Facility vs. Property Management – Spot the Difference

COMPARATIVE ANALYSIS

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FAQ

What is the difference between Facility Manager and Property Manager?

Is there borderline between Property Management and Facility Management?

Integration or Convergence?
“Strength lies in differences, not in similarities”

We must value the differences, but also be aware of similarities and then learn from one another to excel.
Factors of Differentiation between FM and PM

- Client’s goals and agenda
- Investor vs. Occupier perspective
- Assigned scope of responsibility
Differences

**Facility Manager**

- For the Facility Manager the building is a **means to an end** - the end being the optimal work environment.
- Facility Manager's priority is to increase the **User’s primary business effectiveness and productivity**.
- Facility Manager acts on the principle: consideration of the **whole lifecycle** of an asset.
- Facility Manager is focused on **end user and occupier workplace needs and demands**.
- Facility Managers control the **expense side** of the property/physical assets budget for their User/Occupier client.

**Property Manager**

- For the Property Manager the building is **an end in itself**.
- Property Manager's priority is to increase the **building’s Net Operating Income and value**.
- Property Manager acts on the principle: consideration of the **planned business cycle** of an asset, which is lease determined.
- Property Manager is focused on **Owner/Tenant relations management in order to achieve balance of interests**.
- Property Managers control all property generated **revenues and expenditures** for their Investor/Owner clients.
Priorities and Goals of the Client

**Investor/Owner**

1. **Income** – maximize Return on Investment
2. **Value** – increase the Yield, thus the value of the property
3. **Customer relations** – manage Owner/Tenant relations to achieve maximum occupancy, therefore max cash flow
4. **Operations** – efficiently maintain the property in order to achieve the first three goals

**User/Occupier**

1. **Operations** – maintain the property in support of the occupier’s core business activities and end users demand for continuous, effective and efficient work environment
2. **Customer and end user relations** – ensure that FM services are optimal cost/quality ratio and directed to supporting high productivity of primary business processes and end users
3. **Value** – preserve and maintain the value of the property based on whole asset lifecycle consideration
4. **Income (from property operation)** – it is neither priority, nor responsibility
Investor vs. Occupier Perspective

- Differing agenda of Investor and User/Occupier
- Colliding interests
  - Lease/occupancy terms
  - Capital expenditure & improvement
  - Tenant mix
  - Occupant reputation
  - Max occupancy vs. Optimal occupancy
Common Ground of FM and PM

Daily operations and responsibilities in FM and PM are overlapping to very significant extent.

Key competencies and skills – FM & PM job descriptions converge in 75% of their content.

Operational level FM and PM scope of services: maintenance, hospitality, accommodation, safety and security, logistics, technical infrastructure, workplace, ICT, cleaning and waste management, open grounds, business services etc.

Shared management and analytical techniques; methods; procedures; IT solutions; TCO, LCC, RAV, ROI, NPV, etc.

Corresponding management functions: strategic planning, risk management, service management, financial planning and control, performance management, quality management, people and change management, energy management, outsourcing, benchmarking etc.
Trends and Perspectives of FM and PM

- Convergence or integration
- Integrated Facility Management (IFM)
- Real Estate Facility Management (REFM)
- Mergers & Acquisitions
  - C&W and DTZ;
  - CBRE and GWS (Global Workplace Solutions) of Johnson Controls
If the only tool you have is a hammer, all problems look like nails.