

FACILITY MANAGEMENT CIB CONFERENCE 2014

From Local -> Global

Søren Samuel Prahll – Novozymes A/S



**RETHINK
TOMORROW**

YOURS TRULY

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

24.7%
EBIT margin

700+
products

6,000+
employees

6,500+
granted patents and
pending patent

130
countries

48%
MARKET SHARE
Within industrial enzymes

DKK 11,746
million sales

NOVOZYMES DK

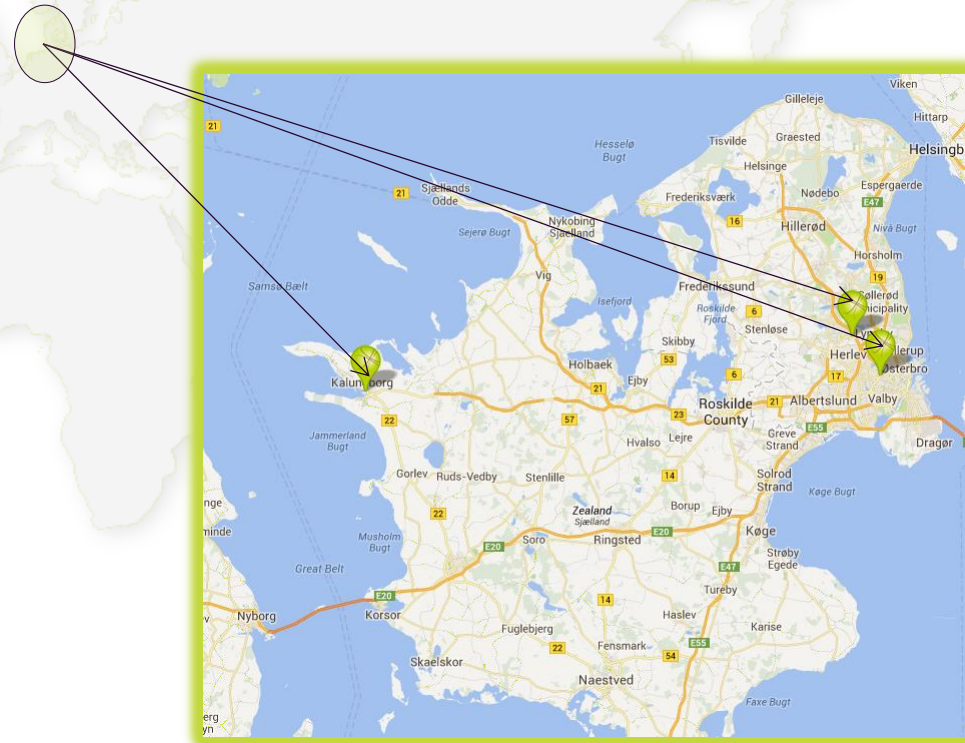
DRIVERS FOR FMDK

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:

