

Quantified Benefits from Asset Management

The Sodexo Journey

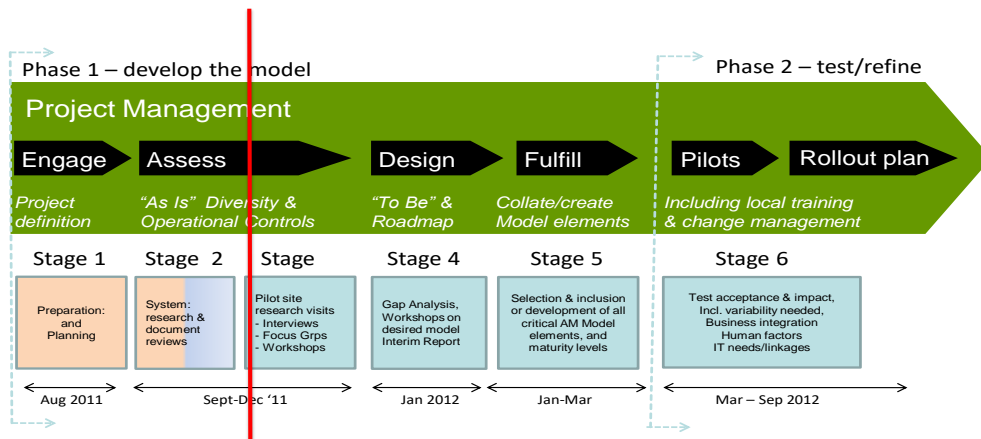
Synopsis

This paper describes how an organisation identified the discipline of asset management as an opportunity to transform their business, to enable growth and for improving value to their customers. As a global business, Sodexo recognised the need to put in place a standard and consistent framework to enable good asset management practice in their facilities management business in order to retain business with existing international clients and to secure new business.

with delivering the client’s objectives and requirements.

This was a challenging exercise, requiring templates that could be tailored to contracts as diverse as large hospital trust long term partnerships, call response centres covering multiple contracts for client property portfolios and single stand-alone office buildings. These templates were designed to be adjusted to create specific solutions scaled and appropriate to each contract. The solution was structured around a management system

The Programme



for assets using PAS 55 as the initial model, later adjusting the model to align with ISO 55001 requirements as these became available.

Creating the process framework was only a part of

The Woodhouse Partnership Ltd were engaged to work with Sodexo managers and technical staff to develop a framework and the necessary documented processes and standards to provide facilities management services to a consistently high standard – and crucially enabled the services to be aligned

the challenge. In order to engage and communicate requirements to a global business, it was necessary to consider the transfer and embedding of knowledge and capability in Asset Management to ensure sustainable implementation of the standards and procedures. Training based on the key principles of Asset Management was developed using ‘e-learning’. The e-learning was enabled to be delivered on a learning

platform accessible at the point of work anywhere in the world.

The approach has proved very successful, and exceeded all initial estimates of added value. The 'Sodexo Asset Management Framework' has been fully embedded into the Sodexo business and is now their standard approach for facilities management. Since 2011 Sodexo's FM business has grown at three times the rate of its Food Services business, and Sodexo is now widely acknowledged, globally, as a leading provider of integrated facilities management. Unusually, Sodexo set out from the beginning to measure the impact of the asset management initiative, and have been regularly measuring and monitoring the 'bottom line' improvements that have been achieved. Clearly the level of improvement will depend on the existing level of maturity, but the following are overall achievements to date:

- Improved control of day-to-day activities and business efficiencies – 7-8% average improvement
- 40% reduction of risk-related costs
- 100% compliance in regulatory activities
- Reduced failure rates - 20%

Individual case studies are available to support examples for specific contracts.

Sodexo needed to be comfortable that this initiative was consistent with their mission of improving quality of life for clients and their consumers. The essence of asset management is to derive value from assets, and specifically the solution enabled the aspirations and objectives of client organisations to be translated into asset related objectives, supported by strategies and plans, with measurable improvement objectives. Sodexo is able to demonstrate added value to their customers – and become the partner of choice.

The success of this initiative was recognised in November 2014 with the award of the Institute of Asset Management's Achievement Award.

Background – The Business Opportunity

Sodexo is a global business that historically was best known for Food and Soft FM 'front of house' services. The business has grown rapidly, from a single country, single contract family business in 1966 to now a global business employing over 440,000 people in 80 countries and this has been achieved by consistent focus on simple business principles and on the mission to improve the quality of life of clients and their consumers.

