

▼ Editorial - Mats Jönsson

## Nova goes green

Environmental thinking is here to stay. Many of our customers in both the private and public sectors have high environmental ambitions. They take it for granted that we should help them in their efforts towards a more sustainable society in the long term. We will therefore be highlighting the environment and making it a recurring theme in Nova throughout 2009.

In this issue we develop our view of environmental work, which is closely linked to our quality and improvement work. We also turn the spotlight on the actual and practical ways in which we're making our service delivery more environmentally friendly for one of our eco-conscious customers, ROM Eiendom, a subsidiary of Norwegian state railway company NSB.

Our co-operation with ROM is a fine example of how we adapt our delivery to the real challenges our customers face. Indeed this is our ultimate mission – to continuously develop and adapt our customers' operational services to ensure they support their core business in all situations.

In the present recession, many customers are focusing on cutting costs. In these days we have to hone our delivery, be creative and do what we can to help strengthen their competitiveness. In this work it is a strength to have total responsibility and a flexible delivery model, which you can read about in the article IFM vs single service. I also believe our efforts to continuously develop our own operation are important in this context. Our focus on upgraded, modern, well-developed system support – tailored entirely to the service delivery – is a good example of this. The system is the backbone of our operation and will make our service delivery process better and even more efficient, which will benefit our customers. You can also read about this in this issue of Nova.

Pleasant reading!

Mats Jönsson, President and CEO



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*Monica Trolle believes that customer and supplier alike must be open and flexible to ensure a successful delivery.*

## “Dare to give free rein”

**For Monica Trolle, Facility Manager at Logica, the transition from buying single services to integrated workplace service has been an education. One of the most important aspects in a successful total delivery is daring to give the service provider free rein.**

“If we expect synergies and the best possible service carried out in the most intelligent way, we must allow the supplier scope to work in their way to achieve benefits of scale. After all, it’s the supplier’s expertise that is so crucial when we agree to work together, so we must trust that expertise,” says Monica.

The collaboration between Coor and Logica (then called WM-data) began three years ago when Logica was looking to co-ordinate its Facility Management (FM) while reducing 90 offices by half. For instance the head office was to be relocated to Nacka and merge with eight other offices, and a whole new view of workplace service was taken in conjunction with this move. Monica remembers that while all the restructuring was going on, the company built up an organisation of client competence, carried out procurement, negotiated contracts and also trained in what it entails to buy functional solutions.

“It was obviously a far bigger project than we realised, and we were not used to ordering total solutions. But the groundwork was so thorough that the project is now a template for offices in other locations transferring to a similar solution.”

Coor and Logica held a number of training workshops for personnel. Monica is convinced that the key to a successful project is that everyone involved genuinely understands what a functional solution is, how the collaboration should work and what the benefits are.

### **Why did you choose to outsource your service operation?**

“Dealing with operational issues is not our strength, and it’s time consuming to have many different suppliers. We don’t want our own in-house staff and we want the process to be simple. It’s important to us that Coor also provide their own management.”

Logica was looking for a service provider that was professional, serious and receptive, but above all proactive.

“We value the fact that Coor can use its previous experience with other customers to suggest benefits for us. However, we also like to see our own experience helping others. Shared knowledge is something everyone gains from.”

Coor continuously follows up the service operation using fixed key ratios and compiled delivery reports. For Monica, that documentation is just as important as the suggestions Coor has for operational improvements.

“Because we have a similar service structure but at different locations, we can benchmark between our own offices. Otherwise it can be hard to discern individual services in total solutions and see what would happen if they were cut loose.”

Monica believes this is why it is important to have service level descriptions and price models that are dynamic, rather than static documents. Flexibility is crucial.

“Adapt and adjust. One thing we know is that tomorrow will not be like today. A service provider has to be able to accompany us on that journey, both in terms of volume and in the way the services are structured. Coor has to be able to rely on its professionalism and competence, and we find they have truly shown that they can.”