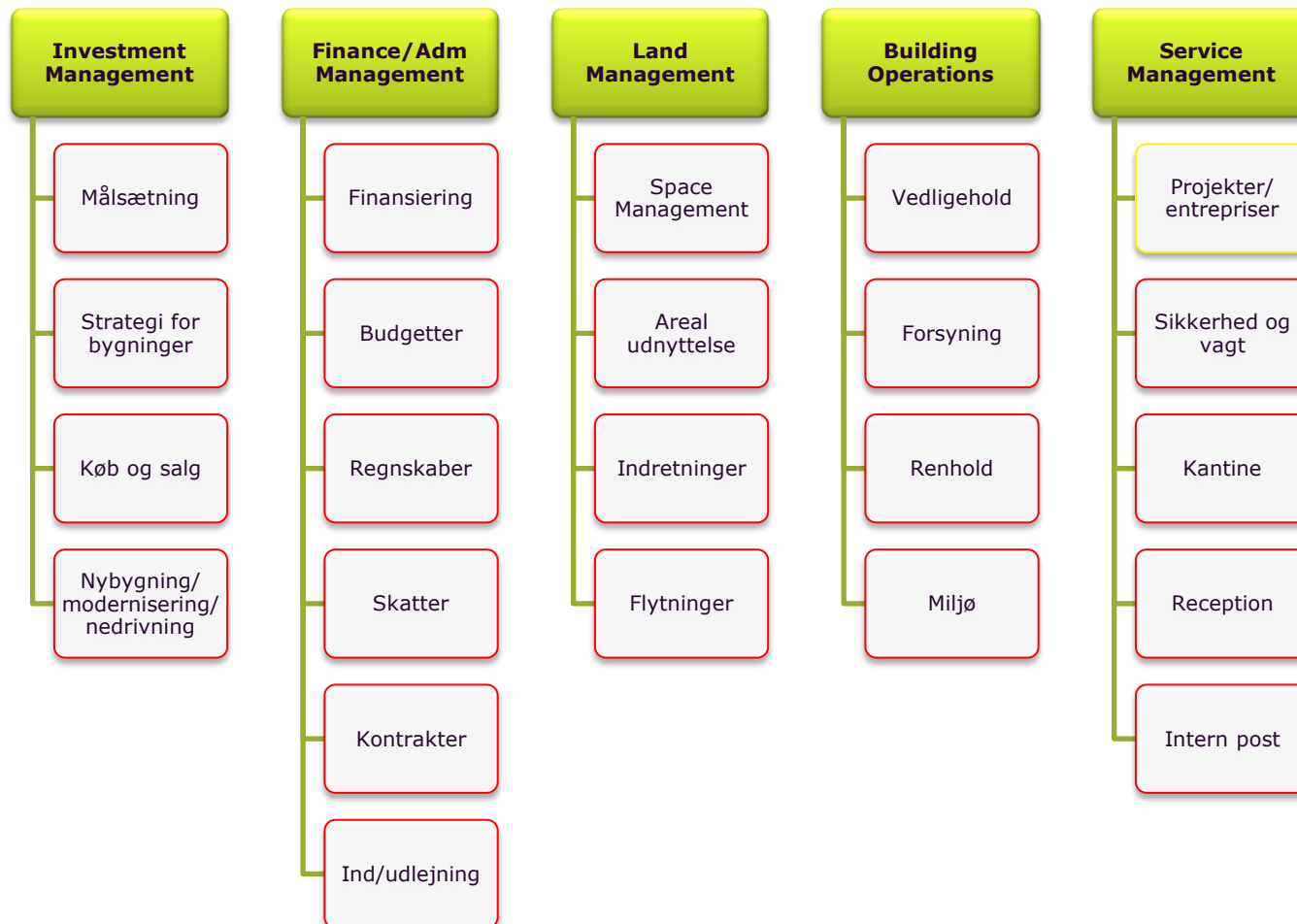
“Put out fires in R&D (project assistance etc.), consolidate FM tasks handled locally, and then build a strategy”

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

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



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??

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

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 have 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.

F	Red	Green	Green
E	Red	Yellow	Green
D	Red	Yellow	Green
C	Red	Yellow	Green
B	Red	Red	Red
A	Red	Red	Red
	1	2	3

Technical Priority

- 1 High risk of consequential damage
- 2 Reduced functionality/ minor consequences
- 3 Preventive maintenance

Operational Priority

- A Safety Issues (avoid personal injury)
- B Regulatory/Compliance
- C Risc of production shutdown
- D Influence on indoor climate/ lower service
- E Energy efficiency, pay back < 4 years
- F No operational risk

EXAMPLE

Roofing site BA: Replacement of roof deck

Activity:

Roofing felts in buildings 1A, 1B, 1J, 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.
- C: Risk of production shutdown if leaking roofs induces water in buildings/installations.

Budget highlight:

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

	F	Red	Green	Green
	E	Red	Yellow	Green
	D	Red	Yellow	Green
	C	Red	Yellow	Green
	B	Red	Red	Red
	A	Red	Red	Red
		1	2	3
Operational				
				Technical

Impact on operational budgets:

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

Involved Business Areas

R&D, Site BA (NZDK)

