



Embracing Change: Evolving opportunities in the Facilities Management Industry

Reading Time: **6 minutes**

26 Dec 2023



Written by
Dawn Thomas
Partner
GRC
Crowe UAE



Written by
Rajeev Nanda
Director
Internal Audit Department
Crowe UAE

In the ever-evolving landscape of facilities management, key trends and transformative strategies are shaping the industry's trajectory. From navigating the challenges posed by dynamic regulations to embracing technological advancements, healthy players in the industry undertake a comprehensive approach to convert challenges into opportunities. From financial governance to technological optimization, compliance management, human capital empowerment, and nimble procurement methodologies, each facet is addressed with precision. The industry, now a multi-billion-dollar powerhouse, is not just resilient but also adaptive, showcasing a commitment to excellence and innovation. This article provides a glimpse into the holistic and strategic mindset essential for success in the dynamic field of facilities management.

In a rapidly changing landscape shaped by evolving lifestyles, technological advances, and dynamic regulations, facilities management emerges as a crucial force. Acting as stewards of stability amid flux, facilities managers oversee a dynamic tapestry where orchestration meets adaptability. This multifaceted discipline involves lease management, capital projects, maintenance, energy management, occupancy, staffing, employee experience, emergency management, and real estate.

The facilities management industry has transformed from a niche service sector to a multi-billion-dollar powerhouse, reaching a substantial value of USD 1,260.0 billion in 2022. Projected to expand at a notable compound annual growth rate (CAGR) of 6.7%, the market is anticipated to reach \$2,031.4 billion by 2030. This growth is driven by urbanization, industrialization, and global investments, with the UAE exemplifying this trend due to its transformation into a global business hub.

Despite challenges, such as the impact of the Covid pandemic, the industry showcased resilience by adapting to remote work and socially distant workplaces. The imperative for modern custodians is managing diverse systems and technologies to optimize efficiency and control costs. A parallel trend is the industry's shift towards outsourcing, as companies seek specialized support, cost efficiency, and focused resource allocation.

Amid this landscape, Crowe, with decades of expertise in the Facilities Management Industry, leads the way by offering tailor-made solutions for businesses navigating this evolutionary crossroad. Our approach is driven by key trends, emphasizing ongoing innovation to meet client expectations and pave the way for greater possibilities in this transformative journey.

Effective Financial Governance:

Central to effective operations is a thorough financial management review process, starting with aligning finance systems with established policies for seamless compliance. We enhance the customer's finance manual, emphasizing responsible financial governance through a delegation of authority matrix. Transparent cash call processes and reliable intercompany transactions contribute to robust financial reporting.

Meticulous fund management, stringent controls in bank account operations, and rigorous evaluation of bank reconciliations ensure integrity. Our financial management encompasses approval authorities, secure banking frameworks, and precise monthly and yearly financial closures, reinforcing our commitment to transparency and resource safeguarding.

Optimizing the Technological Environment:

The facility management industry, evolving from manual checklists, now leverages Computer-Aided Facilities Management (CAFM) systems. These specialized software systems optimize space management, support preventive maintenance, and enable real-time inventory monitoring, resource allocation, and robust reporting. CAFM integration with CRM platforms enhances data confidentiality, customization, and accessibility, contributing to cost reduction, heightened security, and improved collaboration. The industry is also exploring the integration of artificial intelligence, shaping its future trajectory. However, technological hurdles persist, and a consulting partner's expertise is crucial in navigating these complexities and bridging the gap between innovative solutions and real-world implementation.

Effective Procurement Management:

Facilities management procurement is the intricate amalgamation of organizational processes responsible for sustaining and enhancing designated services that bolster the efficacy of primary activities. The achievement of successful procurement and logistics services hinges upon an in-depth comprehension of user expectations, meticulous budget assessment, and precise alignment with needs.

Navigating the Compliance Management Landscape :

Compliance is a critical aspect of facilities management, mandated by statutory laws to ensure the well-being of staff and visitors. Facilities managers bear the responsibility of meticulously maintaining compliance protocols, aligning with all relevant statutory and regulatory statutes. Beyond meeting minimum requirements, the focus is on achieving comprehensive coverage, showcasing a commitment to excellence and instilling confidence among colleagues, stakeholders, and investors.

An effective consulting partner with a dedicated team of specialists plays a crucial role in monitoring legal frameworks and global quality benchmarks, including ISO standards such as ISO 41001, ISO 50001, ISO 55001, ISO 20400:2017, and ISO 9001. This commitment enables clients to align with these standards, fostering efficiency and excellence in facility management while shaping extended compliance strategies for seamless operations.

