraging employees to innovate and to equip them with the appropriate tools and environment to nurture creative ideas (Nazali, Noor and Pitt. 2009). One suggestion to get an innovative process on track could be to cooperate with a nearby university that works with innovation, such as LTH.

Being innovative is often achieved by working and thinking in a proactive way but when it comes to this, Crawford still has things to learn. The company Pricegain has conducted interviews with FM companies, where the findings show that several FM players would like Crawford to be more proactive. For example, in order to prevent urgent breakdowns they would like Crawford to keep track of exactly which doors that need to be served and when.

7.1.8 Broaden service activities
As we have explained earlier, FM companies strive to sign long-term contracts with both customers and providers. Being able to work long-term gives stability and being able to work with fewer service providers is more efficient and gives synergy effects (Pindstofte, Johnsson Controls). According to Patrick Lindholm (Crawford), there is an obvious trend of FM firms desiring fewer service providers that can take over more things. As a consequence, a good way to raise the perceived value by FM companies would be to include more in the service offer. For a service provider like Crawford, this

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could be done by broadening the technical range of services. We recommend Crawford to focus on services closely related to its present core competence, like the service of entrance doors or the service of escalators and elevators. The focus should be on services that are unique and hard to copy because FM firms are not interested to take these kinds of services in-house. With the same reasoning, it is probably wise to stay away from more simple services that easily could be performed by FM companies.

A question to further develop could be whether or not to partner with someone, to make acquisitions or to develop the competence in-house. Although this is outside what Crawford does today, some initiatives have already been made within the company regarding this matter. For example, an agreement has been signed in Sweden with an elevator company to work for and with Crawford on a local level. The sales company in Finland is a pioneer within this area in Crawford as they are continuously trying to include more into their service offer. Sometimes this has ended up in a situation where Crawford in turn hires a specialised service provider to do the job (Eriksson and Lindholm, Crawford). We would recommend partnering with someone, much like the pilot case in Sweden. It would be the fastest way to broaden the service offer towards FM companies. It would also be the easiest way to gain knowledge, which could be interesting for future plans of broadening the own service offer. We have also noticed that some of Crawford’s service technicians have backgrounds in other service professions such as escalators and elevators service.

7.1.9 Sustainability standards
As we have stated earlier, the relevance of sustainable solutions and environmental issues is increasing in many industries and hence also in the FM market. All companies that want to be providers to FM companies will need to put sustainability high on the agenda.

It is and will be vital for providers to have certifications addressing these issues, such as ISO14001, which is implemented in most of Crawford’s production plants. GreenBuilding, P-symbol and LEED are certificates aiming to approve quality and/or environmental issues for buildings. It could be interesting for Crawford to understand these certificates in order to be part of the solution towards certification. Crawford in general is working a lot with sustainability, which could prove to be an important competitive advantage in order to be the preferred service provider.
7.1.10 Partnership with FM companies

Helena Ohlsson, who is a board member of the international associations for professional facilities managers, IFMA and EuroFM, states that a united front towards end users is only achieved in a partnership between FM companies and the supplier.

However, it is hard to say whether or not partnership is the reality in today’s FM industry or if it just stays as a dream. All FM representatives we have interviewed talk about long-term partnership as something they want to have, with clients as well as with suppliers. For example, Wennerholm (Sodexo) says that the stronger the bonds are with the providers, the better it is. Gyzander (ISS) takes it even further when he states that they see their providers as their own personnel. It is, however, a bit of a paradox; on one hand FM firms want to partner with providers to help them understand and please the needs of the clients, on the other hand they normally do not want providers to be involved in the contact with their clients. Pindstofte (Johnsson Controls) and Hernström (Eurest) both claim that their companies strive to move from customer-supplier relationships to partnership. In contradiction, they both state that they are not “married” to their suppliers, which makes it hard to interpret to what extent they actually see their service providers as partners. We also know for sure that FM companies in general are good at benchmarking and at looking over their contracts periodically in order to find the most profitable deal.

“The FM dream is to strive for win-win situations and have a pure partnership with suppliers.”

Magnus Kuchler, Ernst & Young

At the IFMA conference in Stockholm, Kurt Waltersson (Bravida) talked about his view of partnership today in the FM industry. Waltersson returned to the FM business after six years in other industries and he is of the opinion that relationships between FM companies and suppliers are getting worse and are moving away from partnership. He believes that the development of the FM industry goes in the same direction as it did in the construction industry, where mistrust and penalty fees, as a part of the profit strategy now are very common.

Whatever way the reality is, it stands clear to the authors that service providers need to see FM firms as partners. Partnering advocates quality improvement, interaction between the parties, long-term benefits and disputes are less likely
compared to traditional contracting (Atkin and Brooks, 2009f). By having this view and approach, service providers increase the chances of being the master of their own destiny by taking the opportunity to get closer to FM companies, which in turn increases the chances of being the preferred service.

The main challenge is to be seen and show that efforts are made to add value to the FM company or the end user. In a customer-supplier relationship all burden and risk lie on each firm separately. In a partnership, on the other hand, risks and benefits should fall on two parties and not just one. Showing FM companies that Crawford is willing to take own initiatives and risks could be one way of strengthening the bonds with FM companies (Rasmussen, Coor). For example, a partnering arrangement could include something called gain-sharing, which is when cost savings, deriving from performance improvement, are shared between the parties (Atkin and Brooks. 2009f). However, it should not be forgotten that services offered by Crawford, as well as many other service providers, stand for a small part of the total service that offer for many FM firms. Both the FM firm and the service provider need to be interested in partnering in order for it to occur. According to Atkin and Brooks (2009), the level of openness to partnering with a service provider mainly depends on two factors; the degree of their integration in the own business and the economic significance of the service provider. Nevertheless, Crawford being the party to take the first initiative does certainly increase the chances of partnering and long-term benefits.

7.2 Two Business Models in Synergy

One of our main goals in this master thesis is to clarify how FM companies operate and, based on these findings, give recommendations to how Crawford should approach FM companies. Our findings have shown us that Crawford needs to think and act differently towards FM customers as opposed to traditional customer, something that we have discussed in this chapter and summarised in the FM Business Model. Since there now exist two business models for Crawford – one towards traditional customers and one towards FM companies – there need to be coherence between the two. Even though it is not within our scope to discuss the business model towards traditional customers within Crawford, we would like to give our thoughts on how the two models could interact and coexist within the company, which is illustrated in figure 17 below.
Figure 17. The function of parallel business models in Crawford.

We believe that two coexisting business models within Crawford is the best way to achieve satisfaction from FM clients as well as other customers. The two models could overlap and they do not exclude each other. Still, there needs to be a consciousness within Crawford to distinguish FM firms from other customers and, as a result, also to distinguish the strategy approaches to the different types of players. If Crawford gains this mindset and manages to separate the two strategies, we believe long-term success with both types of players will be the outcome. We are aware of the fact that we are giving a simplified and theoretic picture of today’s reality, but we also feel it is necessary to do so in order to clarify and simplify the big issues implied with the challenge of approaching FM companies compared to regular customers.