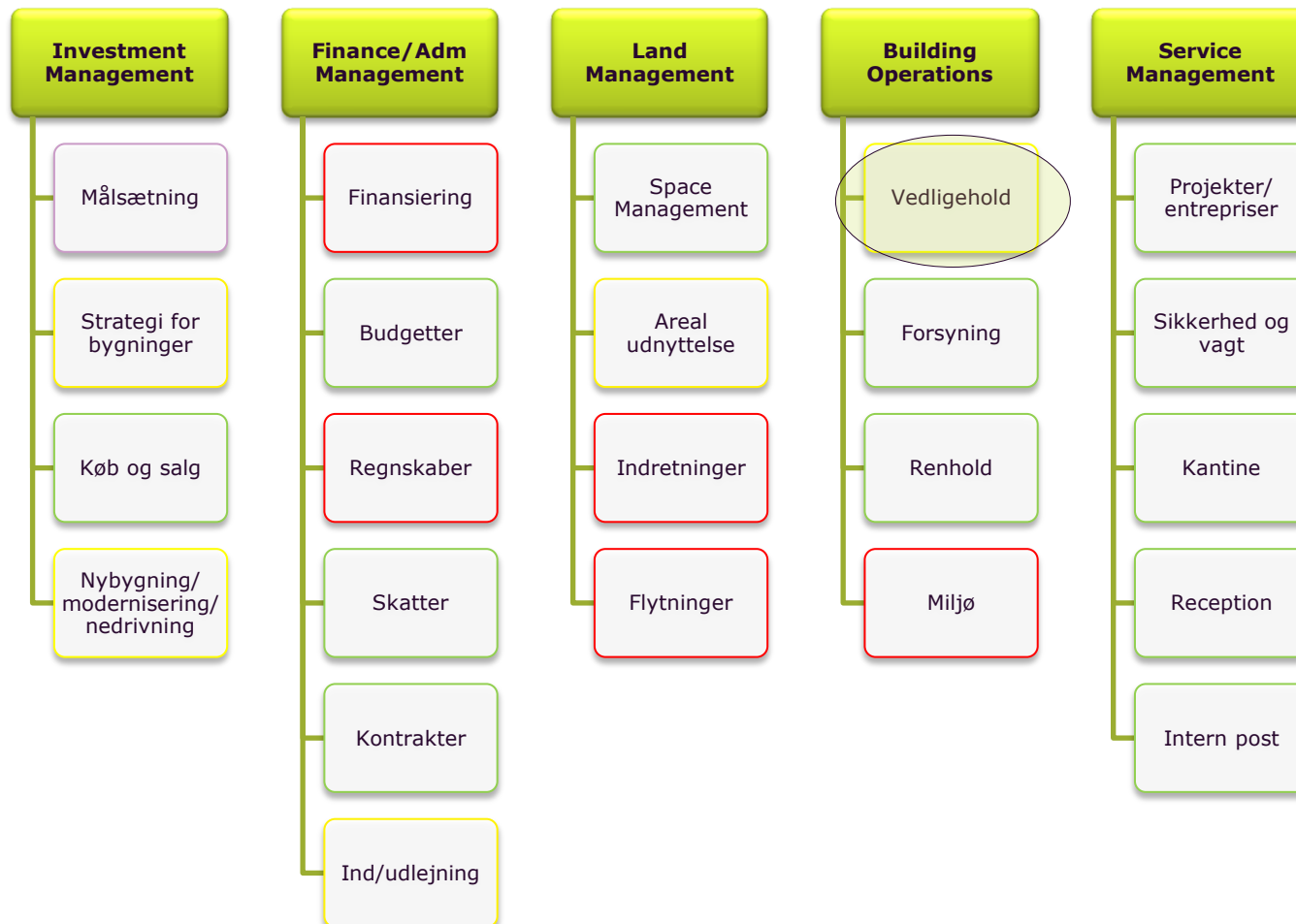
Priority Matrix TOTAL				
F	0.0	1.7	0.9	
E	0.0	0.2	1.0	
D	6.8	24.5	8.1	
C	15.0	21.3	1.5	
B	2.2	18.0	45.0	
A	0.6	1.0	4.5	
	1	2	3	
Red	93,11			
Yellow	47,5			
Green	11,7			
Total	152,27			

Priority Matrix 2013				
F	0.0	1.5	0.8	
E	0.0	0.1	1.0	
D	4.4	10.9	2.8	
C	14.8	21.3	0.1	
B	1.2	13.1	7.0	
A	0.5	1.0	4.5	
	1	2	3	
Red	46,5			
Yellow	32,4			
Green	6,0			
Total	84,9			

Priority Matrix 2014				
F	0.0	0.1	0.1	
E	0.0	0.0	0.0	
D	1.1	13.6	2.2	
C	0.2	0.0	1.4	
B	1.0	4.8	7.0	
A	0.1	0.0	0.0	
	1	2	3	
Red	14,2485			
Yellow	14,949			
Green	2,408			
Total	31,6			

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”



Need building maint.?

- Call: 63000
- Mail: 63000@jci.com
- WO + bekr. til Zymer via mail.

Prioritization – matrix

Prioriteres efter
prioriteringsmatrice
- Se næste slide.

Tasks
> 5000
DKK eval.
by FM.

Handym.

- Rutine
- Kaffe
- Sæson

Skema-
lægges
efter
bruger-
behov.

Craftsm.