## Where have savings been made in your overall delivery?

“We partly benefit because the people on our premises can do more things simultaneously, and we also free up more of our own time as we no longer have to manage people or negotiate with several suppliers. What’s more, Coor can deliver more cost effectively than providers of a single service. The more services we outsource, the greater the supplier’s ability to help us to perform a function in the most cost-effective way.”

What kinds of demands does an integrated service delivery place on you as an ordering customer?

“We need to be competent and in the know, we need to know what we want and be clear about it. We need to be available and as open and flexible as we demand of Coor. A service provider can be no better than the customer is, so we have to be as good at our job as Coor are at theirs.”

### Facts

*One year ago, WM-data was integrated into the Logica CMG Group, a leading international supplier of IT solutions with around 40,000 employees in 36 countries, 5,500 of them in Sweden.*

*Logica is the biggest IT services company in Sweden based on sales (IDC, February 2008). Logica can be found at 41 locations in Sweden.*

## IFM vs single service

**Any savings made in the purchase of single services from several suppliers can eventually be cancelled out by a large ordering organisation and sub-optimisation between services. Moreover, it leaves the customer with responsibility for the operational outcome. It is also often harder to adapt the service operation to changes in the external environment. Perhaps this is why integrated total solutions are gaining ground.**

Facility Management (FM) is a relatively young industry, originating in the provision of individual services such as cleaning and security. An IFM provider (Integrated Facility Management) on the



*Jens Rasmussen believes that integrated total solutions will soon be one of the most common approaches in FM.*

other hand takes total responsibility for a large number of services – and not only for performing them but also developing and continuously adapting them to the customer’s changing needs.

“The customer has a distinct role as an ordering client and makes the strategic decisions, while as an IFM supplier we provide a cohesive service delivery, deal with administration, operational management and give strategic support,” says Jens Rasmussen, SVP Business Development at Coor.

However, Jens does also stress that different solutions suit different companies. Generally speaking, the greater the need for change, flexible solutions and development of the service, the more there is to be gained from an integrated total solution.

“For companies with relatively static organisations, outsourcing of individual services may be ideal because it does not require so much change in the customer’s organisation. At the same time though, the customer has to bear in mind that as the number of suppliers increases, they will be spending more time on negotiations, administration and operational management than they might have thought.

Companies that buy individual services from a range of suppliers also often have a broad ordering organisation, with each department being responsible for its own supply chain, and purchasing for and dealing with its own specific area. No one is responsible for the big picture and services are delivered and followed up area by area. There is a great risk of sub-optimisation.”

What are the benefits of integrated total solutions?  
“There are serious savings to be made for custo-

mers who buy IFM. Above all we can take advantage of interdisciplinary competence from different services and allocate personnel where the need is greatest. We also have shared management for all services rather than one manager for each. Also, the customer needs fewer ordering parties and they spend fewer resources,” says Jens.

It is simpler to negotiate one contract rather than 20 different ones, to have a single contact rather than several in the day-to-day running and to reach strategic decisions after reading a compiled delivery summary. The customer saves time and resources that can be spent on developing their core business instead. Another advantage is that an IFM provider can often offer its staff better career opportunities and the chance of job rotation.

“Because we have control of the big picture in an IFM delivery, we can quickly and flexibly adapt the assignment to the altered needs that arise. No one wants to lock themselves into a large, complicated contract over a long period and then be left powerless when their operation or even their industry changes. As an IFM provider we’re supplier independent, and we’re accustomed to finding the right production mix which can vary over time. All our agreements have a flexible price model. Locking our agreements is not profitable for us or our customers,” Jens explains.

Apart from the ability to choose single services or integrated total solutions, a third option is also available – buying a number of combined services from the same service provider. This tends to work well for companies that are unable to take an integrated approach. Those kinds of contracts are often optimised in the purchasing stage, but lack the co-ordination and flexibility of IFM.

“The more responsibility we are given, the more ideas for development we can put back into the assignment. With single services you focus entirely on the delivery itself. We focus on and are responsible for the overall results. There’s a big the difference.”