In 2011 77% of Sodexo's business was provision of Food services and the remaining 23% was other services (including €4.14bn of facilities management). Reviewing their business, Sodexo identified that their biggest potential for growth globally was in the provision of integrated facilities management (FM). This was a competitive market, where Sodexo was not universally recognised as the partner of choice – and their international clients were looking for confidence that a consistent standard of service would be available to them across the world. At that stage Sodexo did not have a standardised approach – as FM services were often added to the portfolio by acquisition of existing providers, there were inconsistencies of quality and variable levels of maturity, when considering the global services provision.

So the challenge was to create a 'Sodexo Way' that would enable a standard, recognisable approach to be put in place wherever Sodexo were responsible for FM services. The vision as for Sodexo to become recognised as a world leader in all global markets in integrated facilities management.

With the capability and reputation in place, Sodexo aspired to not only grow by winning more business with new clients, but to realise opportunities to expand and consolidate existing contracts – securing longer term partnerships and commitment and taking on more strategic responsibilities. This type of business offers more added value to clients, but required improved capabilities and competence in Asset Management within Sodexo.

Partnering – Matching Capability and Culture

Sodexo realised from the start that they did not have the necessary internal expertise, and it would be necessary to partner with an external provider. The criteria considered during selection included:

- **Global** – proven record of working internationally across different countries and cultures
- **Expertise** – recognised expertise in leading asset management practice
- **Capability** – breadth and depth of experienced consultants with track record, able to work and communicate effectively with people at all organisational levels
- **Knowledge** – knowledge of assets and business issues across multiple sectors
- **Attitude** – professional positive ‘can do’ attitude, able to adapt and work with international teams and understand Sodexo and client needs
- **Culture** – similar professional and cultural values to align with Sodexo

Project Overview

The early programme for the first two phases of the initiative is illustrated below – as the

project developed and the solution evolved, the programme was refined.

Phase 1 – develop the model

Stage 1

- Set up a steering group and project team.
- Establish project scope, objectives and governance.

Stage 2

- Desktop review of current status and available documentation

Stage 3

- Pilot reviews of selected locations using 1-1 interview, focus groups and workshops

Stage 4

- Gap analysis to identify what needs to be created, what is available from existing good practice – detailed interim report and creation of improvement programme roadmap

Stage 5

- The master documentation for the ‘Framework’ was developed by a team of six consultants from TWPL working closely with subject matter experts drawn from across Sodexo (leveraging known expertise and good practice).

Phase 2 – test and refine

Stage 6

- Pilot trials of asset management framework (AMF)
- Refinement of model
- Finalise AMF
- Develop Standard Operating Procedures (level 3 documents)

The programme continued with a phased rollout programme, which was detailed country by country, supported by training (including e-learning), and an assessment model was developed to monitor the effectiveness of the initiative.

Developing the Solution

It was important to establish governance of the programme, to ensure control and delivery. The phased approach ensured review and confirmation of the completion of each stage before committing to the next. This was co-ordinated through a Worldwide Technical steering group with accountability for directing the programme, supported by a wider pool of subject matter experts drawn from 10 countries – the Global Asset Management Team. Leadership was needed throughout the exercise to set direction, communicate the vision and maintain enthusiasm. This required not only winning of hearts and minds within Sodexo, but also sharing of the vision to gain support of customers during the development stages. The support of an executive manager as sponsor and the continual proactive efforts and enthusiasm of the project manager were crucial to success.