The actual existing business model in Crawford today lies close to the traditional customer business model but since Crawford is already working with FM companies, it also has elements of the FM business model. Distinguishing the FM business model from the regular customer business model will help not only to have a new strategy towards FM firms, but to have a clearer strategy towards traditional customers.

In many occasions, we believe that new competences learnt in one business model could also mean a significant positive effect in the other. For example, a lot of improvements will be made if Crawford decides to implement factors that are key activities or key resources in a business model well suited for FM firms.
Although new competences in one activity or resource might not be a key factor for the traditional customer business model, there will most likely be positive things that can be learnt and applied. For example, if standards for sustainability are implemented as a way to approach FM players, it is certainly a positive thing for other customers as well. The other way around, the knowledge gained in the close relationships with the traditional customers could benefit the FM clients as well.

**Figure 18. Balance between the coexisting business models in Crawford.**

Today, FM companies stand for a small percentage of the total service turnover in Crawford, and it might sound illogical to have an own business model strategy towards FM. We are conscious about this, and it might take a long time to change this imbalance, but we believe that the strong growth in the FM market will lead to an increase of their influence upon Crawford, and the FM business will slowly become a bigger part of the total service offer within Crawford. Therefore, it will be even more vital to be prepared and have a well-defined strategy towards FM. Balance between the two business models facilitates synergy effects. Figure 18 illustrates how the traditional customer side today outweighs the FM client side.
8 Future FM actions Concerning Crawford

In this chapter, the authors describe and reason around possible scenarios, which can affect Crawford in the future. The scenarios are mainly identified with focus on FM actions that could threat the Crawford in the service provider position.

During the time period of our thesis we have identified five possible scenarios, which all, to some extent, could be a future threat to Crawford. Four of these scenarios deal with direct actions taken by FM companies, which is the reason why we put emphasis on these. These scenarios are: FM companies switch service provider, FM companies take more activities in-house, FM companies cut prices and FM companies enter Crawford’s strong customers. In each paragraph, we will describe the scenarios one by one and evaluate the risks that come with them.

The fifth scenario has to do with an FM company loosing their contract with an FM client, which also could have affects on Crawford. Because it is not within our scope to research factors that make end customers choose to cooperate or not with an FM company, we feel that we do not possess all knowledge necessary to fairly judge this scenario and we will only briefly speak about it in our analysis.

All our reasoning in this chapter is based on our earlier recommendations; that we believe cooperating with FM companies is the best way to future success.

8.1 FM companies switch service provider

As we have said, FM firms have a comprehensive purchasing function where they benchmark and revaluate their contracts. This means that Crawford and other service providers could never be totally safe and a potential threat could be that they are switched for another service provider.

Crawford is a market leader in Europe when it comes to their service organisation and the company already has established contracts with most of the biggest FM companies. For example, Crawford has about 80% of the total door service of Dalkia in Sweden (Eriksson and Lindholm, Crawford). Although Crawford often is the preferred service provider, as in this case, they are not the only one. Even though Crawford sometimes feels like the only big player, the point here is that
there are other existing competitors out there to watch out for and there is a potential risk that some company will appear as a real challenger for Crawford’s service organisation. If Crawford’s current competitors were to expand their service organisation they could be a potential threat. Other possible competitors are companies in closely related businesses, like elevators, which could broaden their offer and learn how to service doors.

The biggest risk for Crawford, as we see it, is that they will be outrivaled because of their relatively high price. Price is important for FM companies and it might make the difference when choosing between service providers. On the other hand, price is just one of many criteria for FM companies and Crawford brings value in many other ways.

If Crawford was to be replaced for another service provider it could have a big impact, depending on to what degree they will be replaced. There is a chance that, even if Crawford no longer will be the preferred service provider for the future, they could still keep some of the old contracts and hence keep quite a lot of the business. The impact does not necessarily need to be big if Crawford for some reason loses business with a specific client but not from the FM company in general. Should they on the other hand lose the contract totally with the FM firm, they would obviously lose a lot of business. For this reason it is also important to work with several FM companies so that the risk could be spread out among them.

8.2 FM companies take more activities in-house

One possible future threat to Crawford could be FM companies that will take in more service under their own roof. In theory, this could mean that FM companies themselves will do all, or a part of, the service that Crawford does today.

Why have FM companies that exist today not already made a move and tried to take over the service that is done by Crawford? One reason could be that the FM industry is still not matured and there are still many opportunities to exploit, hence leaving some things at lower priority. We believe that taking activities in-house will be a natural step for FM firms after they have tried to cut costs to the lowest possible level. FM firms could reach a level where it is hard to lower costs by pushing suppliers to cut prices. One way to lower prices would then be to own more of the value chain and thereby cutting off any middlemen. A parallel could be drawn to the Swedish food retail industry; several
of the big companies in the business drew down the prices of their suppliers to the point where it was no longer possible to cut prices even further. What they did was to vertically integrate the former supplier function into the own company by creating their own brands and that way prices could be lowered due to the lack of middlemen (Larsén, Centigo). What we are saying is that, at long horizon, we see a risk that FM companies might really consider taking over the service that Crawford is doing today.

Several of our interviewees have actually addressed that their FM companies already strive to do all the service themselves whenever it is possible. Since FM companies normally have personnel on the sites of their clients, the ideal is to let these people do everything that they are competent of doing, which could include the current service conducted by Crawford. Still, the majority of the people we interviewed said that Crawford probably does not need to worry because of their specialised and niche business. The point they made is that Crawford is in a business with a lot of technical skills that could not easily be copied. We believe that is true, but to a certain extent. Because of many reasons, such as a unique set of spare parts and high competence of Crawford’s service technicians, some parts of Crawford’s service offer is indeed very hard to copy. All urgent matters and other complicated breakdowns are examples of where we believe Crawford always will be needed. The other part, however, might not be quite so difficult to copy. Preventive maintenance that includes oiling, replacing a wire or changing other common parts are not all that hard to learn. Services like these are in the risk zone and they could most definitely be included in what FM firms do on their own. For example, FM companies could educate a small team of specialised technicians that could do oiling and other simple preventive maintenance in a specific geographical area. Such an organisation could be profitable for a big FM company in a limited geographical area with a high concentration of clients such as Stockholm, Göteborg or Malmö.

Nonetheless, Crawford still stands for a small part of the total service offer of an FM company. This might indicate that Crawford’s issue is low prioritised within FM companies and that there is more money to be made in other areas. Also, it is a barrier for FM firms that you need to have special education in order to perform services made by Crawford. Still, after about three weeks of education, a person has received the basic training to do all the service that Crawford does today.
Since this preventive maintenance is a quite big part of the total service offer (Service technician, Crawford), we see this issue as a big challenge to deal with for Crawford. To judge more precisely what impact this would have, it would be interesting for Crawford to further research the profit equivalence to this preventive maintenance in relation to the total service offer.

