FACILITY MANAGEMENT
CIB CONFERENCE 2014
From Local -> Global
Søren Samuel Prahl – Novozymes A/S
Søren Samuel Prahl_37 y.o._married_1 kid (Johan)

Building engineer with consultancy background (COWI 2001-2008)

Employed by Novozymes March 2008: “Build up and professionalize FM”

I’m 7 in the Enneagram......

....Which basically means that I started preparing for this presentation on Tuesday and felt quite comfortable about the time issue....
NOVOZYMES IN NUMBERS
WORLD LEADER IN ALL MAIN MARKETS

30+

different industries

6,000+

employees

24.7%

EBIT margin

700+

products

6,500+

granted patents and pending patent

48%

MARKET SHARE
Within industrial enzymes

DKK 11,746

million sales

130

countries
NOVOZYMES DK
DRIVERS FOR FMDK

3 Sites:
- Bagsværd (HQ + R&D)
- Kalundborg (Production)
- Copenhagen (Production)

~250,000 m² building

2,600+ FTEs
NOVOZYMES CORPORATE VALUES

- Trust and earn trust
- Dare to lead
- Connect to create
- Unlock passion
PROLOGUE

Novozymes demerged from Novo Nordisk in 2000 – but kept NN Service Partners (NNS) as FM provider.

In 2005 NNS terminated the contract. NZ now faced a “6 month to replace service providers” challenge within all FM deliveries (building maintenance, cleaning, catering etc.)

Sourcing initiated the CHASE (Change of service providers - headed by current FM Director Søren Andersen) project and made the deadline.

Novo Nordisk was still managing the building maintenance set up (provided by Johnson Controls) and operated physical security (NN Security).

In the period between 2005-2007 ongoing discussions regarding a possible internal FM department took place between Finance, Sourcing and R&D
FOUNDING FACILITY MANAGEMENT IN NZ

After years of discussion R&D Executive Vice President stated:

“Establish a central Facility Management Department or I’ll build my own!”

Søren Andersen and a project assistant (both employed in Sourcing at the time) was pointed out to execute with the founding objective:

“Put out fires in R&D (project assistance etc.), consolidate FM tasks handled locally, and then build a strategy”

With no building operational competencies – besides the sourcing aspects – at all the team of two newly appointed FM persons decided to apply for a FM Manager and so I was hired.

So – with a director still part time obligated in Sourcing and a 10 m2 office in an old R&D building FM was up and running with 2 FTEs and a blurred scope…..
THE FM LANDSCAPE 2008

Refering to Per Ankers “Five Finger Model” the FM landscape in Novozymes in 2008 was: (sorry – its in Danish. You get the picture...)

Investment Management
- Målsætning
- Strategi for bygninger
- Køb og salg
- Nybygning/modernisering/nedrivning

Finance/Adm Management
- Finansiering
- Budgetter
- Regnskaber
- Skatter
- Kontrakter
- Ind/udlejning

Land Management
- Space Management
- Areal udnyttelse
- Indretninger
- Flytninger

Building Operations
- Vedligehold
- Forsyning
- Renhold
- Miljø

Service Management
- Projekter/entrepriser
- Sikkerhed og vagt
- Kantine
- Reception
- Intern post
APPROACH: EARN TRUST!

We had a job to do and very little attention in a very large organization with no grasp of FM as concept...

Knowing the company spirit - success would be based on Evolution rather than Revolution!

We decided to approach the challenge by earning our colleagues **Trust** – helping out with tasks not related to their field of expertise and stealing valuable time.

So – step one:

**Stakeholder Mapping and Stakeholder meetings!**
## Facing Stakeholders

**Can we help you??**

<table>
<thead>
<tr>
<th>Maintenance</th>
<th>Office support</th>
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<tbody>
<tr>
<td>Janitor services</td>
<td>Reception</td>
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<tr>
<td>Repairs Reactive</td>
<td>IT&amp;Hardware</td>
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<tr>
<td>Building PM</td>
<td>Post &amp; Distribution</td>
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<tr>
<td>Projects</td>
<td>Print &amp; DTP</td>
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<td>Production equip.</td>
<td>Office supplies</td>
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<tr>
<td>Advices/architects</td>
<td>Document scanning</td>
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<td>Service-Management</td>
<td>Cleaning</td>
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<td>Office cleaning</td>
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<td>Production cleaning</td>
<td>Security</td>
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<td>Window cleaning</td>
<td>Guards</td>
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<td>Doormat service</td>
<td>Alarm systems</td>
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<td>Plants</td>
<td>Access control</td>
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<td>Lab disch</td>
<td>Fire safety</td>
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<td>Outdoor areas</td>
<td>Security</td>
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<td>Winter Services</td>
<td>Transport &amp; Distrib.</td>
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<td>Waste handling</td>
<td>Transportation</td>
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<td>Furniture Logistics</td>
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<td>Taxi</td>
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<td>Other employee</td>
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<td>Catering</td>
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<td>Canteens</td>
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<td>Vending machines</td>
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<td>Coffee machines</td>
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<td>Meeting service</td>
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<td>HR Services</td>
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<td>Fitness centers</td>
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<td>Company car admin</td>
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<td>Party/events</td>
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<td>Premises &amp; utilization</td>
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<td>Blue print's CAD</td>
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<td>Space management</td>
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<td>Meeting room admin</td>
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<td>Parking admin</td>
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<td>Utilities supply</td>
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<td>Utilities admin</td>
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<td>Telepresence - admin.</td>
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<td>Other services</td>
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<td>Summer cottages</td>
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<td>Office machinery</td>
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<td>Legal Support</td>
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<td>Insurances</td>
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<td>Invoice payments</td>
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<td>Asset Management</td>
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<td>Training facilities</td>
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<td>Operation support</td>
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<td>Daily procurement</td>
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Etc.
CONSOLIDATION

Working our way through numerous stakeholder meetings – including: Management representatives, finance associates, sourcing category managers, local department managers etc. a preliminary scope was formed:

• Handle RENT Budget (Rentals – energy – taxes) from Asset Management
• Manage Building Maintenance set up (handled by NNFM)
• Manage larger building related projects and related consultancy
• Ensure updated drawing material and compliance documentation

Keen to add value to core business and support to our end users our ambition was to ensure better solutions in every task assigned to our growing scope.

As this is a Practice Track I’ll exemplify......
Working with **FM Matrix**

Creating transparency within building related investments using the “FM Matrix”

### Facility Management - FM Matrix

In order to higher the transparency of maintenance works and budget planning, Facility Management has created FM Matrix.

The pre-defined values will in combination describe the urgency/consequence - based on both a technical and operational assessment of the maintenance works or projects.

**Color codes:**

- **Red:** Critical - as soon as possible
- **Yellow:** Serious, expected within 1-2 years
- **Green:** To be performed, but can be postponed without consequential damage or operational impact.

#### EXAMPLE

**Roofing site BA: Replacement of roof deck**

**Activity:**

Roofing felt in buildings 1A, 1B, 13, 1K, and 1L is to be replaced/renovated. Insulation has to be replaced and supplemented according to new regulations. Extent: approx. 5,000 m2.

**Cause:**

The roofing is more than 25 y.o. and in poor condition. In connection with running service and inspections several problems/leakages has been identified. As consequence, both wet insulation and roof construction, partial dry rot.

**Prioritization:**

1. High risk of consequential damages on other building parts, if not repaired.
2. Risk of production shutdown if leaking roofs induces water in buildings/installations.

**Budget highlighy:**

- Demolition of existing (cap cost): 500,000 DKK
- Replacement of insulation (Capex): 1,100,000 DKK
- New roofing (Capex): 2,300,000 DKK
- Grand Total: 3,900,000 DKK

**Impact on operational budgets:**

Same amount of inspections will be performed. No change needed in Opex.

**Involved Business Areas**

R&D, Site BA (NZDK)
2010 LANDSCAPE

Earning **trust** by continuous dialogue with stakeholders – FM Department and scope grew. 4 FTEs in Facility Management was now covering:
DARE TO LEAD!

Now we earned a decent portion of Trust – and financial crisis had in some ways been helpful.

Management initiated SMART project with the objective of re-source, re-scope or re-think our way of buying services – in order to get **Same or More for Less....**

Facility Management chipped in and stated:

“**Centralize indoor maintenance - in reward we’ll save 35% of the spend and deliver same service level!**”

Knowing that this would require certain level of change management – removing every department managers “right” to paint walls etc. and placing the prioritization and planning mandate at FM – we had to deploy a rather simple procedure..
CENTRALIZING INDOOR MAINTENANCE

Together with finance we made a total mapping of spend in every cost center (department) combined with the G/L account for “Repairs & Maintenance”

- Infomail to department managers – explaining new set up (arguing that realized savings will be converted to more R&D)

- Implementation of new procedure for all Zymers
Indoor Maintenance Process

“One point of contact”

Prioritization – matrix

Prioriteres efter prioriteringsmatrice - Se næste slide.

Handym.
- Rutine
- Kaffe
- Sæson
Skema-lægges efter bruger-behov.

Craftsm.
- VVS
- EL
- Smed
- m.v.
Opgaver puljes. Løses indenfor 10 dg.

