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RAIKES: CUSTOMERS ARE GUILTY OF PURSUING BAD PROCUREMENT HABITS



Tony Raikes

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The managing director of a large facilities management company says the industry customer base must change its procurement habits in the aftermath of the collapse of Carillion.

Tony Raikes, managing director at Vinci Facilities, told *FM World*: “My hope is that our competitors’ management teams will be under pressure to pursue more sustainable strategies. The customer base has to change its procurement habits. Customers and the government have been guilty of pursuing low-cost solutions. And the government has been under pressure to pursue best value.”

Raikes describes how Carillion's situation was "shocking in how they have gone immediately into liquidation" and how it was "unprecedented that a company of Carillion's size got into the position they got themselves into".

He added: "It is devastating for thousands of people, particularly their supply chain. There is sadness in those stakeholder groups. You never want to see a competitor go in the way they have gone."

Raikes said there's "a lot of evidence that Carillion underpriced contracts in the past" and "there is an inevitable consequence" to that.

He said "we have to be careful" when it comes to calling for a wholesale reform of outsourcing and procurement because "there's a lot of good clients and service providers that use sensible, sustainable strategies".

It was "hard to comment on specifics", added Raikes, and it was "too early to ask what the Carillion story will mean for the market" in the long-term.

"A lot of people are going to suffer as a result – employees, suppliers and clients. We have to worry about them in the first instance, but we also need to discuss what to change about how the market works that discourages low pricing."