8.3 FM companies cut prices

As we know by now the FM industry is still in its expansion phase in Sweden. We have mentioned that purchasing departments are getting more knowledgeable of the FM services that they are buying. We believe that this fact together with a more mature market with tightened competition will keep pushing prices on FM services down. In turn, this will put pressure on FM companies to find new ways of cutting costs and one of these ways will be to look over the costs of service providers. This could affect Crawford in two ways; either by having to cut costs and remain on the same service level or by having to cut costs to the expense of a lower service. Even though both would mean less revenue, the latter does not necessarily have to mean less profit. It is also what we believe to be a more probably scenario in the future. This is already the reality today in Sweden, where one example is an FM company that is striving to lower Crawford’s service costs to the client but on the expense of a lower service level. FM companies do have high requirements but one also need to bear in mind that they do not want to put Crawford or any other service provider out of business, since both parties are after all cooperating together to create value for the FM client. In other words, these lower prices to FM clients do not have to mean less profit, it would just mean that Crawford would need to do service in another type of way.

The FM companies that Crawford cooperates with today already stand for some of the largest revenue streams and these companies will most likely grow within the next couple of years. Because of the big potential there is in cooperating with FM companies, it could be easy to accept a lower price than to traditional customers. As FM companies continue to grow and the dependence of them gets bigger, it will be even harder to turn down a contract even though the price is lowered.
8.4 FM companies enter Crawford’s strong customers

We see a potential future risk that FM firms will try to "squeeze in" as a middleman between Crawford and their traditional customers, and more specifically their strong customers. We believe FM companies might want to cooperate with their service providers to be able to work with new clients, or to expand the offer to existing clients.

Why, then, have FM companies not already begun to do so? Well, they have, but still on a very small scale. For example, one of the KAM’s in Crawford Sweden has received a request from an FM company to present them and give them an opportunity to enter Crawford’s customer. They have seen a new opportunity of gaining business by entering Crawford’s traditional customers. Since the FM company provides Crawford with new business, they believe it is fair if it works the other way around as well. An interesting point here is that this specific FM company is one that has not expanded as much as the rest of the FM players in Sweden. One possible risk is that the same development will occur for the rest of the FM companies. As long as business flourish it might not be likely but if business will slow down in the future this could be one way for FM firms to find new clients and gain new business. Obviously, when this happens, Crawford is faced with a dilemma where they need to weigh the risk of loosing profit due to a middleman, as opposed to strengthening bonds with the FM company which can generate more business in the future. However, depending on the contract Crawford has with a specific FM firm, the loss in profit might not be that big with FM as a middleman. It would be interesting for Crawford to further research on this difference to see what kind of money we are talking about.

“If FM decides to enter our core segments they could, once again, be a strong competitor...I must say that I cannot see any barriers that could stop them from doing it.”

Christopher Winling, Global IKAM Crawford

Among Crawford’s top 30 traditional customers, the majority of them are already using services from FM companies. In other words, Crawford and the FM company have their own contract side by side with the same customer. Once again, the risk is that the FM firm would want to include Crawford in their contract in the future and since they already are present with many clients, it is a small step for them to bring Crawford in under the total FM service offer. After all,
our impression from interviews is that one pronounced strategy of FM companies is to expand and grow with their existing customers. It should however be mentioned that just because the FM firm would like to broaden its service offer, it does not mean that the FM client would like to do so.

The biggest issue with this threat, as we see it, is that Crawford would slip away from the current strategy of building strong long-term relationship with customers. This would no longer be possible with FM in the middle, as they would take over the business contact with the customer.

Our aim is to give an eye-opener and an awareness of how the situation is today, but despite all this we believe that Crawford has a good chance of keeping their relationship with many of today’s strong customers. After all, it is the end customer that decides whether or not they would want a direct contact with Crawford or if they find it more convenient to make them a part of a total FM service offer. Therefore, the fact that Crawford has been building strong relationships with customers could show to be a really important move for the future. Apart from strong bonds being important to keep the contract, there are two types of companies that would want direct contact with Crawford; the ones where Crawford’s products are function critical or where the volume is extensive. This is, of course, the type of companies to whom Crawford is directing the effort of the KAM organisation and it is important to keep doing so in the future.

It is hard to judge to what extent Crawford would be affected, should this occur. One obvious effect is that Crawford would get much more dependent of FM companies. Once again, it should be mentioned that FM firms are a much smaller part than Crawford’s traditional customers and we are aware of the fact that we are discussing on a long time horizon.

8.5 FM company loses business with client

As we mentioned in the introduction of the chapter there is one more possible future scenario that should be addressed and it has to do with the consequences of when an FM company lose their business with one of their clients. If this happens, Crawford could also lose their business because they go out together with the FM firm. However, it does not have to be true. If the former FM client is pleased with the services performed by Crawford it is quite common that they want to keep a certain service provider, or, if a new FM company enters they could tell them that they want to keep Crawford’s services. Also, if Crawford already has a frame contract with the new FM company they would still stay as a
service provider as long as the client does not have any objections. The big challenge for Crawford is, despite the fact that almost all contact in Crawford is made directly with the FM company, to get the FM client to recognise the amount of value that Crawford brings.

The impact of this scenario happening should not have to be very big for Crawford. Since they do service on several of the FM firm’s clients, losing one of them is probably not that bad unless it is a really big FM client. Then again, just because the FM company loses their business it does not necessarily mean that Crawford also will go with them.
9 Minimising Risks of Future FM actions

The first part of this chapter shows a risk analysis of the identified FM actions in the last chapter. It is also stated which assumptions that were made for the risk analysis to be valid. After this each scenario is discussed in turn and specific recommendations are provided.

9.1 Impact and Likelihood of FM actions

The four identified threats in chapter 8 would have different impacts on Crawford’s business. They have also different probabilities to actually occur. We have ranked the four threats after these two factors in the Impact/Likelihood model below. The ranking is based on our own analysis of the identified FM trends and the interview material.

![Risk Analysis](image)

Figure 19. Risk analysis in the Impact/Likelihood model.

Unexpectedly, what we found from our analysis was a linear relationship between the impact and the likelihood of the scenarios. It is important to have in mind that there is no absolute relation between the steps in the scales, but just an internal relative relation between the identified threats. In other words, a four on the x-axis does not mean that it is 100% certain it will occur, but just that it is more
likely to happen than the other three. The model is basically showing that these threats are all interesting to look further into because if the probability to occur is low, the impact is high and vice versa.

9.1.1 Time horizon
There is no time aspect included in the Risk Analysis model above but instead this is discussed here. It is very hard to set an exact time for when scenarios could become reality. There are examples of situations when most of them already have occurred but not to the point that it had any major impact on Crawford’s service business. As we have stated earlier Crawford has a great opportunity to grow with the FM companies. This would also mean that the FM side of the business would become more important and Crawford would become more dependent on it. In turn this would increase the impact of the threats. So both the impact and the likelihood will become greater over time if nothing is done to prevent it. In the next part below we address the assumptions we have made in our ranking. The threats we have addressed are of strategic character and are therefore quite distant in time, but they will, as explained, become more significant. It is not at all unlikely for Crawford to survive ten or fifteen years without addressing them but it will definitely have consequences. Even though it is not possible to set the scenarios in an absolute order in time we could expect the FM companies to follow “the line of least resistance” in their growth strategy. This would mean that they would first grow through gaining new clients and broadening their offer to their existing clients, then pressure the prices from their service providers and finally try to do more of their service providers’ activities with their own personnel.