- VVS
- EL
- Smed
- m.v.

Opgaver
puljes.
Løses
indenfor
10 dg.

Labequipt

Ydelser
flyttes til
lokalafalter
eller hånd-
værkere
efter
bruger
input.

Local SLA

Puljes
efter
bygning
og
grupperes
efter
bruger
input.

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:

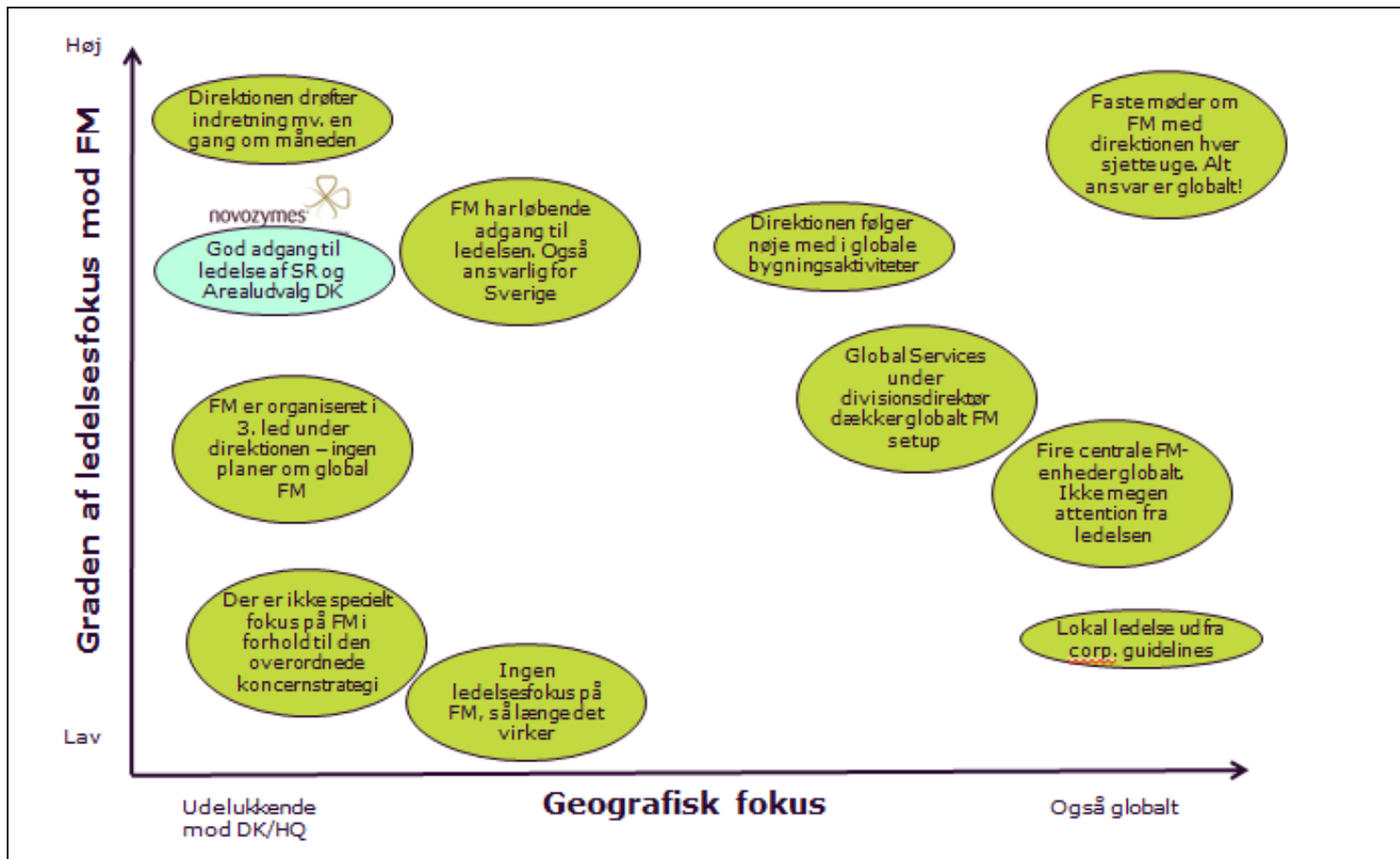
WHAT DOES OTHER DANISH GLOBAL COMPANIES DO?

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.