A good consulting partner empowers clients to prioritize compliance in review meetings, demonstrating an unwavering dedication to adherence across necessary domains, fortifying the foundation of operational integrity. Extended compliance efforts may involve acquiring EHS certificates and adhering to ISO 27001 standards.

Empowering the Human Capital:

Effective facilities management hinges on a top-tier workforce, necessitating a comprehensive human resources structure. This begins with meticulous alignment of the HR system with policies, involving rigorous scrutiny for risk identification in Human Resources & Payroll through robust controls. Modern learning methods, including skill-focused videos and VR technology, replace traditional training for upskilling.

The service framework encompasses diverse activities such as contract administration, job description evaluation, turnover analysis, and succession planning. Crucial mechanisms for terminations, benefits, training, and performance management are equally emphasized. Strategic KPI monitoring, coupled with HR system reviews, enhances operational efficiency. Thorough onboarding, precise record-keeping, and streamlined staffing protocols ensure harmony, while regular reporting promotes transparency.

Simultaneously, strategies are employed for Emirati national recruitment, incorporating stringent data control evaluations and confidentiality measures. Scrutiny extends to the meticulous integration of employee data into payroll sheets, managed precisely through external partners. This comprehensive approach establishes the foundation for unified HR operations, upholding high standards of compliance and efficiency.

Synergy of Budgeting and Variance Analysis:

Budgeting is a crucial financial tool, serving as a strategic compass for allocating resources to achieve predefined goals. It plays a pivotal role in benchmarking, monitoring, analysing, and controlling the uninterrupted flow of business operations. Variance analysis is equally vital, enhancing the efficacy of budgeting by facilitating an objective assessment of actual financial performance against projections. This scrutiny identifies deviations, reveals underlying causes, and enables the implementation of adjustments to ensure the realization of financial objectives.

The synergy between budgeting and variance analysis is indispensable for financial success. This tandem acts as a financial diagnostic tool, empowering businesses to monitor fiscal well-being, enhance cost control, and make strategic adaptations to stay on the right trajectory. In essence, the combination of budgeting and variance analysis delivers invaluable insights and empowers organizations to command authority over their financial resources.

Precise Procurement Orchestration:

Also, ensuring the segregation of roles between procurement and payables is paramount. Vendor prequalification, request for proposal processes, bid collection, and evaluation are scrupulously executed with consideration for technical and financial facets. Methodical vendor selection and negotiation follow, culminating in the preparation and endorsement of purchase orders. Authorization protocols and legal reviews are intrinsic. Procedural precision is upheld in the receipt, inspection, and acknowledgment of goods and services against issued purchase orders. Additionally, the timeline from requisition to delivery is meticulously gauged and documented. This ensures the orchestration of procurement with exacting commercial and reputational precision.

Adopting a Nimble-footed Methodology:

Integral to effective facilities management is the capacity for flexibility, adaptability, and scalability. As prevailing methodologies become obsolete in the face of evolving standards and rising customer expectations, the prowess lies in staying attuned and responsive. It is important to track and embrace dynamic standards within the array of methodologies in facilities management, such as 5S and PPM schedules. For instance, 5S targets waste reduction, while Six Sigma hones in on process enhancement and defect eradication. Recognizing this, the optimal route involves amalgamating the strengths of various practices to construct a tailor-made, future-proof framework.

Know more about our services and expertise at www.crowe.com/ae

References:

- ❶ IBM.com; **What is Facilities Management**; <https://www.ibm.com/topics/facilities-management>
- ❷ U.A.E. **Facility Management Market Report by Service - Industry Analysis Forecast to 2030**; Published: December 2022; Prescient & Strategic Knowledge; <https://www.psmarketresearch.com>
- ❸ Yahoo Finance; **'United Arab Emirates Facility Management Market Revenues to Reach USD 9.87 billion by 2028'**; <https://finance.yahoo.com/news/united-arab-emirates-facility-management-133000324.html>
- ❹ Global Newswire; **'Facility Management Market Size [2023-2030] Worth USD 2,031.4 Billion, Exhibiting a CAGR of 6.7%'**; <https://www.globenewswire.com/news-release/2023/06/20/2690706/0>
- ❺ Finance Journal Global **via LinkedIn Pulse**; **2023 Facility Management Market: Future Growth Research Report by Industry Expert**; **October 4, 2023**; www.linkedin.com/pulse/2023-facility-management-market-future-growth-research/