9.1.2 Assumptions
For our reasoning of the ranking to be valid there are some assumptions that have to be explained.

We have ranked the situation where an FM company switches Crawford for another service provider to be of high impact and low probability. The impact is high because then all the business in question is lost to one or several competitors. The chance for Crawford to win back the contract is not taken into consideration because we see it as a failure to lose it in the first place. The goals with our recommendations are for Crawford to be proactive, not reactive. The probability is low provided that Crawford continues and expands the efforts to become the preferred service provider.
The next scenario is that the FM companies do more of Crawford’s current service work with their own personnel. If this would be true Crawford would lose the “cash cow” of the service business, the recurrent, relatively easy service work that is quite easy to plan and optimise. This would have a fairly big impact on the business but there would still be repair and call business left for Crawford. The probability for this to happen is low, not because FM companies are not interested but since it is relatively easy to prevent.

FM companies always try to lower prices even though they are well aware of the concept of value for money. It is very likely that this trend will continue and be even more evident when the FM outsourcing business goes into a more mature phase. This scenario has lower impact on Crawford’s business than the other two presented above. There is no wish from FM companies to pressure Crawford to a point where they would become unprofitable but for sure to a point where they are forced to work more efficient.

We have judged that the scenario of FM companies entering segments where Crawford has their strategically selected customers to be the most likely, mainly because it has already begun. Eventually the FM companies’ offer could include even the service of industrial doors as their objective is to broaden their service activities with their clients. The impact on Crawford’s service business of this scenario is still quite low, if the processes of working efficiently with FM firms are in place.

9.2 Crawford’s Response to Future FM actions

Below follow our recommendations concerning the scenarios described in chapter 8. Specific recommendations are given to each scenario in the following order; FM companies switch service provider, FM companies take more activities in-house, FM companies cut prices and FM companies enter Crawford’s strong customers. In the end of the chapter the recommendations are summarised in figure 20.

9.2.1 FM companies switch service provider

Our overall recommendation to not be switched by another service provider is to fulfil the factors from chapter 7 where we discuss what Crawford should do to be the preferred service provider. The fact that Crawford has a global and widespread organisation with high quality services, fast response times and an effective process for the spare part collection are some of the things that often
make Crawford the preferred service provider today. Crawford should keep working on these abilities and try to develop the other factors to be the preferred service provider. Cost, current knowledge, complexity and to what degree the factor is developed in Crawford are all examples of things that need to be taken into consideration to be able to prioritise which of the factors that are most relevant to start working with. Still, if we were to prioritise from the knowledge we have gained during this journey we believe that a good reporting process, proactive & innovation thinking, response times & new service processes and building relationship are the top four factors Crawford should focus on in order to make FM companies not to switch them as a service provider.

A good and standardised reporting process is of high priority among FM firms. There are FM companies that have expressed their discontent with Crawford’s reporting process and we believe that this matter is quite urgent. A reporting process is also the most tangible way of showing the value offered.

When it comes to being proactive and innovative, again, there are some FM firms that have desired a higher ability in Crawford of being proactive. We believe that being innovative and coming up with ideas is something that could be really appreciated among FM firms. It is also an important step to move the relationship with FM companies towards partnership and as well a way to get closer to the FM client by participating in more strategic discussions.

Crawford’s response times are good, if not to say excellent. It is actually sometimes too good and Crawford often performs over the required limit. We believe that a more optimised and standardised service process could turn out to be very profitable for Crawford.

We believe that building relationship is always important, and especially for Crawford since long-term relationships is a pronounced strategy. What we mean here is that the KAM organisation should realise how different players the FM companies are and try to learn how they work and what they desire and in general treat them from an FMAM\textsuperscript{15} point of view.

This year Crawford actually lost business with one FM client, and we would like to highlight that it probably says more than the loss of business itself. It says that Crawford does not offer higher value for money than their competitors, or that they are not able to communicate and show the value offered, which again shows to be important. It is central that whenever Crawford does get switched for

\textsuperscript{15} FM Account Manager, described in 7.1.2
another service provider the situation should be analysed thoroughly so that important lessons can be made.

9.2.2 FM companies take more activities in-house

In order to prevent FM firms from taking Crawford’s current services in-house, Crawford needs to be aware of the fact that there is a significant part of their service offer that actually is reproducible by FM companies. Gaining that mindset will facilitate to form a strategy of how to approach the situation when it might occur. The above mentioned is our main contribution on this scenario and due to lack of information we have judged to give no single recommendation, but opted to propose three different suggestions of actions.

One suggestion is for Crawford to always sell the service offer as a complete service package. In other words, in order for an FM company to receive the critical service\textsuperscript{16} from Crawford, they also need to buy the simple service\textsuperscript{17}. We see no risk that an FM firm will be able to reproduce everything that Crawford does today, with all technical knowledge that would imply. Therefore, FM companies might not even consider taken anything in-house as long as they see Crawford’s service as a complete service package.

A more long-term suggestion would be to broaden the Crawford service offer to include other services. In the book *Total Facilities Management*, it can be read that the maintenance of elevators is an obvious example of when there is no choice of choosing between many providers because of the complexity and legislation (Atkin and Brooks. 2009g). Broadening the offer to include the service of elevators, even though it might mean partnering instead of taken the competence in-house, could imply that FM companies get the whole specialised Crawford offer including all the door service.

Another suggestion would be to actually embrace the situation instead of preventing it and educate the technicians of the FM companies and teach them how to do all simple services whilst breakdowns and similar would still be in Crawford’s domain. Maybe that could be profitable for Crawford if good contracts are written. This business model would cannibalise on the service business and naturally, a lot of investigation and calculating has to be made in order to make a fair judgement of such a strategy.

\textsuperscript{16} Call service including advanced and urgent repairs.
\textsuperscript{17} Preventive maintenance, oiling and replacement of worn out parts.
9.2.3 FM companies cut prices

Our recommendation in order to prevent and avoid the risk of price-cutting is that Crawford needs to: be able to communicate and show the extra value the company brings, have a more standardised service offer to FM companies in order to optimise the service process, know the profitability of different customers to eliminate the risk of unprofitable contracts, re-negotiate unprofitable contracts even though the risk might be to lose them and finally cooperate with several FM companies to minimise risks.

Crawford’s business model and processes are not designed for low prices and the company has no tradition or culture to compete only with price. There is always a risk that an FM company will demand lower prices and if Crawford cannot do it, they might change service provider. There is a recent example where Crawford lost the contract just because they were slightly more expensive on the hourly rate than the competitor. Either the FM company only looked at the hourly rate price when deciding or Crawford failed to show the extra value they bring compared to their competitor (Webster, Crawford). In sum, Crawford needs to be able to show value in other ways than just by price. We do not have any magical recipes of how to do that but there are surely many ways, the reporting process being the most tangible way to demonstrate the value of the services. We believe that Crawford’s first step is to identify what their value offer really is and then the next step is to become experts in communicating it, either orally or through measurable metrics.

