

My top tip

The global economy is shaky and the outlook is not good. So how does this affect support functions in a business operation? Should you work differently with services in good times compared to hard times? Bearing in mind the prevailing uncertainty, we have made the economic outlook a theme in Nova for 2008. First of all Jan Mohlin, Director of Facility Management at Ericsson, talks about what it's like to deal with FM during a recession.

My top tip – whatever the economic outlook – is to make sure your service delivery is flexible and can be easily scaled up or down. You can then develop and modify the content and scope of your service support based on the changing needs of your company or organisation. To ensure flexibility in an outsourced service delivery, one of the most important factors is to have functional, well-considered agreements in place. I know from experience that it takes time to draw up an excellent agreement, but that it pays for itself because it lays the foundation for a service delivery that will develop continuously and support the operation in good times and bad.

Wishing you a pleasant spring season!

 Services in recession

Co-operation vital in a recession

It will soon be 10 years since we saw a recession. However, after several very strong years there is no getting away from the fact that the economic outlook is weakening. But how is the FM department affected by falling demand in the core business? Is it business as usual, or does service change? According to Jan Mohlin, Director of Facility Management at Ericsson, a recession often reveals just how good the working relationship between client and supplier really is.



*Mats Jönsson, CEO,
Coor Service Management*

Ericsson outsourced its FM operations in 2000, the overall aim being to reduce facility management costs. Today, all Ericsson service in the Nordic region is sourced from Coor, and the Swedish operation is governed by an internal group of four people, who also have a functional responsibility within Ericsson globally.

Adaptability is key

In a recession, there are higher demands on being able to adapt to the prevailing climate for the core operation. Jan Mohlin says that flexibility in agreements is vital for the FM operation to be able to adapt to a more restrained reality.



“The important thing is that the supplier knows when to slow down. We too have a responsibility as a client to communicate our wishes and requirements to the supplier. If, like us, you enjoy a good relationship with your supplier, the discussion is open and productive even when times are hard,” says Jan Mohlin, Director of Facility Management at Ericsson.

“The overriding experience from the last recession was that the agreements we had in place carried on working well even when the economy turned. We didn’t really need to alter the agreements much. There were already conditions in place to downsize the operation, and even to reduce the workforce according to the new situation. Working together with Coor, this all went very well even though the last recession was a very bad one.”

Jan Mohlin says that co-operation between client and supplier is absolutely crucial.

“Some services will always be needed, and there’s a bare minimum that has to be maintained otherwise quality will suffer unduly. That’s why we regularly have an external evaluation consultant look both at the quality of the functions and our co-operation with Coor to see how we’re working together.”

On occasion Ericsson has consciously reduced the quality, although this mostly relates to changes an end user would not notice. According to Jan Mohlin, one important aspect is to work with the utilised space.

“Our focus is on using fewer square metres. This may mean the price per square metre actually increases, but that the cost per employee decreases because we utilise the space more efficiently. This is a constantly ongoing process, whereby we look at how many square metres each employee is using and at ways of concentrating activity in our premises, for instance.”

Better prepared this time round

Jan Mohlin explains that experience from the last recession has made Ericsson better prepared for the one it now faces.

“We’re acting well in advance this time round, and the conditions are different. Last time Ericsson was a company in crisis, whereas things are completely different now. We’re making money and taking market share. What we’re doing now is aligning our costs. We’re trying not to make any dramatic changes, but we’ve started talking to Coor and are looking at different scenarios.”

Jan Mohlin does not think that demands on a supplier are any different in a recession than during a boom, but he does say that it is important for the supplier to continuously gauge the atmosphere.

“The important thing is that the supplier knows when to slow down. We too have a responsibility as a client to communicate our wishes and requirements to the supplier. If, like us, you enjoy a good relationship with your supplier, the discussion is open and productive even when times are hard. We have a long history with Coor and have developed alongside one another. Coor’s strength is that they’ve focused on competence that can develop the operation, which means they also have the right set-up to adapt the operation as conditions change.”

