

# VALUABLE LESSON

Tony Raikes, Managing Director of VINCI Facilities, is feeling positive about the FM sector - and the reason, he tells Sara Bean, is because VINCI clients understand its value proposition

**It's been a difficult year for some of the big-name support services and construction companies, with the likes of Mitie, Carillion and Interserve all posting profit warnings. By contrast, some support services suppliers have thrived. VINCI, the parent group of VINCI Facilities, reports that revenue was up 5.1 per cent to €18.5 billion for the first half of the year, and it has forecasted higher revenue and earnings in 2017. Within VINCI Facilities, margins have increased year-on-year over the last four years.**

According to Tony Raikes, MD of VINCI Facilities, whether his business shrinks or grows is immaterial: "One of the fundamentals about me and my business compared to my competitors is that I'm under no pressure to grow; my boss couldn't care less if I shrink 10 per cent or grow 10 per cent because it's all about the bottom line. I don't have to go chasing work or chasing clients as there are enough clients out there who will treat the contractor fairly and who understand the value proposition."

In a sector where the oft cited 'race to the bottom' to win contracts is said to stifle innovation and threaten to lead to the commoditisation of facilities management, this is a rather liberating position for a managing director. For Raikes it means that VINCI Facilities is in the enviable position of being able to compete for contracts based on the quality of service, rather than offering the lowest price. "Mitie, Carillion and Interserve have been aggressive competitors over a number of years and we have always taken the view that their strategies



## CUSTOMER CULTURE

are not sustainable," he says. "I can cite various instances where they have been significantly below us or the market. It's very difficult to deliver a service when you are 25 per cent cheaper than the marketplace - particularly in FM, where the majority of the cost is people."

Raikes knows all about tight margins as he came into FM from the construction side, where margins were "pretty low consistently". He had worked in the construction sector in the UK, China and Africa, and on returning to the UK decided he wanted a change. He joined Taylor Woodrow Facilities Management (which later became VINCI Facilities) in 2001 on the BT Cellnet contract. He steadily worked his way up through the ranks, and with VINCI's acquisition of TW FM, was appointed MD of VINCI Facilities in 2009.

He explains: "VINCI's culture is very similar to Taylor Woodrow, which is about understanding your customer, doing a good job for them and taking the long-term view. When we set up the business in 2009 we took a bet there would be enough customers to appreciate what we do, and that those we want to would remain with us as long as possible."

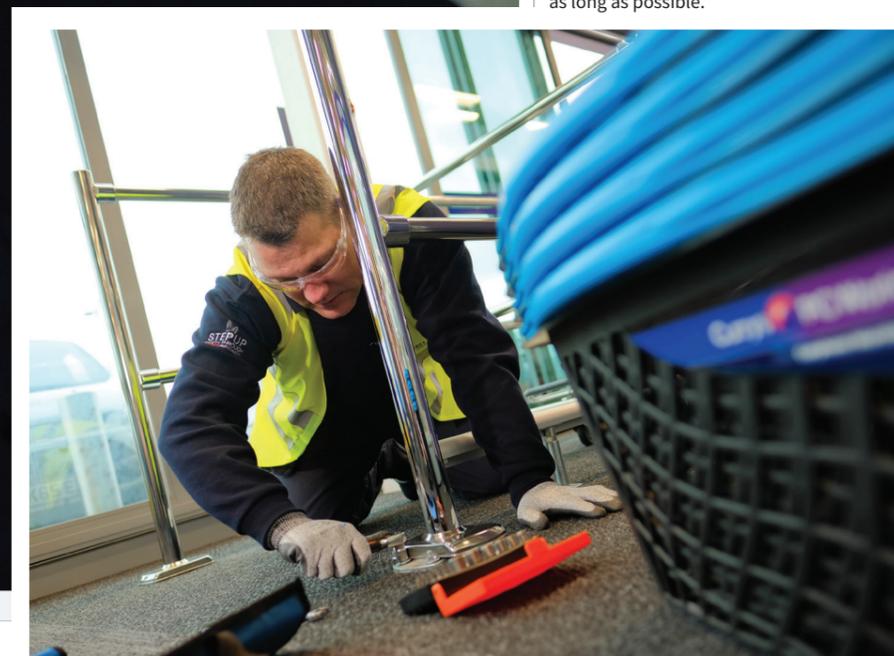
Around 60 per cent of the VINCI client base is in the public sector, the rest within the private sector. However, explains Raikes, it's the culture not the sector that defines relationships. Within the public sector, VINCI has won a number of contracts based on value and not price. This speaks volumes for the depth of understanding between the company and its clients, such as the £7 million contract with The Royal Parks, covering 11 parks across London, including Hyde Park, Kensington Gardens and Richmond Park. VINCI has also built a positive relationship with the Welsh Government, reflected in the renewal and expansion of its FM service contract.