Even though Crawford will not compete with price, we recommend that the service process towards FM companies should be slightly different compared to the process towards other customers. Of course this depends on the different service contracts, but in general FM firms demand a more customised service as there are many different FM clients with depending demands. FM companies do not today take the pre-packaged “key customer service agreements”\(^\text{18}\) but tailor their requirements depending on their clients’ demands, something that could be costly for Crawford. Changing this means that Crawford would need to do service in another type of way, which we believe has to be more standardised and based on volume. For example, Crawford could develop a standardised service offer to all FM companies, which could facilitate for Crawford to make the service process more efficient and raise the margin. This standardised offer could be what FM companies get if they want a low price; then, if they want any adaptations or

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\(^{18}\) By Crawford predetermined service agreements based on equipment utilisation.
customisations, the price will be a different question. This standardised service should not be presented as a package deal but as a special offer with low price.

If FM companies would cut prices and Crawford agrees on doing so to save an important relationship, the impact could be big. If not careful, the specific FM company could turn unprofitable for Crawford when including all overhead costs, like administration and reporting. To avoid wrong decisions, Crawford needs to be fully aware of their cost and income structure to never admit a price that in fact is too low, just because the volume is big. They need to know which customers are profitable and how much, in order to never accept a contract that could end up unprofitable.

Furthermore, when agreed on a price, it is very hard to change it and therefore it becomes vital to do right from the beginning. To not become too dependent and to have a better negotiation position, Crawford should keep cooperating with several FM companies to spread the risks. If Crawford is unsatisfied with a contract, an idea could be to put the contract at risk and re-negotiate it now before the involvement and dependence get to high. It is also important for Crawford to have good negotiators of the contracts.

Finally we want to mention that Crawford should not have to be faced with the position of being totally dependent on any other company. Because of Crawford’s wide customer base, no single customer stands for more than a couple percent of the total turnover. By extension, Crawford should never be put in a position where they feel obliged to take a contract just because the customer is so important. Surely, to not give away easily could mean losing the contract, but it could also mean a more profitable deal in the end.

9.2.4 FM companies enter Crawford’s strong customers
There are many possible alternatives of how to address the threat of this scenario. We would give the recommendation to allow FM companies to enter Crawford’s customers, and to be prepared with a plan so Crawford gets a good deal out of it. The way we see it, this is the best alternative in the long run. If Crawford wants to strengthen bonds with FM companies and see them as partners, as we think they should, being open to FM companies is one way of doing that.

Is there not a risk that FM companies will only take advantage of Crawford? Well, yes and no. No one can deny that it could be a risk, although it is very unlikely. Again, FM companies do not want to put their service providers out of business.
In contrary, they are often seeking long-term suppliers, and by building trust and strengthen relationship, chances increase of creating some kind of partnership. Furthermore, even though the FM company would be a middleman, working together would still mean that Crawford could keep the business with the client.

A much worse alternative would be if Crawford kindly declines to cooperate, first of all because negative signals are sent to the FM company. Then, if the FM company somehow manages to enter the client anyhow, it is no longer the merit of Crawford and hence the relationship could have been weakened in vain and negotiation power from Crawford’s side is much less. An even worse outcome is that another FM company manages to enter the client together with a new service provider and hence leaving Crawford without any business at all.

One also needs to remember that introducing the FM company to the client does not automatically mean that they will be accepted. If they do get accepted, neither does it mean that they necessarily come in as a middleman between Crawford and the client. In the end it is the client that decides whether or not they want the FM company to enter, and what they would like to have included in the service offer. If Crawford has a strong and established relationship with the client, it is very probable that they would like to continue just the way it is.

When Crawford talks with the FM firm we believe that they should focus on communicating the win-win situations that they would like to create with the FM company. The idea is to be prepared and know what Crawford wants the day when it might occur. Crawford’s part of the win-win situation could be a deal where the FM company leaves Crawford out of their service offer, or it could be that Crawford is promised to keep some degree of the contact directly with the end client.

There are also some other things to consider regarding this scenario. Some customers are not equally important for Crawford and “leaving” those customers to an FM company might even be beneficial. As we have mentioned before, working towards FM companies could mean just as high profit as to a traditional customer. Therefore, it could be wise to find out which companies that are really the profitable ones for Crawford and hence apply the strategy especially towards them. If we see it from the other side, there are also some customers that are not equally attractive to FM companies, which also could be of interest to identify more specifically. Quite logically, FM firms are less interested in work places where there is less possibility to perform management of facilities.
When presenting the FM company to the client, it could be wise to do so to another person besides the one that has direct contact with Crawford. For example, quite often there is someone responsible for the management of the facilities, and most probably it is not the same person as the one having the contact with Crawford. That way, it is more likely that the two contracts from Crawford and the FM company could work side by side in the organisation.

Figure 20. Recommendation for identified scenarios.
10 Concluding Discussion

In this chapter the result and quality of the work is discussed. The authors reflect on the contribution of the master thesis and reconnect to the main purpose and research questions stated in the introduction to ensure that the questions have been answered. The chapter starts with a reflection of the quality of the study as decision supporting material based on the Decision Quality Chain.

10.1 Quality review based on the DQC

Throughout the process with this master thesis our goal has been to contribute with information and recommendations for future strategy decisions concerning Crawford’s approach towards FM companies. We have therefore had the Decision Quality Chain (figure 21), closer presented in Chapter 3, in mind to ensure the quality of our work. Below, reflections are made about to what degree each link in the chain is elaborated.

10.1.1 Appropriate frame

FM is not easily defined and there are many different views of what the concept includes. Depending on what position and knowledge companies and people have the concept is used differently. We have put a lot of effort in giving the reader a profound background about FM companies as well as Crawford’s role in the FM context to share a common frame of the situation when we start analysing, discussing and finally recommending our solution to the situation. Even though
our base line is from Crawford’s point of view we have written one chapter
(FM Companies in the Business Context) from the perspective of FM companies to
give the reader some perspective on the situation.

10.1.2 Meaningful, reliable information
We started to interview people from Crawford to understand what knowledge
and mindset there was in the company concerning FM companies. Knowing this
we could obtain our own view of the company’s mindset and concentrate on
gaining knowledge about areas that were unknown. We continued our interviews
with people from the FM companies to get their views and we also had meetings
with various consultants to gain a more objective perspective.

10.1.3 Clear values and trade-offs
The impact/likelihood model presented in chapter 9 shows scenarios that could
affect Crawford’s business the most. Surprisingly we found a linear relation
between the four identified scenarios. In this case trade-offs between different
scenario-related actions could be hard to make. Further research on more exact
economic impact of the different scenarios is necessary to be able to make
rational decisions. Finally, in a much wider perspective, the strategic decisions
concerning Crawford’s approach towards FM companies must be weighted
against other strategic decisions.