About Ericsson

Ericsson is the world’s leading provider of technology and services to telecom operators. The market leader in 2G and 3G mobile technologies, Ericsson supplies communications services and manages networks that serve more than 185 million subscribers. The company’s portfolio comprises mobile and fixed network infrastructure, and broadband and multimedia solutions for operators, enterprises and developers. The Sony Ericsson joint venture provides consumers with feature-rich personal mobile devices.

About the service assignment

The assignment is a function agreement, whereby Coor delivers workplace and property-related service for Ericsson sites in Sweden, Norway, Denmark and Finland.

New agreement brings many benefits



“One tangible result of the new agreement process is that we’ve been able to move to new, better adapted premises yet remain at the same cost level. This is a direct result of the close collaboration we enjoy with Coor, who brought a lot of professionalism to the task,” Jörgen Scribe explains.

A good agreement is the foundation of a good delivery. When Volvo Powertrain in Göteborg asked Coor to review the agreements between the companies, a hidden savings potential came to light. Today 17 agreements have now become one and benefits include lower service costs, better control, less administration and above all more efficient service.

Volvo Powertrain is part of the Volvo Group and is responsible for developing and manufacturing heavy engines, gearboxes and drive shafts. Volvo Powertrain’s head office in Göteborg was recently refurbished to adapt it to the altered needs of the operation. When Volvo Powertrain was moving into the new premises, it also decided to review the agreements for workplace and production service with Coor. The old agreement structure was muddled and hard to interpret, and above all there were too many agreements. Volvo Powertrain therefore asked Coor to review the way the agreements were drawn up.

“We wanted to review the agreement situation and asked Coor to suggest ways in which we could become more efficient together. It was a task Coor certainly took seriously,” says Jörgen Scribe, CFO at Volvo Powertrain.

Unbiased analysis

Coor carried out an analysis of its entire delivery to Volvo Powertrain in Göteborg, and this led to

various suggested changes, such as how the agreements were structured. Once the analysis was complete, a total of 17 agreements had been condensed down into a single all-encompassing agreement.

The new agreement encompasses Coor’s total delivery in workplace and production service.

Volvo Powertrain signed the new agreement at the end of 2007 and the effects were noticeable immediately. The agreement also states that the companies will continue to work together to identify other ways in which Coor can help improve Volvo Powertrain’s efficiency.

“One tangible result of the new agreement process is that we’ve been able to move to new, better adapted premises yet remain at the same cost level. This is a direct result of the close collaboration we enjoy with Coor, who brought a lot of professionalism to the task,” Jörgen Scribe explains.

Function rather than person

One major change in the agreement is that Volvo Powertrain now buys a function rather than staffing from Coor. This means that Volvo Powertrain pays for a service performed, rather than for a particular staffing level. In this way the delivery can be better adapted to the current service requirement at Volvo Powertrain. The agreement is based on a pricing model whereby the cost of the function is adjusted in relation to how much office space is used, how many employees Volvo Powertrain has, and how many conference rooms there are, the result being greater flexibility for the client. Furthermore, both parties now enjoy less administration, partly thanks to fewer invoices.

“As a client we have a responsibility to help suppliers improve, especially when it comes to making clear demands. Having a good rapport on a personal level is, of course, important but there also has to be a professional relationship as far as clarity in business agreements is concerned,” says Jörgen Scribe.

Thanks to the new agreement, Volvo Powertrain now has a more cost-effective service delivery, and ways of applying the agreement structure to other parts of the operation are being looked into.

“The agreement review has had an extremely positive effect on Coor’s delivery, and we hope to be able to develop things even further,” Jörgen Scribe concludes.

A good agreement

Jörgen Scribe mentions several points he believes ought to be included in a business agreement.

- ★ What the service entails
- ★ Expectations
- ★ Definition of the delivery
- ★ Maximum budget
- ★ Structure for how issues are discussed – the right people should discuss the right things

About Volvo Powertrain

Volvo Powertrain AB is a business unit of AB Volvo with responsibility for the development and production of engines, gearboxes, shafts and complete driving systems for heavy commercial vehicles and applications for the Volvo, Renault and Mack brands. In global terms, the company is one of the largest in its industry. Volvo Powertrain has approximately 8,000 employees and operations in Sweden, France, the US and Brazil.