Says Raikes: "We also work with a number of retailers, so it's not a vertical market thing; it's all about customer culture and the individuals within those cultures. For example, we have worked continuously with Dixons for 11 and a half years, and earlier this year commenced another three-year contract. As a sector, retailers are aggressive, have very short-term memories and are tricky to work with, which is why you can put retail in the category of client base where it is very difficult to demonstrate value for money.

"Yet [with Dixons] we've found a retailer who absolutely understands value for money, they're aggressive in the fact that they'll go out to market and keep testing, and are an intelligent client because they understand what value is."

Raikes believes that FM isn't just about managing an office environment. With VINCI's portfolio of clients ranging from commercial offices to managing more unusual facilities, such as Canal and River Trust properties (featured in the May issue), he disagrees with the suggestion made in The Stoddart Review that perhaps facilities managers could be rebranded as workplace managers.

"Offices, retail, schools and hospitals are all workplaces, but the majority of people are not workers. If one of the problems



[for FM] is that we've struggled with the recognition of FM as an industry, it's not helpful to rip it up and start again. Why rebrand and rebadge the industry? The office workplace is a very narrow segment from a whole range of sectors, so changing now would only go to dilute that message."

He argues that FM just needs to continue to do what it does well, and over time the sector will get more and more recognition. He also believes there's an increasing number of clients that understand the value that FM can bring, and that in the longer term that value will only be enhanced because of a growing ability to help clients get more out of their facilities – whether it's improved productivity in the workplace, better patient care in healthcare, or enhanced retail experience.

## DIGITAL FUTURE

Raikes agrees with the growing acceptance among those in the sector of the role of technology and the digital agenda, from the way FM interrogates data to how social media can help to measure performance. "How we collect data and how we combine that from different sources will enable us to make better decisions, or give better business cases to our clients to do things in a different way," he says. "We are custodians of a lot of built-in environment data, but if we become the custodians of employee or user satisfaction data and start combining those two things, we'll enhance management information."

One of the innovations VINCI is working on is creating a platform called MYMI, which draws information from a range of systems to produce a platform for the client who then has access to a complete picture of their entire portfolio. Raikes also predicts that as social media becomes more prevalent, user groups will use their voices via social media to give FMs vital feedback, which they can present back to a building owner to say 'if you apply this you will get better outcomes'. "All this means we're in an expanding role where customers are more understanding of the value of their asset and how to sweat that asset," he says.

The societal impact of FM has grown in importance over the past few years, and RICS has reflected this in its latest set of strategic FM case studies, which focus on the many ways facilities management can contribute to communities. VINCI is featured for its work with stakeholders to improve the learning and employment skills of young people in east London which developed from 'Reading from the start' – a joint programme with the Peabody Group to help tackle the issue of illiteracy and poor educational support in three London



boroughs.

Explains Raikes: "We created our business strategy seven years ago, which are all aligned to a common purpose. Yes, we want to make some money and the way to do that is to deliver a great client service for which we need great people. To have great people we need to attract and retain great people, and so we have to do a number of things. With a social project such as the Peabody, we are not only helping people but creating an environment where people are proud to work for us. These are not discrete activities – we try and create an environment where our teams carry out societal work in the areas or regions in which they are working."

## DIVERSITY AGENDA

Raikes also feels strongly about increasing diversity within the business, and led VINCI Facilities' fairness, inclusion and respect agenda back in 2009 to pursue investing in diversity as an accreditation. A couple of years ago it was decided to move to the next level and take a more consistent view across the whole business. After putting 70 senior VINCI people through a course lasting about 15 months, the firm earned an accreditation for Leaders in Diversity (LiD).

Says Raikes: "Understanding diversity is such an important issue, from a moral and business sense. Why am I so passionate

about this? Because not everyone who is good at their job is white, middle-aged and bald like me. If we are open for business for every person from every walk of life, we'll have the biggest, deepest talent pool to pick from."

He's also passionate about addressing mental ill-health in the workplace, and this year's VINCI Facilities health and safety week will concentrate on the health aspects of the term.

"We want people to feel OK about discussing mental health to help take the stigma away. It really shouldn't be a problem in an organisation for people to talk about mental health. One of our senior team is going through a gender transition, and I hope their experience will convince anyone within the business to be themselves in whatever form that might be."

VINCI is also working hard to ensure it is spending as much money on developing its people as on paying the Apprenticeship Levy, with the consequences being that "I'll have better trained, better developed people in one, two or three years' time. Brilliant."

He concludes: "Over the years VINCI has got better and more robust, with a cadre of people who have been with us for a while. We've also brought people in at senior or middle management level who bring in expertise, which is all helping us build a strong team for the future."

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