### **Developments in the Nordic region?**

In the UK, the trend towards broader service procurement began back in the 1980s with the breakthrough of PPP (Public Private Partnerships) as an alternative for funding the building of schools, hospitals and certain infrastructure. In Norway too, PPPs have driven development towards more integrated total solutions.

In both Finland and Denmark, procurement has predominantly focused on single services. In Denmark a large provider of single services has steered the industry’s development in that direction, while Finland faced a greater need for cost-cutting when the Soviet Union collapsed. At the time the market was not ready for anything other than single service delivery, and that has set the standard up until now. However, here too interest in IFM solutions is increasing. Reducing the number of suppliers is a clear trend right now in all sectors. In the same way, medium-sized companies that used to buy combined services now increasingly choose IFM.

“I am convinced the IFM model will be increasingly common throughout the Nordic region, both in the public and private sectors and in companies of all sizes. It’s a trend that will continue. As the industry matures, customers will place higher demands on what is delivered, how it is delivered and above all on the result of the deliveries,” Jens Rasmussen concludes.

### **Do you have any questions or would you like to know more?**

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*Ecolabels are a common sight in supermarkets these days, and environmental consciousness is now also spreading to offices, buildings and production plants.*

## More than just green symbols

**The environment is no longer an issue that can only be brought up when it suits. It is an unavoidable part of all activity, and sooner or later all environmental impact will cost money. The companies that adapt the quickest will be the ones who come out best.**

“The whole environmental concept has grown. Now we don’t only talk about climate impact but also the bigger picture: economics, ecology and social impact,” says Magdalena Rondahl, newly appointed Head of Climate and Quality at Coor Service Management.

For Coor, this means that quality and the environment go hand in hand. Using cheap, environmentally friendly products that break is not financially viable. Suppliers must be trustworthy. Magdalena points out that Coor has a good negotiating position as a buyer and can set demands thanks to its large purchasing volumes.

“We are convinced that everyone gains from a long-term sustainable service delivery. To achieve that we need competent personnel, knowledge of sustainable development and a constant focus on improvement work.”

Coor works continuously and systematically to improve the service delivery to its customers; it is part of the day-to-day work. If a customer sets the environment as a high priority, it is easy to steer

the improvement process towards activities that reduce environmental impact.

“The environmental aspect is a parameter that’s being measured in all our assignments, via the Environmental Index. We always have action plans that are followed up. For us, improvement work is the foundation of our assignments, not just empty words.”

### How can Coor contribute to an environmentally friendly service delivery?

Magdalena comments that environmental work is about so much more than buying Fairtrade and organic. Some of the most important issues are energy, logistics and transport. These are complex areas that require an insight into and access to the entire process if any serious savings are to be made, or intelligent solutions found.

“As a supplier of total solutions we are better able to contribute to an environmentally friendly service delivery than a single service supplier. We see the big picture and can assess which changes need to be made, which in turn helps reduce environmental impact. Single service suppliers obviously want to deliver as much of their particular service as possible.”

Environmental impact is reduced by choosing the right competence, methods, tools and materials, but also by maintaining existing resources so they do not need replacing. Coor can help in this through the maintenance plans that are an important aspect of all assignments and collaborations.

It is nothing new that environmental thinking is part of the business, especially not for consumer-led companies whose environmental commitment is an important part of the brand. Serving Fairtrade and ecolabelled coffee is slightly dearer than standard coffee, but is a major investment in the company’s trust capital.

### Future developments

In international terms the Nordic region, originally long among the leaders in environmental thinking, has now been overtaken by other countries. We cannot ignore our relatively large environmental

impact. If the methods do not change, the processes must. If for instance we have no viable alternative to oil, we must ensure that our transport takes place in as environmentally efficient way as possible.

“We will see more legislation and higher environmental taxes and charges in the future. It will cost more to use resources, but also to dispose of them due to higher waste management costs,” says Magdalena.

