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# **Construction** **NEWSBeat**

SMART BUILDING MAINTENANCE

## To Outsource or Not to Outsource?

Building Maintenance is needed to maintain the building value and to keep customers and workers safe. But, what is the most effective and cost efficient way to keep buildings maintained?

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## BUILDING MAINTENANCE: CONTRACT OR IN HOUSE?

Maintenance plays a crucial role in establishing smooth business operations at every facility. We often get asked why a company should consider outsourcing the maintenance versus hiring in house personnel. We believe that the most successful companies are those that focus on their core competencies and invest accordingly. So, spending valuable company resources on hiring, training and other employment costs on work that is not directly related to the company's value proposition is not the best use of company money. Building maintenance, although extremely important to keeping operations running smoothly is not typically a core competency, unless you are in the business of providing business maintenance. Hiring a reputable contractor to take care of your building maintenance makes good financial sense for those companies looking to continuously improve their overall product or service offering, and hence their overall competitive positioning.



# HERE ARE SOME COMPELLING REASONS FOR HIRING A BUILDING MAINTENANCE CONTRACTOR:

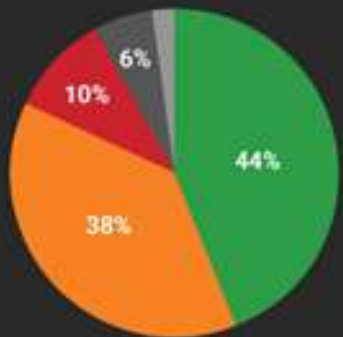
- When you hire an outside building maintenance contractor or facilities maintenance company, you don't have to worry about training, HR services, and other employee responsibilities and planning.
- This building maintenance contractor's sole purpose is to improve your building, which means it will give you good results.
- This building maintenance contractor will update your building to the newest codes and technological advances, so your building will never be outdated, and you could make it an easy sell if need be.
- A well-maintained building/work space leads to a better working environment. People are more motivated to work, which means more business is happening.
- A well-maintained building will attract more business. Clients are impressed when they see a beautiful property.
- Your building will always be clean and tidy.
- Your operations will be running smoothly, because things breaking down or not working will not occur very often. If things break, they will get taken care of immediately.
- The building maintenance contractor will help decrease the numbers of times repair work or the buying of new items will have to take place.
- The building maintenance contractor will help keep the building safe by keeping it properly maintained.
- You can focus on and spend more time running your business and developing your core competencies while the building maintenance contractor is focused on keeping your building in tip-top shape.



## RESEARCH SHOWS:

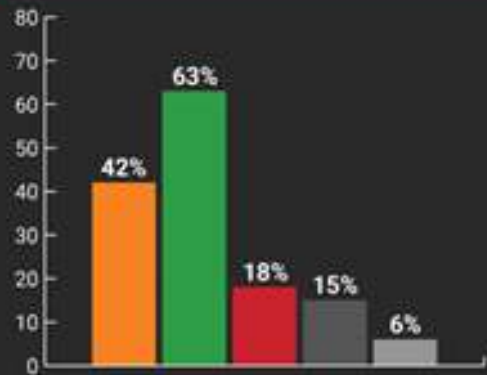
Research shows that most companies choose to outsource specialized work when it comes to their facilities. In fact, only about 10% of companies do everything in house.

### DO YOU OUTSOURCE MAINTENANCE WORK AT YOUR FACILITY?



- We do everything in-house
- We outsource some specialized work
- We do a mix of in-house and outsourced work
- We do some basic maintenance work and outsource everything else
- We outsource all maintenance work

### WHAT ARE YOUR MAIN REASONS FOR OUTSOURCING MAINTENANCE WORK?



- Lack of time/manpower
- Maintenance personnel lacks specialized skills
- In an effort to reduce maintenance costs
- Simply because it is easier to manage operations that way
- Other reasons

The most common reasons to outsource building maintenance activities are:

- There is just too much work for the internal team;
- It makes no sense to keep a full-time employee for a specialized task that needs to be carried out occasionally (like hiring a full-time plumber);
- The organization lacks specialized knowledge or tools to perform certain repairs;
- OEMs provide maintenance service as part of the sale of the equipment;
- Building maintenance contractors are more cost-effective in the long run;
- The organization finds it simpler to just outsource everything.