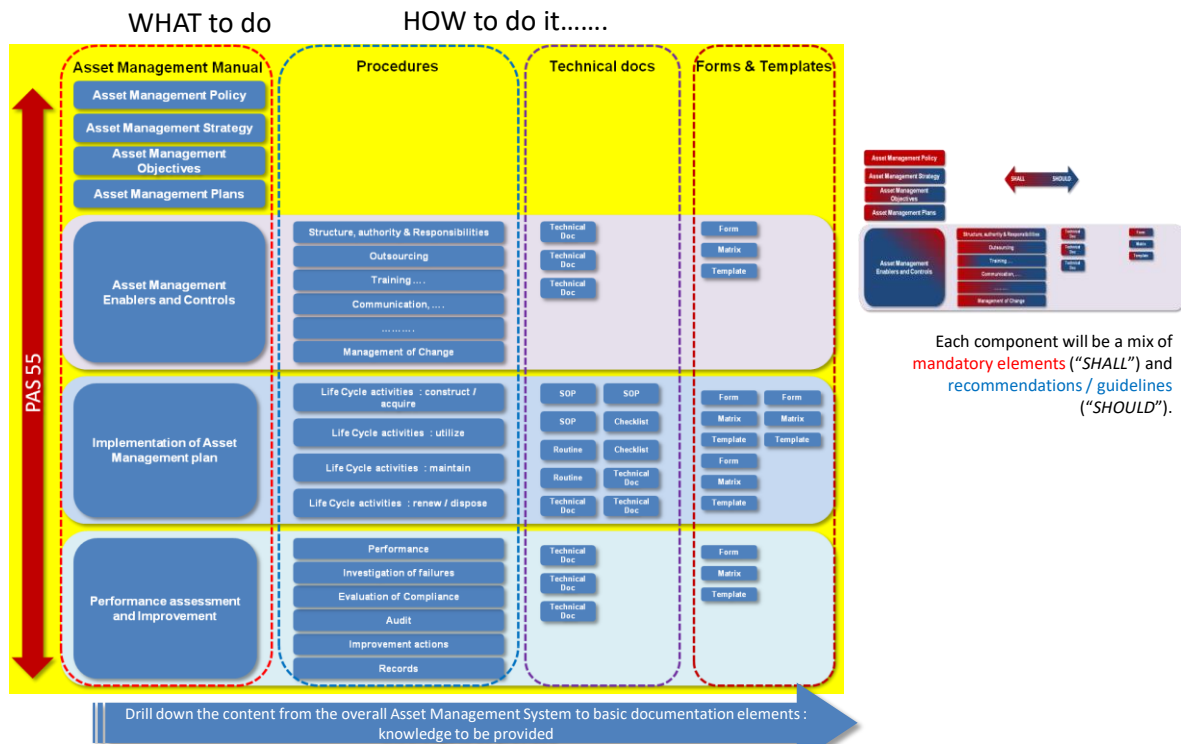
Sodexo worked in close partnership with TWPL in scoping and developing an appropriate solution for an 'Asset Management Framework' that enabled the application of a consistent asset management solution. It was agreed to use a management system model based on PAS55 – which at the time represented the best available standard setting out requirements for good asset management. As the project progressed, ISO 55001 was being drafted, and TWPL consultants, alongside the Sodexo Project Manager, ensured that evolving good practice was included in developing the framework. The framework required to be highly flexible to allow customised solutions to fit with a wide

variety of customer requirements, and asset complexity.

A complete asset management system was developed, though in most cases Sodexo did not have the 'asset owner' role. The challenge was to ensure that interfaces were put in place with activities carried out by others, and in reality this led to positive engagement with clients and often an interest in developing their own asset management capabilities using PAS55/ISO 55001. Some requirements needed extension to the scope of a more conventional asset management system – for example it was necessary to consider processes associated with bidding for new FM business including the management of due diligence and handover.

The chosen AMF solution is illustrated below:

AMF: integrated, documented best practices



The master 'Asset Management Manual' provides a completed overview of the framework and describes how asset management of facilities is to be achieved; this provided a structure and guidance for the supporting documentation.

A single asset management policy was created for Sodexo, which established the global approach, top level principles and organisational commitment for asset management.

26 'process' templates were created which described how activities were done, responsibilities and accountabilities, interfaces and records. These were 'controlled documents', designed to a standardised format, which included high level process diagrams which showed how the activities were managed and the interfaces.

The templates identify what is 'mandatory' and what is 'advisory'. This enables an asset management system to be developed for each customer – with its own 'asset management manual' (the local 'AM bible'). The master templates provide guidance on how to create the actual documents, and provide content that can be used or adapted.

The processes were supported by more detailed technical documents, including 'standard operating procedures' which provided a library of specific procedures for activities such as planned maintenance for specific apparatus. These became available as resources for use where required for specific contract solutions – where other compliant standards (including customer standards) these could be used – enabling a high degree of flexibility.

It was necessary to develop platforms for enabling the sharing of documentation, and for communication between all parties on the project. Sodexo created a web community platform ('Cloud 9') where those working on the project could access 'templates' and see documents and examples as they were created, communicate via forum discussions and see the latest information on progress. This platform was used as the document management system for the global documentation.

It was found that an overall lead was required for the direction and alignment of core documentation from TWPL – this ensured alignment of the framework and templates, and that content and written style was consistent.

Pilot Trials

Although the initial work was done of the framework as a desktop exercise, it was during the pilot trials that many lessons were learned, and experience from these pilots enabled the documentation to be improved and the engagement process refined before committing to a rollout programme.

Important lessons learned during this period included:

- Good engagement with the client essential.
- Need to win the hearts and minds of the customer and the local team – this includes spending time in communication.
- Ensuring availability and commitment of the local team essential
- Working with the team to create an AM manual that is useful and provides real practical guidance on activities is essential.
- Working with the local teams to understand and crystallise core processes – such as how planned and unplanned work is scheduled/

- resourced gave immediate benefit and revealed efficiency opportunities.
- Many of the gaps (such as putting asset risk management in place) can be closed using common processes and procedures.
- Spending time with the client and developing asset management objectives and strategy was generally well received and built improved relationships.

