

The interviewee: Tony Raikes, managing director, Vinci Facilities

The issue: A growing awareness among clients of the strategic value of building assets

Looking to the longer term



‘The long term’ – it can be an ambiguous phrase, and something that clients have historically failed to consider when considering how they let their FM contracts.

But all of that is changing if Vinci Facilities’ Tony Raikes is to be believed. Because, says Raikes, “the really interesting thing for me is the discussions we’re now having about the long term; discussions which didn’t really exist prior to the recession.”

In a bullish interview with *FM World*, Raikes told us that Vinci’s public sector clients “have got more confidence about where they’re going”, and that existing clients in both the public and private sector are spending more, becoming “more clear about their direction. They’re really thinking about the whole-life cost of their assets and less about the FM contract provision in isolation”.

Asset strategy

Throughout the recession there’s been growing recognition, says Raikes, of what can be achieved by calculating the right balance between capital and operational expenditure – and how that is the right way to go.

“Whether they can get backing through their boards is a different discussion, but certainly the discussions taking place between

us and our direct clients – the person responsible for running the contract – are tending towards longer-term conversations.”

And these discussions are about the longer-term estate and asset strategy.

“Contracts are still being let on a short-term basis,” explains Raikes, “but there are more contracts with explicit provisions incentivising the contractor to think about the longer term, and that if they do they will get their contract extended.”

The issue, explains Raikes, is that clients are starting to appreciate the three components that go into asset planning – the impact of running to fail, the impact of maintenance to set criteria, and the impact on fuel expenditure of decisions made either way.

“I don’t believe that running equipment to fail and then renewing it is the answer, because it becomes more expensive from an energy consumption perspective; if you’re running outdated kit, then you’re exposed; also, at what point are you

defining failure?”

Is this new appreciation of longer-term planning something that Raikes can identify in all of his company’s clients?

“No, but more and more of these discussions are happening, and in quite a diverse range of sectors, too. My own personal view is that with retailers, for example, and also governmental organisations and utilities, there’s a maturing of our clients’ mindsets; it’s not just about next two years anymore, it’s about a five or even a 10-year plan, and that’s great.

“Asset coding is being conducted at a much more granular level; we’re getting to have a greater level of visibility of our client’s assets, at least in those situations where they want us to have it.”

Scenario planning

Vinci is now spending the time, money and effort to build up asset registers, while at the same time assessing the condition of those assets. “With both aspects of that data we can do some very good predictive cycles on scenario

planning with Opex versus Capex. And that’s key.”

But while it’s good that clients are working with contractors to make longer-term decisions regarding their assets, contract terms become an issue. While discussions about maintenance strategy make sense within a PFI arrangement, with relative short-term contract terms in other arrangements the contractor is being asked to contribute to the strategy for the asset base of that client with no more than three years of guaranteed involvement in the contract.

“Right, but all of that depends on how you look at your job,” says Raikes. “Clearly, at some point someone in procurement will say that it is time to test the market – but I go into every contract with the intention of working with that client forever.

“It’s not just about delivering what the contract states, it’s about delivering a benefit to the client that provides a compelling case for that client to extend their arrangement with us.”

“I have an inherent belief that we will always be able to create a situation in which both ourselves and our client benefit.”

“I go into every contract with the intention of working with that client forever”

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