# THE MAINTENANCE CONTRACT

Each company will have its own reasons to engage building maintenance contractors. Regardless of what they are, we recommend a reliable maintenance contract is negotiated between the company and the building maintenance contractor to ensure a high level of service at a lower cost. We always tell our clients to put together a building maintenance checklist to capture the laundry list of maintenance tasks to manage every day. There are dozens of tasks to juggle to make a building clean, safe, and appealing to workers and clients.

A building maintenance checklist can help you make sure you don't miss anything. We provide our clients with a checklist template that helps them identify the tasks that need to be done daily, weekly, monthly, and quarterly—so that they can assign the tasks to building maintenance contracting team so nothing slips through the cracks.

## So, What is a service maintenance contract?

A service maintenance contract is a legal agreement between a company and a maintenance service provider. It specifies the terms and conditions of the agreement between the two parties. Building maintenance contractors can be hired to perform a variety of different maintenance services, from general upkeep to specialized repairs.

Any details negotiated between the two parties will be specified in the contract. This will solidify the commitment of the service provider.



# LENGTH OF CONTRACT

Generally, the term for a building maintenance contract is one year. If the client-vendor relationship is going strong, they can be longer (3-year and 5-year maintenance contracts are not that uncommon).

Long-term contracts benefit both the company and the building maintenance contractor.

Some benefits for the company are:

**Quality control:** The maintenance contractor will maintain assets on a regular basis. Since the contract is long-term, the contractor has the incentive to keep the machine well run. This leads to fewer breakdowns and an improved bottom line.

**Increased lifespan and performance:** The long-term contract ensures that the building is regularly serviced which will increase its lifespan and improve its overall performance.

**Peace of mind:** Managing maintenance operations is a lot of work. Having a reliable contractor means the organization has one less thing to worry about.

**Cost benefits:** Contractors offer a discounted price for long-term contracts. This can help reduce the annual maintenance cost without hampering the service level.

## Pricing Methods

The price of a building maintenance contract depends upon a lot of factors like the range of services, the maximum amount of breakdowns that need to be serviced, the number of assets, and contract length.

Different building maintenance contractors will offer different pricing methods. They are usually negotiated between the vendor and the service provider to see what works for both. The most common ones are:

**Time-based pricing:** The contract specifies a fixed hourly rate and is calculated according to the total number of man-hours the vendor spends.

**Per device pricing:** The vendor and the company agree upon a fixed price for servicing a single device for the duration of the contract. To obtain the total price, the per-device price is multiplied by the number of devices to be covered under the contract.

**Pricing based on asset lifetime:** As a building gets older, the need for maintenance increases. The vendor might look to increase the pricing for such assets.

**Replacement vs repair:** Should a vendor repair or replace certain assets/components when they break? The price of the contract can change depending on how the organization wants to handle this.

The contract can have other specific requirements from the client that will carry an additional cost. The terms, conditions, and the final price of the contract heavily depend on the negotiations between the two parties.

## IN SUMMARY

Managing a building and keeping up with the maintenance can be a lot of work – much of this job requires skills and knowledge that you, the building owner, just don't possess. That being the case, it's a smart decision to hire a company to do the facilities management for you.

At Pulse Construction, we don't just build buildings, we continue working with our clients and offer facilities management services. Through these services, we provide ongoing upkeep of the property including servicing, repairs, and/or replacement of equipment. Our company is intimately familiar with routine and restorative maintenance measures to reduce building degradation and preventative failures.

For this article, we wanted to share with you the benefits of hiring a company to perform facilities maintenance services on your building throughout the year.

