Alternative models for the management of FM services: An empirical investigation

Tomi Ventovuori (tomi.ventovuori@poyry.com)
Pöyry Building Services Ltd, Finland
Tero Lehtonen (tero.t.lehtonen@tkk.fi)
CEM Facility Services Research, Helsinki University of Technology, Finland

Abstract

Purpose: This paper aims to create a deeper understanding of the make or buy decision process, the criteria for the selection of a certain relationship type, and the differences between alternative relationship types in FM services.

Design/methodology/approach: The paper is based on literature review and qualitative research. Empirical data was collected from both clients and service providers using semi-structured interviews, practical observations, informal discussions and focus group interviews.

Findings: When FM service activities entail strategically important skills and knowledge and when outsourcing may have a profound effect on the clients’ ability to satisfy the end-users needs, vertical integration is chosen. Respectively, a collaborative approach is recommended in cases where the service is of high importance for the client’s or end-user’s business, there is a need to share sensitive or strategic information, the purchasing volume is high or the management of the purchasing situation is difficult because of the complexity of the purchased service package or market conditions. From the relationship management point of view, three different types of relationships (i.e. arm’s length relation, operational partnering and strategic partnering) can be recognized in the FM services context.

Practical implications: The sourcing portfolio model, which can be used as an analytical tool to support the selection of an appropriate governance model for different service packages, is introduced. Additionally, the results aid the development of appropriate action plans for the management of different kinds of relationships.

Originality/value: This paper contributes to creating an enhanced understanding of outsourcing decisions and different types of relationships in the FM services context for both researchers and practitioners.

Keywords: Outsourcing, portfolio models, inter-organizational relationships, FM services