GFM LEARNINGS AND DRAFT SCOPE

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

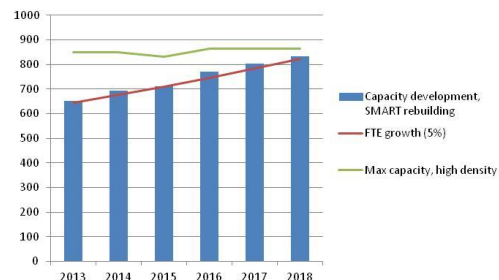
Rebuilding areas in 8X, as done in the Marketing Department, will enable NZ to absorb a possible 5% growth p.a. in a both standardized and fair quality solution.

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:
(Detailed Facts & Figures, next slide)

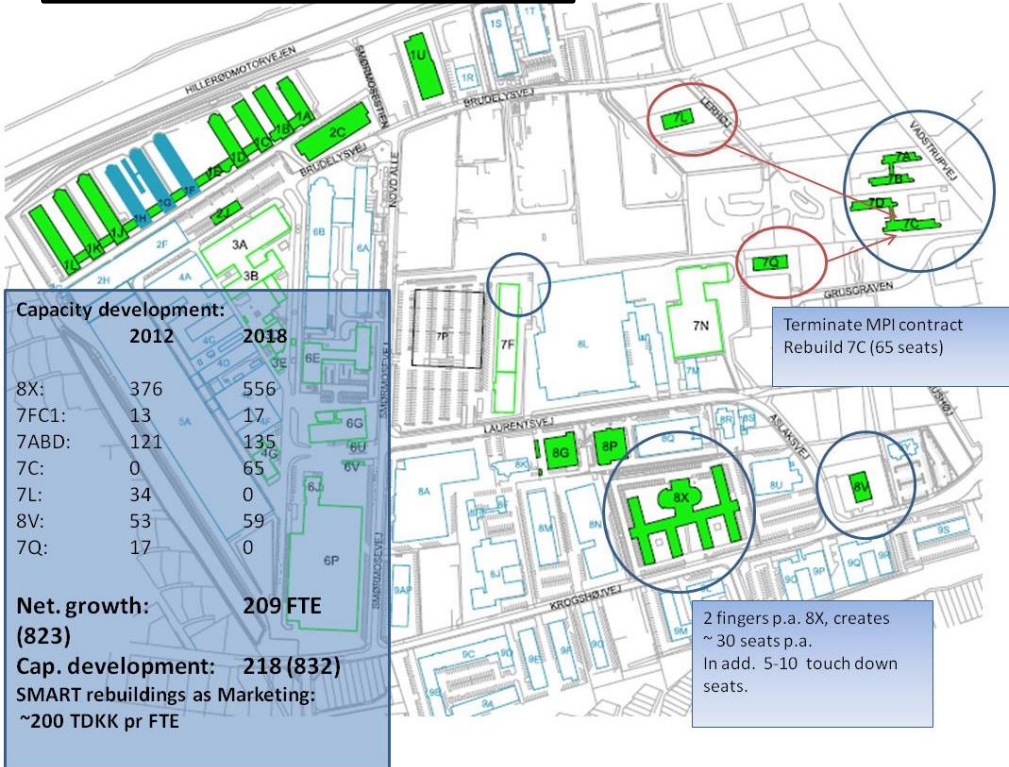


Current FTEs in 7L and 7Q could be consolidated in 7C.
NZ has to terminate rete agreement with MPI Tech.

Organic growth to be absorbed, primarily in building 8X

Its recommended, that the 55-60 FTEs in 8V is to be kept

Medium term purpose is to consolidate in fewer buildings



Option	2013	2014	2015	2016	2017	2018
Rebuild 8X SMART	6 MDKK	6 MDKK	7 MDKK	7 MDKK	7 MDKK	7 MDKK
Rebuild 7ABCD		1 MDKK (7B)			10 MDKK (7C)	
Missed Rent inc. 7C					1.55 MDKK	1.55 MDKK
Avoided Rent 7L/7Q			(0.55 MDKK)	(1.3 MDKK)	(1.3 MDKK)	(1.3 MDKK)

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)