10.1.4 Logically correct reasoning
The master thesis is built up with a logic structure in order to let the reader
gradually absorb more and more information to ease the understanding for the
analysis and conclusions in the end. The models we have used help to understand
the complex connections and logic in the FM business context. Models are always
simplifications of the reality but necessary to clarify logic structures. Without
personal or economic interest in particular areas of the company our study could
be considered as objective as a study of this kind could be.

10.1.5 Creative doable alternatives
Based on our identified trends in the FM business we have presented different
possible scenarios that could occur. The management can choose to prepare for
the future in different ways depending on what approach and strategy they think
fits best to Crawford. Some actions will benefit the organisation as a whole and
some actions would be more specific and concerning the strategy only towards
FM companies.
10.1.6 Commitment to action
This is where our contribution ends and we leave the final link to complete the chain to the management team in Crawford. A decision to clarify the strategic direction of how Crawford shall approach FM companies is vital for the success in the area. Before management make their final conclusions of a new statement of direction further research according to Appendix E (Identified areas for further research) is recommended. When a decision is made commitment to action is required. The possible implementation is a critical phase for strategic decisions. The new directions must be communicated and established in the company’s processes.

10.2 Reconnection to the Main Purpose
We believe that we have succeeded in answering the main purpose of this master thesis, namely to determine how the development of Facilities Management companies will influence upon the service strategy within Crawford Sweden. The structure of the chapters is shown in figure 22 below.

![Diagram](image)

*Figure 22. Chapter structure.*

To answer the main purpose we have structured the work with research questions, where the first one was set out to understand the business context of Crawford as well as the FM companies. Chapter 4 is set out to explain Crawford in the business context, what their business model is and how they work with
FM firms today. In sum, one could say that Crawford has a clear service strategy and business model when it comes to traditional customers. Regarding FM companies, however, it seems to be unclear of how they should be approached. Opinions differ, e.g. are they customers or just channels, and there is no single strategy of how to deal with FM companies.

In chapter 5 we put FM in the business context. We describe the value creating process and business model for a typical FM company in Sweden, which is based on economies of scale and the ability to coordinate activities. We continue with addressing some of the most important trends within FM; the FM business is moving closer to management issues and the support of core activities, innovation is increasingly important in the FM business, being global becomes important to reach out to big customers etc. One of the first things we realised is that FM companies probably will influence Crawford a lot in the future since they are continuously growing, as many organisations have discovered the advantages of outsourcing non-core activities. It was also interesting to see how Crawford had similarities to the FM business model with focus on the end customer and on strong long-term relationships. Also, several of the trends in the FM business, like globalisation and technology development, were well suited to Crawford’s capabilities and we realised that Crawford had good foundations to suit well with FM companies. However, some trends pointed in the other direction, like the FM trend of taking more and more activities in-house.

The next research question was to position Crawford in the FM business context, which we do in chapter 6. From the beginning, this was really the big question in our scope but the scope changed as we soon found the answer to the positioning. We have recommended Crawford to work together with FM companies as a service provider as it comes with big opportunities and it is, in fact, the only realistic option with a more growing FM industry.

Having decided that the best option is working together with FM companies the next obvious question was: how to work in the best way? We answered this question in chapter 7 by addressing the key issues when it comes to becoming the preferred service provider and successful together with FM companies. Not surprisingly, a lot of the key abilities desired by FM companies turned out to be closely linked to the FM trends. FM companies simply desire of their service provider to handle the same issues as the FM clients demand of them. Based on these key issues we have also given some strategic recommendations of concrete doable actions that Crawford could implement. Two of these recommendations
were: going into partnership with a core-related business in order to broaden activities and making the service process towards FM companies more standardised. We actually recommend a complementing service business model to the one existing in the company today, which in a higher degree is designed to work towards FM companies. We feel that this is the best way to place a mindset in Crawford where traditional customers are separated from FM companies. An interesting observation here is that Crawford is on its way on several of the key issues in the business model towards FM. However, there are still others that could and should be further developed. We opted not to prioritise the actions due to lack of information in the Crawford business but we would encourage conducting a workshop in Crawford to decide which actions to take.

Finally, we took a step back from the relation between FM firms and Crawford, and we looked at future FM actions concerning Crawford, which could be a potential threat in the future. We first evaluated and discussed these scenarios in chapter 8, which lead to our recommendations in chapter 9 on how to best act in order to prevent the possible threat connected to each scenario. The scenarios are: FM companies switch service provider, FM companies take more activities in-house, FM companies cut prices and FM companies enter Crawford’s strong customers. Some of the recommendations are as follows: Crawford needs to: show value in other ways than price, know the knowledge on margin differences with FM as a middleman and establish a standardised reporting process.

To finally state something about the deliverable, we can say that we are happy with the results and we believe that we have achieved the goal of delivering what was promised. During the project it was important for us to never let go of the final aim, to give strategy recommendations to Crawford. Some of our recommendations have been on a more tactical and even operational level, which we have done on purpose to show the realism in our work and increase the credibility of the thesis. Overall, we are satisfied, and we hope that our work will contribute to the academy and foremost to Crawford.

10.3 Contribution

This thesis presents a comprehensive way of seeing the FM industry in Sweden. Although the concept of Facilities Management has been around for quite a long time, surprisingly little has been written in the area, particularly in Sweden. Focusing on the outsourced FM and the big FM companies in Sweden we have objectively compiled and presented information about the industry and we have
answered the overall questions of how the industry looks today and where it is going tomorrow.

The main contribution of the thesis is the way it enlightens the relation between FM companies and their service providers. Although the thesis is directed towards Crawford, our intention is that every company in the position of a service provider could benefit from the theories presented in this thesis. We have tried to cover all important aspects related to the cooperation between an FM firm and a service provider where opportunities, difficulties and risks are discussed. Our objective is also for the thesis to contribute not only to everyone in the position of a service provider but also to FM companies, which can use the thesis with the aim of better understanding the dilemmas and difficulties often faced by their service providers.

10.3.1 Contribution to Academy

We soon realised that the Business Model Canvas was a powerful tool that could be well applicable in our project and it has been the main theme throughout the master thesis. The project was a lot about identifying, comparing and finding synergies between the overall business in Crawford and in the general FM company. For that reason, theories about business models, which cover the whole spectrum of an organisation, seemed like a perfect match for us. The best model at integrating theory into practise was the Business Model Canvas by Dr. Alexander Osterwalder, which was the main reason to why we chose precisely that model. Through enlightening and using the Business Model Canvas we believe that we have contributed to the practical use of business models and more specifically business model innovation.

Realising that our thesis in the end would lead to strategic decision taking by the management we wanted to find a model that could really assure the quality of our contribution. Searching for relevant models we opted for the Decision Quality Chain, which is a powerful tool for taking strategic decisions. It is a very generic model that takes the most important overall aspects into consideration, which is exactly what we were looking for. Having the Decision Quality Chain in mind helped us to keep focus on the most important issues and assured that we did not miss any big areas.