Labequip
Ydelser flyttes til lokalaftaler eller hånd-værkere efter bruger input.

Local SLA
Puljes efter bygning og grupperes efter bruger input.

Tasks > 5000 DKK eval. by FM.

Adm.  Lab.  Prod.

Need building maint.?  

• Call: 63000  
• Mail: 63000@jci.com  
• WO + bekr. til Zymer via mail.
CONNECT TO CREATE!

In 2011 Facility Management had become well anchored in the organization - and dialogue with the EVP of the area concerning a Global FM (GFM) solution was initiated.

Keeping in mind that the larger production/research sites in different parts of the world had very different FM setup – the first question was:

WHAT DOES OTHER DANISH GLOBAL COMPANIES DO?

We had to “Connect to Create” externally before we could do so internally.

So – who are you gonna’ call??
BENCHMARKING GFM SOLUTIONS

We called Per Anker and a consultant in order to analyze the global FM set up in other large Danish companies with facilities abroad.
The learnings from the FM Deep Dive exercise led us to conclude:

- Clarify goals and objectives in a 3-5 year horizon
- Start by establishing scope (area of responsibility) and budget structure for GFM. Get organization in place prior to ANY changes
- Ensure 100% top management back up and continuous follow up dialogue
- When implementing – do it in smaller steps and focus on change management

We prepared a brief scope memo based on the above approach and was asked to hire a project director and get the project started.

Jørgen Svendsen was hired – and shortly after the FM managers was gathered in a week seminar in HQ in order to set the team and agree on the objectives:

**STANDARDS – TRANSPARENCY - PLANS**
GOALS & OBJECTIVES FOR GLOBAL FM
– EXPECTED ACHIEVEMENTS

Maintain momentum in the STP project (Standardize, create Transparency and build Plans to optimize the FM area – project agreed with the SR management):

- Standardization - Eliminate “nice to have” & identify “need to have”
- Transparency - Clean up, and straight out the operation budgets “costs in the right bucket”
- Plans - Be prepared for change in the business needs

Deliver a dedicated people and change management:

- Identify, motivate and develop the FM gene in the teams - Professional service attitude “proud to be in GBS/FM”
- Utilize official and hidden skills within the teams - Where can I get support within my team & co workers across the regions
- Coach, train and lead by inspiration - Upgrading the existing FM resources in Novozymes

Address the business needs:

- Execute the right solution for each service line, SLA gap analyze – eliminate double coverage, Implement and operate under the best practice terminology & Define the best tools and operation model

More / Same for less - Identify and benefit from synergies:

- Motivate the organization to operate with continues improvements projects - Soft savings – “More for same” / smart solutions impacting Lob, Hard savings – “Same for less” / impacting the bottom line
- Implement smart and easy to deliver solutions – change in the delivery model - Sourcing plans defined from the FM operations point of view (pick the low hanging fruits) - Project alignment with CI initiatives
Footprint: Site Master Planning

Rebuilding areas in 8X, as done in the Marketing Department, will enable NZ to absorb a possible 5% growth p.a. in a both standardized and fair quality solution.

Alternative is to use offices now holding 1 FTE for 2 FTE or to lease more m2.

SMART rebuilding creates 15-20 seats for 2.5 OPEX + 0.5 CAPEX (MDKK) - equal to 1 “finger”

Site BA 2013-18: Capacity & Investments

Estimated capacity development from 2013-18:

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity (FTE)</th>
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<tbody>
<tr>
<td>2013</td>
<td>376</td>
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<tr>
<td>2014</td>
<td>393</td>
</tr>
<tr>
<td>2015</td>
<td>411</td>
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<tr>
<td>2016</td>
<td>430</td>
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<tr>
<td>2017</td>
<td>452</td>
</tr>
<tr>
<td>2018</td>
<td>473</td>
</tr>
</tbody>
</table>

Current FTEs in 7L and 7J could be consolidated in 7C.
NZ has to terminate rental agreement with MPI Tech.

Organic growth to be absorbed primarily in building 8X.

It’s recommended that the 55-60 FTEs in 7B is to be kept.

SMART rebuildings as Marketing:
~200 TDKK pr FTE

Medium term purpose is to consolidate in fewer buildings

Terminate MPI contract Rebuild 7C (65 seats)

2 fingers p.a. 8X, creates ~30 seats p.a.
In add. 5-10 touch down seats.

EXAMPLE!! Figures are for presentation only
ORGANIZATIONAL CHANGE

In spring 2013 CEO Steen Risgaard retired and Peder Holk Nielsen was appointed CEO.

That led to a larger organizational change including the formation of Corporate Functions as VP area. FM was placed in this “pillar”

GFM was demerged from FMDK – and Jørgen was now heading the local FM Managers globally.