The pilots were chosen deliberately from a wide range of countries and contracts. Each pilot learned and improved from the one before – and in fact it was found that there was a surprising amount of commonality in required solutions. Eventually this created a 'toolkit' which enabled solutions for any contract to be assembled quickly.

Refining the Solution

In practice the trials ran concurrently with the refinement and development of the AMF documentation. A number of iterations were required before the core documents were finalised, the process taking in all approximately 3 months. The library of more detailed standard operating procedures (SOPs) was developed alongside the 'level 2' processes, and was created to be consistent with them. In practice these were found to be useful particularly where no local procedure existed – in other cases agreed contractual maintenance procedures were used.

The asset management framework includes continual improvement, and a number of processes that use asset information and root cause analysis to identify treatment and improvement of asset activities. These immediately start to impact on the effectiveness of asset management, particularly reliability, and can result in changes to planned procedures.

Processes are now controlled, ensuring consistent delivery of planned activities, and effective use of performance measurement. In many cases just the exercise of identifying and documenting these controls enabled efficiencies to be realised.

For the first time a strategic approach was put in place by design, enabling systematic long term management of risk and opportunity at contract level.

People

The programme was led by a small group with accountability for technical advice and direction, but it was necessary to engage and get consent from national senior managers with line accountability. The project was sponsored by a senior executive, and the leadership and vision enabled good engagement and support globally. All personnel involved in this project required to demonstrate commitment and operate frequently both as team members and leaders. The success of the project was a result of the effective team-working.

The stakeholders involved included nine Global AMF Core team members, representing the global asset management organisation for Sodexo, six expert TWPL consultants, the Sodexo Group VP for Asset Management (Project Leader), two senior client representatives – General Manager P&G Manufacturing, Estates and Services Director Melrose Wakefield Hospital US, four Sodexo Asset management Champions. Board level sponsorship and executive ownership at Sodexo was provided by the Executive VP for Marketing and Executive VP for Strategy.

Business benefits

The project has delivered objectives and realised benefits exceeding preliminary estimates. Initially proposed as 'discretionary', the Asset Management Framework has now become a requirement for all new FM business and is being universally adopted. The framework creates the consistent asset management system compliant with ISO 55000 and good asset management practice, with embedded continual improvement methodology. Clients are engaged and agree asset management objectives and strategy that aligns with their business drivers – benefits are realised and measured.

- Improved control of day to day activities and business efficiencies – 10% average improvement.
- Risk Management put in place for assets and their performance, including the assessment of criticality and the development of contingency planning and mitigating actions to prevent business interruption. Mitigation of potential risk of business interruption – 40% reduction of risk related costs.
- Defined strategic alignment of the organisations key objectives with those of the asset management system, and the specification of performance indicators which directly impact the organisations ability to achieve its key objectives. Defined improvement in customer service and demonstration of 100% compliance in regulatory activities;
- Clear definition of asset performance criteria and data collection requirements to ensure effective feedback on asset condition and status and continual improvement of asset management activities. Reduced failure rates - 20%.

Rollout

As at April 2015, the Asset Management Framework has now been launched on 43 projects across 21 countries, and involves a community of 524 managers and technical staff in implementing asset management; Sodexo have launched a global learning programme which is based on the IAM competency requirements and involves 17 e-learning modules and five face to face classroom workshops. This learning programme is available in 9 core languages and we have a global learning population of 1371 management and technical staff.

Benefits Validation – the Bottom Line

Sodexo have demonstrated increased benefit for our clients in the implementation of best practice asset management – which are published as individual case studies. This information is client sensitive but we have achieved a range of benefits for our clients, including (examples):

- Operational efficiency through improved asset management planning of 30%;
- Total cost of operation reductions of between 7% and 12% per annum;
- Increased reliability of asset infrastructure by between 10 and 25%.

Sodexo's overall objective is to enable at least 100 basis points of margin improvement against the Group Technical service revenue earnings through the application of the Asset Management Framework.

In addition Sodexo have enabled the Global Asset Management community across 21 countries through the use of effective Knowledge management and sharing and

Improved the level of engagement of the global technical community by 4% above the average level of employee engagement as measured by Sodexo Group for its 2014 employee engagement survey.

Sodexo estimate that for each 1% improvement in engagement we will see a reduction in staff attrition by 1%. This equates to a reduction in attrition of 800 staff annually in the Sodexo technical community globally.

For more information

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