Even though we have not used any theoretical framework aiming solely to Facilities Management we believe that we have contributed to the research area of FM, more specifically to the relations between FM companies and their service

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providers as explained above. There are theories about these relations but we have not found any as extensive as the one given in this master thesis.

We consider our theoretical contribution - in form of the Business Model Canvas, the Decision Quality Chain and research in the area of FM - to be sound.

10.3.2 Contribution to Crawford

This master thesis first and foremost sheds a light on the mystery of FM. The thesis maps out and describes the FM industry as it is today and also in what direction it is heading in the future. Instead of uncertainty and opinions in several directions, Crawford can hopefully now pull together in the same direction and towards the same objectives.

Crawford could consider themselves very happy when it comes to a future together with FM companies. We believe that the organisation, e.g. due to the position of a market leader and the global presence, is well adapted to work together with FM companies. As well, the service strategy in Crawford, with high focus on the end customer and a desire to build long-term relationship, is aligned with how FM companies see these issues. In sum, Crawford has very good foundations of being successful in a future together with FM firms.

Having this said, Crawford needs to be humble before the situation and use the advantage they have. Surely, competitors will arise and challenge Crawford’s current position. Having the right foundations, then, is a good start, but it is not sure that it is enough to keep the position as the preferred service provider. By getting this master thesis, the management in Crawford now has the right tool to maintain that competitive advantage. To start acting soon will be the key to future success with FM companies and to keep the competitive advantage; this master thesis contributes with concrete strategy recommendations that could facilitate for Crawford to proacting instead of reacting, something that has been a desired aim from our tutor, Mr. Tim Webster.

In Appendix E we have addressed some areas for further research, which could be interesting for people at Crawford to look deeper into.

10.4 Criticism

Because of time restraints, we have had to make limitations in our master thesis. It could be criticised for only taking the perspective of the outsourced FM business and the big FM companies in Sweden when talking about the FM
business in general. We acknowledge this but also claim that the FM business in Sweden is driven and developed by the big FM firms.

We have not done deep research on neither Crawford’s traditional customers nor the FM clients. We have, however, done some research and we have read and gathered secondary data, but we have not taken the perspective of end users in this thesis. Again, we acknowledge this and agree that it is a flaw, even though we believe that the results would not have changed much.

To strengthen the recommendations even further we would have liked to research more within Crawford to understand the processes and costs/revenue streams better. However, it was not prioritised in the time of the project.
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Appendix B: The big FM players in Sweden

When talking about the big FM companies in Sweden, there are quite few. Some of the people we have interviewed would not even agree that the companies we have identified below belong to the category of Facilities Management. This is because of the fact that these companies do not have a total service offer and/or do not support the core activities of the FM client. The FM companies that are most developed, when it comes to working strategically with their clients, are Johnsson Controls and Coor. We have interviewed people from six of the eight biggest FM companies in Sweden.

<table>
<thead>
<tr>
<th>Company</th>
<th>Specialised FM Offer</th>
<th>Turnover EUR</th>
<th>Emp.</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISS Facility Services AB</td>
<td>Infrastructural FM</td>
<td>364,621,000</td>
<td>7,672</td>
<td>All over the world</td>
</tr>
<tr>
<td>Coor Service Management Group AB</td>
<td>Infrastructural FM, Technical FM, Business related FM</td>
<td>546,667,000</td>
<td>4,053</td>
<td>Nordic, Belgium and Canada</td>
</tr>
<tr>
<td>Johnson Controls Integrated Facility Management Nordic AB</td>
<td>Infrastructural FM, Technical FM, Business related FM</td>
<td>47,845,000</td>
<td>182</td>
<td>All over the world</td>
</tr>
<tr>
<td>Addici Facility Management AB</td>
<td>Infrastructural FM, Business related FM</td>
<td>60,048,000</td>
<td>675</td>
<td>Nordic</td>
</tr>
<tr>
<td>Dalkia AB</td>
<td>Technical FM</td>
<td>173,853,000 (2007)</td>
<td>1254</td>
<td>All over the world</td>
</tr>
<tr>
<td>Sodexo Facilities Services AB</td>
<td>Infrastructural FM, Daughter company ACC handles, Technical FM</td>
<td>22,683,000</td>
<td>153</td>
<td>All over the world</td>
</tr>
<tr>
<td>Eurest Services AB (part of Compass Group)</td>
<td>Infrastructural FM</td>
<td>81,748,000</td>
<td>1,068</td>
<td>UK &amp; Ireland, Rest of Europe and the US</td>
</tr>
<tr>
<td>YIT Sweden AB</td>
<td>Technological FM</td>
<td>557,229,000</td>
<td>4,644</td>
<td>Europe</td>
</tr>
</tbody>
</table>

Figure 23. The numbers of turnover and employees are from 2008 if nothing else is written. Source: www.ratsit.com, www.largestcompanies.com Exchange rate Euro = 10.5 SEK

We have summarised data about Sweden’s biggest FM companies in order to give the reader an easy overview over the market. Please consider that not all
companies have an own subsidiary for the FM department; in those cases we have taken the data from the mother company, e.g. Dalkia AB.

**ISS Facility Services AB**

ISS, short for Integrated Service Solutions, is a global group from Denmark which originally derives from the guarding service. It soon made a big name within the cleaning business, which has long been the big flagship for the firm. Since the beginning in 1901 the company has expanded a lot and today it is one the top five biggest private employers in the world all categories, and ISS Facility Services is one of the biggest players on the FM market.

ISS Facility Services operate as an Integrated FM, and due to them being present throughout the world most of their customers are of multinational character. They differ from other FM companies mostly in one aspect; most of their employees work directly under the firm. In order to achieve credibility they want to deliver close to all their services with their own personnel and only exceptionally will they work with external service providers. (ISS website; Gyzander, ISS)

**Coor**

Coor, which was formed in 1998, is the market leader in Integrated Facility Management within the Nordic countries (Coor Annual Review, 2008). As can be seen in the figure below the firm operates over several segments and some of their customers include Volvo, SAS, ICA, Skanska, Sandvik, NokiaSiemens Networks, SAAB and Unilever.

![Coor segments](Coor Source: Coor Annual Report)
Coor claims its competitive advantage to be the fact that they are specialists in supporting the core business work of very demanding customers. The company is focusing especially on developing its real estate- and production services. Investments are made to improve and update systems support, which facilitates and improves the monitoring. A lot of emphasize is also put on issues regarding environmental and energy segments. (Coor website; Rasmussen, Coor)

**Johnsson Controls**

Johnsson Controls is a US company that was founded in 1885, which has a background from the automotive industry. Even though the facilities management business within Johnsson Controls is one of the worlds biggest, it only stands for a small part of the total revenue of the firm.