About the agreement with Volvo Powertrain in Göteborg

The agreement encompasses services primarily in workplace and production service. It regulates Coor’s function-based commitment for Volvo Powertrain in Göteborg and covers, among other things, workplace services for 1,136 service users spread across 15,745 square metres, as well as 73 conference rooms.

 A better service delivery

Service focus as Skanska builds

Only rarely are the necessary services and the needs of the service users who will be working in a new office property considered when the building is constructed.

“Generally speaking, the offices have been designed and built – and staff may even have moved in – before a company starts thinking about the services that should be available,” says Katja Käyhty, service developer at Coor. But as Skanska builds new offices in Helsinki, services are included in the planning from the start.

In the next few years, Skanska is planning to build itself a new head office in Helsinki. Alongside this decision, Skanska has chosen Coor to consult on a project that aims to consider workplace services and end users’ service needs from the initial planning stage. This will avoid having to make many costly modifications to the building further down the line.

“We want to be involved in this project because Skanska is a long-term client of ours. The aim is to develop services for the end users, as well as relationships with the end users, at Skanska’s new offices. Developing alongside our clients is important to us,” Katja Käyhty explains.

Mapping user needs

The emphasis of the project is services in areas such as reception, switchboard, mail, cleaning, printing, office equipment and drinks machines. Both Coor and Skanska agreed that knowledge of the type of services Skanska’s personnel require must improve. The project aims to chart the service users’ opinions, experiences and needs; workplaces are being visited and interviews conducted. The information will serve as basic data when planning the new head office.

“In the pilot project we’re looking into the users’ needs, and the advantages and drawbacks of the

present office building. We're taking users' views and experiences of the current office on board and transferring the best parts to the new building. We've developed a tool for the pilot project called SPOT – Service Planning & Optimization Tool – which we can use to research the end users' needs for services," says Katja Käyhty.



"The end user has a well-founded opinion and experience of different services and how they work in each building. We should listen more to end users in the planning stage," Katja Käyhty concludes.

Tool for developing alongside client

According to Jukka Tuominen, Operations Manager at Coor in Finland, the tool can also be used in the future to examine how existing properties and service buildings work, and to research the need to create a comprehensive list of future services for a new or existing office building, along with details of what spaces and functions the services require.

"This will enable us to lay a good foundation for good, effective services. The main thing for us is to develop the services we can offer clients. We believe this project will lead to something new that will help our clients be even more successful."

Katja Käyhty works with services at Coor alongside studying for an MSc in Engineering at the Helsinki University of Technology, which she has almost finished. At Coor, Katja has been able to combine her property management studies with her job, which focuses on developing services based on the needs of existing clients.

"The end user has a well-founded opinion and experience of different services and how they work in each building. We should listen more to end users in the planning stage," Katja Käyhty concludes.

About Skanska

Skanska is one of the world's leading construction groups with expertise in construction, development of commercial and residential projects and public-private partnerships. The Group currently has 60,000 employees in selected home markets in Europe, the US and Latin America. Skanska's sales in 2007 totalled SEK 139 billion.

About the service assignment

Coor provides workplace service – including reception, conference service, post/goods management and cleaning – for Skanska's larger offices in Sweden, Finland, Norway and Denmark. In Finland and Norway the Skanska contract also includes property-related service. Coor has recently signed a new five-year agreement with Skanska to supply workplace service for the offices in Stockholm, Göteborg and Malmö.

 Focus on development

New technology cleans up at LEO Pharma

At LEO Pharma Coor is driving a change process with the joint aims of creating improvements for the client, and making the work day easier and less strenuous for LEO Pharma employees. Although the process has just started, the client has already begun seeing efficiency gains. One of the secrets is microfibre, while another factor is increased empowerment among employees.

LEO Pharma is a Danish pharmaceutical company with products in areas such as dermatology and critical illnesses (cardiovascular conditions). Because LEO Pharma is in the business of producing medical products, there are great demands on cleanliness in the company's premises.



Instead of simply shifting the dirt around on the floor, which is always the risk in conventional cleaning, the microfibre technology cleans deep down and makes the floors cleaner.

