

Facilities Management from A to Z



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There are numerous models for the outsourcing of FM services and the dynamic nature of the market means that there are no formal or standard definitions for each. One popular approach is Bundling or the procurement of Bundled services.

Bundling can be defined as “A single outsourcing contract covering the delivery of a limited number of related services”. This differs from other FM service outsourcing contracts in the breadth of services included and in the level of integration management transferred.

A vast range of services come within the facilities remit and a core function of the professional facility manager is to manage the integration of these activities in support of corporate objectives. If all of the services have been outsourced under a single contract then that integration activity can be included in the outsourcing scope and more management responsibility is transferred.

However, when the scope of services is limited, as in the Bundling or Single Service models, then the integrating FM role is retained within the client organisation. The contractor focuses entirely on the delivery of the services and, in the case of bundling, on maximising the benefits to be gained by combining related services.

Outsourcing a number of services to a single contractor makes a lot of sense in terms of reduced administration and management but there needs to be some kind of synergy between the services so that it makes sense for one organisation to be managing them. Crucially, it is important to ascertain if the provider is self-delivering the services or sub-contracting them to a third party. If they are self delivering then opportunities may exist for multi-skilling and multi-tasking which can generate operational efficiencies and performance benefits.

If they are sub-contracting, then it may be more efficient to omit from the bundle any services that are of higher importance to the client organisation. In these circumstances it may be more important to maintain a direct relationship with the company that will be delivering the service.

If subcontracting of any service is permitted then it is good practice to require full open-book accounting and to obtain full disclosure of what the bundled service provider is paying the sub-contractor and whether rebates or volume discounts are involved. This way the client can ensure that the fee takes into account the full benefit of their contractor's purchasing power.

The bookshop of the Chartered Institute of Purchasing and Supply (CIPS) www.cips.org/en-GB/shop/ contains many useful publications covering the procurement of services under different contract models including bundling