The company’s capabilities include facilities consulting, performance management, technical services and business support services. The objective is to work close to the core business of their clients, and aligning a facility management program to the objectives of the customer company. Johnsson Controls works on a global basis and tries not to sign contracts on regional levels. (Johnsson Controls website; Pindstofte, Johnsson Controls)

**Dalkia**

Dalkia is one of the most experienced players on the market, with a brand that was created back in 1853. The company exists all over the world and is Europe’s leading provider of energy services. Its mission is to optimise the technical, financial and environmental performance of the energy facilities it manages. In general, the company has a lot of technical services and few soft services. Dalkia gives emphasize to building long-term customer relationships and it is pointed out that the company try to deliver innovative solutions (Dalkia website; Smith, Dalkia).

**Sodexo**

Sodexo (earlier Sodexho) derives from another type of business, namely the food industry. Nowadays the slogan is: “Sodexo, the world leader in Food and Facilities Management services”. The company was founded in France 1966 and nowadays it is present all over the world. FM is now a big part of Sodexo and according to themselves they offer solutions that combine cost-efficiency, system methodology and HR development. According to Erik Wennerholm (Sodexo), one of the core competences is that the company strive to work closely with customers and also to be physically present at site with their customers. Sodexo
works mostly with soft services but also has a daughter company, ACC, which is involved with technical services. (Sodexo website; Wennerholm, Sodexo)

**Eurest**
Eurest Services AB was registered in 1985 and the company mostly concentrates on the restaurant service. There is however also a part nowadays that is dedicated to Facilities Management. Although the FM part of Eurest offers business consulting services as well as technical services, it is still softer services such as reception and restaurant that are the core competence of the company. (Eurest website; Hernström, Eurest)

**Addici**
Addici is a good example of a new company that has entered the FM market the last couple of years. The firm was formed in 2007 and is today one of the biggest players on the Swedish FM market. Addici is owned by Danske bank and it operates in the Nordic countries with about 2000 employees.

Addici is present in workplace services, security and buildings. Most of the business is with offices, industries, shopping malls and airports. (Addici website)
Appendix C: Basic interview guide

Introduction
1) Tell us how you first got in contact with FM?
   • What is you relation to FM today?
2) Where do you work today?
   • What is your position?
   • How big is the company/organisation where you work?

Organisation structure / relationship with FM
3) How does FM companies create value for their customer?
3) How do you work with FM-companies?
   • What is your business model?
   • What is your core competence?
   • How much do you do in-house and how much do you outsource to your service providers?
   • Are you working with long- or short-term contracts with your service providers?
   • How much contact with the FM client does the service provider have?
   • Are there any restraints for a service provider to contact the FM client?
   • How much influence, on the management level, does a service provider have?

Customer segments (retail, logistics and manufacturing)
4) How do FM companies differ in different types of customer segments?
   • What are the characters of the companies that operate within these segments?
5) How broad are the services that FM companies offer in the different segments?
   • Are they often specialised in one segment or do they work in several?
6) Are there any segments where the FM industry is growing more rapidly?

Geographic market
7) To your knowledge, in what countries is the FM industry most developed?
   • What are the differences on how FM companies approach different geographical markets?
   • Do FM companies generally work with local or global service providers?
   • Where can you rate Sweden in terms of how developed the FM industry is?
   • Are there any differences between Sweden and the other countries in the Nordic market?

Customers
8) What characterise the demand for FM within the different segments?
   • How common is outsourcing of non-core activities to FM companies?
   • Is the choice of services provided something the clients finds important?
   • What kind of relation do the clients have with their service companies?
**Trends within the FM industry**

- How has the FM industry changed over the last years? Historical trends?
- What do the future-plans look like; what is the future strategy? Trends?
- Do you think Crawford would suit as a service provider to an FM company?

**Ending**

- Do you have anything you would like add?
- Do you have any questions to us?
- Is it OK that we use your name in our thesis and that we quote you?
- Do you know about any material that would be of interest for us?
- Do you know any person that would be of interest for us to learn more about our thesis?
## Appendix D: Terminology

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>FM</td>
<td>see <em>Facilities Management</em>.</td>
</tr>
<tr>
<td>Facilities Management</td>
<td><em>Integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities.</em></td>
</tr>
<tr>
<td>FM company/FM firm</td>
<td>see <em>I-FM company</em>.</td>
</tr>
<tr>
<td>I-FM company</td>
<td><em>Integrated facilities management companies offers a complete range of support activities and effectiveness improvements to their clients. Some activities are conducted by service providers.</em></td>
</tr>
<tr>
<td>FM client</td>
<td><em>In this master thesis, the customers Crawford have through FM companies.</em></td>
</tr>
<tr>
<td>Traditional customer</td>
<td><em>Crawford’s customers with other channels than FM companies.</em></td>
</tr>
<tr>
<td>Service provider</td>
<td><em>FM companies’ service subcontractors.</em></td>
</tr>
<tr>
<td>Product provider</td>
<td><em>FM companies’ product suppliers.</em></td>
</tr>
<tr>
<td>BMC</td>
<td><em>Business Model Canvas. Alexander Osterwalder’s model presented in chapter 3.</em></td>
</tr>
<tr>
<td>DQC</td>
<td><em>Decision Quality Chain. Matheson &amp; Matheson’s model presented in chapter 3.</em></td>
</tr>
<tr>
<td>Innovation</td>
<td><em>The successful exploitation and capitalization of new ideas.</em></td>
</tr>
<tr>
<td>Coopetition</td>
<td><em>Coopetition occurs when companies that normally compete work together for parts of their business.</em></td>
</tr>
<tr>
<td>IKAM</td>
<td><em>International Key Account Manager.</em></td>
</tr>
<tr>
<td>Glocal</td>
<td><em>A global organisation with local anchorage.</em></td>
</tr>
</tbody>
</table>
Appendix E: Identified areas for further research

• Crawford is already working with several FM companies. However, there are more potential FM companies to cooperate with and it could be interesting for Crawford to actively contact these.

• What is the real difference in profit with FM companies and traditional customers? Are all FM companies less profitable or is it just depending on each contract? How much are the overhead costs of each company? Are overhead costs a lot higher on FM companies? These are all questions that would be interesting to answer in order to make a fair judgment of where to focus in the future.

• In chapter 8 and 9 we discuss the risk of loosing “simple” service such as preventive maintenance if FM companies were to take some of Crawford’s service activity in-house. To choose the correct strategic action and to really determine the impact of this scenario, it would be interesting to know the profit equivalence between the simple preventive maintenance in relation to the total service offer.

• As we have stated, we have taken the perspective of service providers and FM companies. In addition, it would be interesting to conduct interviews with Crawford’s traditional customers to find out their perspective of FM companies; e.g. how do they see a potential entry or expansion of FM firms? As well, it would be interesting to interview FM clients to find out how they perceive FM companies and their services.

• One of our recommendations in chapter 7 is to keep updated on environmental certifications and legislations. Crawford could further research this question to see if they are up to date on all areas.

• In chapter 7 we also recommend to broaden the service offer in order to become more attractive to FM companies. A question to further develop could be whether or not to partner with someone, to make acquisitions or to develop the competence in-house.