Authorities and consumers will demand more of companies because environmental developments are advancing rapidly, and what were once considered innovative measures are now simply hygiene factors. It is no longer enough simply to label a product ‘Environmentally Friendly’; consumers demand more information and are sufficiently in the know to determine how committed a company really is. Burying one’s head in the sand about this costs more than it’s worth. The sooner companies change and improve their operation, the more profit and goodwill there is to gain. And Coor is happy to help.

**Do you have any questions or would you like to know more?**

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*Berit Urianstad, Regional Manager in the ROM contract, is showing personnel how to actively seek out environmental problems.*

## ‘Fresh eyes’ see problems

**With a customer that’s committed and driven when it comes to environmental issues, Coor can genuinely take advantage of its processes for improvement work in order to make the operation more environmentally sustainable. The collaboration between Coor and ROM, a subsidiary of Norway’s state railway company, is a fine example of this.**

ROM Eiendom AS, a subsidiary of Norwegian railway company NSB, is responsible for facility management and maintenance of all the buildings NSB owns along the railways in Norway. That’s more than 1,000 properties in all totalling a massive 730,000 square metres. Since 2006 ROM has been working with Coor, which is responsible for performing and developing operational property-related service in and around the station buildings. Coor has around 80 people employed within the contract. ROM is a customer that focuses heavily on environmental issues.

“A major, far-reaching operation entails great responsibility for the environment, something our customer genuinely lives up to,” says Berit Urianstad, regional Manager for Coor’s contract with ROM.

Coor’s mission is to help its customer with the challenges they face. To help ROM in its environmental work, Berit has therefore taken the initiative to train Coor’s personnel in environmental awareness. The aim was to teach all operatives to

look at their workplace with ‘fresh eyes’ as they travel around the stations.

“In our continuous improvement work, we try to find solutions for a better environment by focusing actively on genuine environmental problems. Identifying problems is the seed of all development. When our staff are out at the buildings they should not only check that everything is working properly, but also actively seek out environmental problems, such as old oil drums. Results will be achieved once everyone works in this way and addresses any possible or genuine problem,” says Berit.

ROM has produced a schedule for all personnel and other contractors, because it is important that environmental impact is always assessed in the same way. The aim is for personnel to list potential solutions and draw up a checklist on which environmental work can be based.

“We are now working systematically to chart environmental issues, and use the same designations and symbols in the schedule, which is really producing good results. Personnel have been positive as regards learning to see what an environmental problem could entail, how they should report it and come up with a solution. Our work approach has proven to be the right one, and our efforts have led to some excellent results. It’s nice to be able to help our customer – and especially the environment, which after all is part of our future,” Berit Urianstad concludes.

#### **Do you have any questions or would you like to know more?**

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#### **▼ Focus on development**



*Karoliina Callavik expects the new system to generate direct and indirect savings which will exceed the total cost within three years.*

## **Best support in the business**

**In ten years Coor Service Management has become the Nordic region’s leading supplier of integrated services. Drive and a constant desire to develop its own and its customers’ operations are key elements of the success story. Coor is now investing in an upgraded support system in order to further hone its processes.**

“This is a far-reaching initiative to develop our service delivery. Apart from streamlining our work, we will also increase the quality of follow-up with our customers,” says Karoliina Callavik, Head of Service Development at Coor.

The Maximo system will be upgraded alongside IBM and is used for job management, maintenance planning, purchasing and follow-up of the service delivery. The system will be progressively implemented throughout the Nordic region in 2009 and 2010.

Improved processes make the start-up phase on a new assignment quicker and easier. One of the most important tasks in a service assignment is first to create order and then to work on developing the operation. That value-adding phase can now come in far earlier.

“The system support improves functionality, enhances user-friendliness and makes for easier follow-up of the service delivery. Above all we will be improving our tools for proactive maintenance work.”

One driving force behind the work on system support has been to focus on maintenance processes both in property-related and production service. Karoliina feels that Coor is already at a high level in that area, but as the market and customers develop it will demand more of the suppliers.

“This is an area where we can and want to be at the leading edge. As a leader in the industry we want to play a part in the sector’s development.”

**Do you have any questions or would you like to know more?**

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**There are many good reasons for working with us.**

▶ Here are the six most important.

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