Action plan

When Coor took over responsibility for service at LEO Pharma, Coor suggested a comprehensive evaluation of its current services. The aim was to discover the potential for improvement from both a quality and a cost perspective. For instance, the ability to start cleaning using microfibre technology was looked into. Microfibre is a kind of textile fibre with extremely high absorption and cleaning capacity, which binds dirt and locks it in using microscopic threads/fibres. LEO Pharma previously cleaned its premises using conventional water-based cleaning.

“A better working environment, more efficient cleaning and a higher degree of cleanliness overall were excellent arguments for changing to microfibre,” says Svend Hirth, Facility Manager at LEO Pharma.

The evaluation was carried out by Coor’s specialist Change Group.

“We drew up a list of changes we wanted to make. Altogether we presented 65 suggestions for improvement, the main one being a switch from water-based to microfibre-based cleaning,” says Andreas Lövgren, head of Coor’s Change Group in Denmark.

Less strain – better results

The new cleaning system had an immediate effect. Instead of simply shifting the dirt around on the floor, which is always the risk in conventional cleaning, the microfibre technology cleans deep down

and makes the floors cleaner. For cleaning staff the new system speeds up cleaning and makes it less physically demanding.

“It’s a common conception that more water means a cleaner floor. But with the performance of the microfibre technology, including better cleaning results and an improved working environment for personnel, Coor has shown that simply isn’t the case. With the water-based approach, cleaners constantly have to change water to ensure the floors are clean. The idea now is that they won’t have to walk as much and carry so much water around,” Svend Hirth explains.

When Coor took over responsibility for service at LEO Pharma, the existing cleaning staff were employed by Coor. This did entail certain changes, such as a new structure with group leaders who were given more responsibility.

“The group leaders know what’s needed and can therefore speak openly to the rest of the team, which could certainly be an advantage for us as a client,” says Svend Hirth.

“Coor had the personnel test different systems and then collected impressions, opinions and suggestions for improvement, which engendered a sense of participation and enthusiasm among Coor’s new employees,” says Svend Hirth

Close co-operation with cleaning supplier

To ensure optimum results in the process, Coor held a close dialogue with the company it chose to supply its cleaning equipment, American hygiene and cleaning company JohnsonDiversey.

“The new cleaning system has brought all kinds of benefits. We’re pleased with the new system and anticipate improvements both in the working environment and quality once the system is fully introduced in about six months’ time,” Svend Hirth concludes.

About LEO Pharma

LEO Pharma is a foundation-owned Danish corporation with headquarters in Ballerup, Denmark. The Group has some 3,000 employees in all, and sales in 2006 amounted to DKK 5,245 million. LEO Nordic comprises the marketing companies in Sweden/Denmark, Finland and Norway, and has 110 employees. In the Nordic region LEO Pharma has products in the areas of dermatology, coagulation, infection and cardiovascular conditions, among others. Marketing, communication and clinical research in the Nordic region are managed from the office in Malmö, Sweden.

About the service assignment

In January 2007 Coor took over responsibility for the following services at LEO Pharma: mail and freight/courier services, cleaning, internal and external waste management, transport, drinks machines, the outdoor environment, plants and relocation services. The assignment entailed Coor taking on approximately 40 employees from LEO Pharma. There are almost 1,200 service users at LEO Pharma in Ballerup.

The Nova newsletter is an electronic newsletter from Coor Service Management, containing news about the industry and about Coor. The newsletter is published in Swedish, English, Norwegian and Finnish. You have either sent your e-mail address to us yourself, or it has been retrieved from your company or from Cision's media database. We will only use your e-mail address to contact you.

Contact: Åsvor Brynmel

Texts: Susanne Kinnunen, Staffan Bruzæus, Webbkraft

Graphic design and production: Webbkraft

Photos and illustrations: Jann Lipka, Lisa Dablqvist, Coor, Webbkraft

Coor Service Management, SE-173 11 Stockholm. Råsundavägen 12, Solna, Tel +46 (0)8 553 950 00, Fax +46 (0)8 27 93 35, www.coor.com