So today we run the FM business in “parallel sessions” – coordinating larger projects in order to keep focus on global Transparency within FM costs and deliveries.
UNLOCK PASSION!

We are very passionate about FM in Novozymes – and every day we strive to do better and optimize our set up.

As mentioned we are very determined to create full transparency within Facility Management related costs and deliveries in general

- This enables FM to optimize strategically and tactical maneuvers, and Top Management to make decisions regarding budgets, service levels etc. based on solid facts.

Going forward – how do we approach our business as basis of FM strategies?
FOUR FM PILLARS (NZ)

We have decided to distinguish between four primary drivers as we call “The 4 pillars”

<table>
<thead>
<tr>
<th>Service Line</th>
<th>Strategic</th>
<th>Tactic</th>
<th>Operational</th>
<th>Driver</th>
<th>Baseline</th>
<th>Target</th>
<th>Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Master Plans &amp; Space Management</td>
<td>Identification of optimization potentials within building portfolio</td>
<td>Site Master Plans: Footprint and Scenarios</td>
<td>Space Management exercises</td>
<td>[M2]</td>
<td>NZ Footprint</td>
<td>Plans ahead of growth curves and efficiency on operational costs</td>
<td>SMP Standards &amp; NZ Footprint</td>
</tr>
<tr>
<td>Site Services</td>
<td>Benchmarks on spend, service levels and end user satisfaction</td>
<td>Scaleable solution, easy to re-source and adjust</td>
<td>Cost efficiency and transparent agreements</td>
<td>[HC + M2 + Q]</td>
<td>AB13</td>
<td>3-5% p.a. 2014-16</td>
<td>Standards</td>
</tr>
<tr>
<td>Building Maintenance</td>
<td>Full transparency on spend, service level - Benchmarks</td>
<td>Scaleable solution, easy to re-source</td>
<td>Cost efficiency and transparent SLAs</td>
<td>[M2]</td>
<td>AB13</td>
<td>3-5% p.a. 2014-16</td>
<td>Building Maintenance Strategy</td>
</tr>
<tr>
<td>Compliance &amp; Authorities</td>
<td>Ensuring FM related services always to be in compliance</td>
<td>Agility in authorities processing and audits</td>
<td>Easy access to documentation</td>
<td>[Q]</td>
<td>As Is Data</td>
<td>KPI for compliance and audits in FM Regi</td>
<td>Standards</td>
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<tr>
<td>Forecasting People Growth and Spend</td>
<td>Transparency on people and spend development</td>
<td>FTE Tool and FM Matrix: Tools for forecasting</td>
<td>Input to relevant budgets and plans</td>
<td>[HC + M2]</td>
<td>As Is Data</td>
<td>Quarterly Updates</td>
<td>FTE Tool &amp; FM Matrix</td>
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<table>
<thead>
<tr>
<th>Pillar</th>
<th>Holding</th>
<th>Driver</th>
<th>Driver ID</th>
<th>Data Basis and Tool</th>
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<tbody>
<tr>
<td>Standards</td>
<td>Specification of service level within FM Scope</td>
<td>Quality</td>
<td>[Q]</td>
<td>Building Mgmt System</td>
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<tr>
<td>Transparency</td>
<td>Baseline for current service level and benchmarks</td>
<td>Spend</td>
<td>[S]</td>
<td>Spend in SAP Global Account Structure</td>
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<tr>
<td>Growth</td>
<td>Perspective on employee development in regions</td>
<td>Head Counts</td>
<td>[HC]</td>
<td>SAP HR FTE Tool</td>
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<tr>
<td>Site Master Plans</td>
<td>Updated Site Footprint and Scenarios handling growth</td>
<td>Buildings</td>
<td>[M2]</td>
<td>Drawings Building Mgmt System</td>
</tr>
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EPILOGUE

Today FM covers 9 FTEs in DK covering:

- **Investment Management**
  - Målsætning
  - Strategi for bygninger
  - Køb og salg
  - Nybygning/modernisering/nedrivning

- **Finance/Adm Management**
  - Finansiering
  - Budgetter
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  - Projekter/entrepriser
  - Sikkerhed og vagt
  - Kantine
  - Reception
  - Intern post
EPILOGUE

We have achieved:

- 25-30% cost reduction with same or better service level
- 15-20% space efficiency increase
- Full transparency (Danish Scope)
- Going from scratch to significant within 5-6 years

What is in focus:

- Being “One Touch Away” – simplify Zymers access to info etc. about FM services
- Improve growth analysis and Site Master Planning
- Continuous savings to business
- Ensure and update data basis – The 4 Pillars

THANK YOU