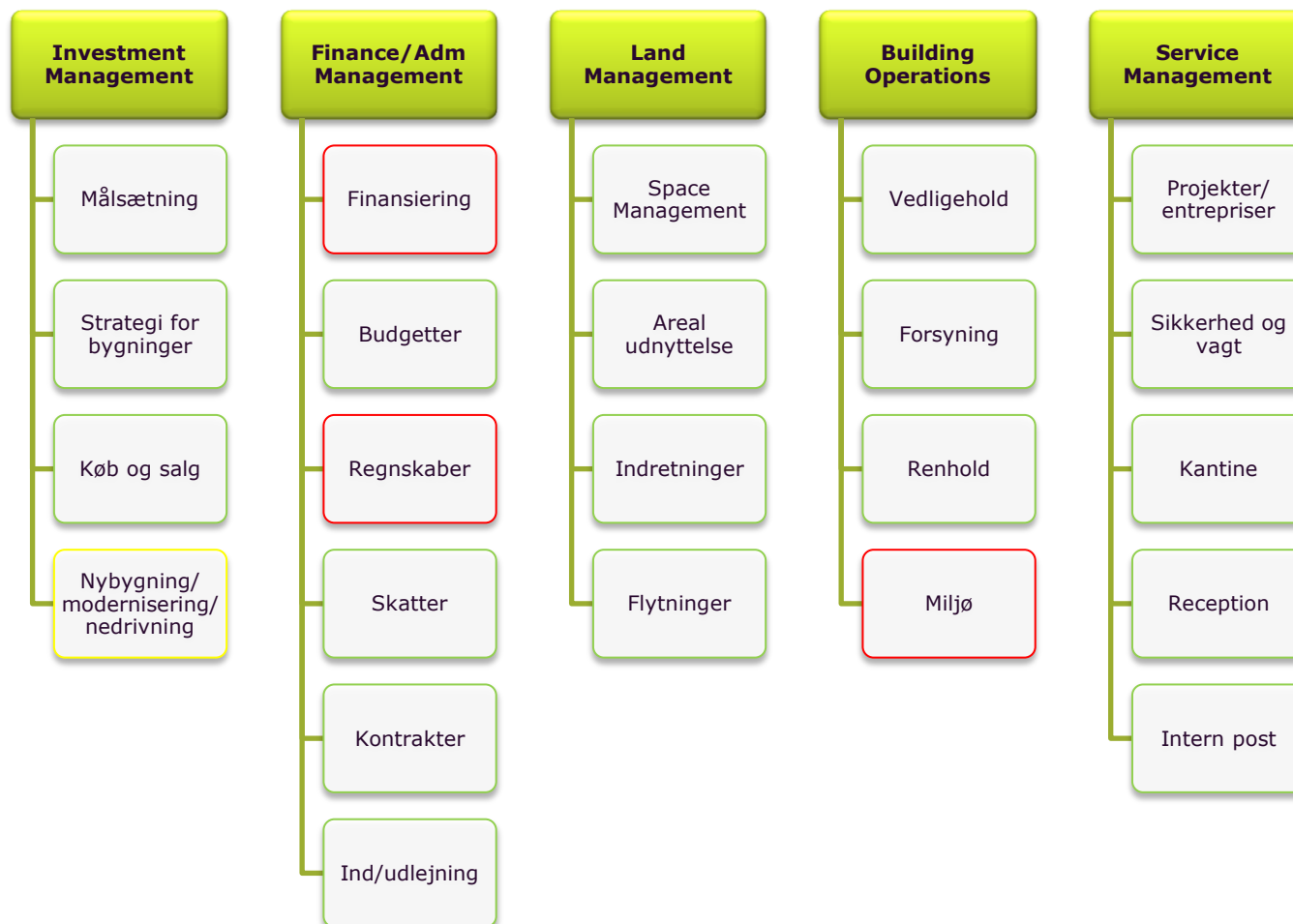
We have decided to distinguish between four primary drivers as we call **“The 4 pillars”**

STANDARDS Specification of service levels	TRANSP Baseline for c lev Bench	Service Line	Strategic	Tactic	Operational	Driver	Baseline	Target	Document
		Site Master Plans & Space Management	Identification of optimization potentials within building portfolio	Site Master Plans: Footprint and Scenarios	Space Management exercises	[M2]	NZ Footprint	Plans ahead of growth curves and efficiency on operational costs	SMP Standards & NZ Footprint
SMP Site Footprints Scenarios handling growth	GRO Perspective develop	Site Services	Benchmarks on Spend, Service Levels and End User Satisfaction	Scaleable solution, easy to re-source and adjust	Cost efficiency and transparent agreements	[HC + M2 + Q]	AB13	3-5% p.a. 2014-16	Standards
		Building Maintenance	Full transparency on spend, service level - Benchmarks	Scaleable solution, easy to re-source	Cost efficiency and transparent SLAs	[M2]	AB13	3-5% p.a. 2014-16	Building Maintenance Strategy
		Compliance & Authorities	Ensuring FM related services allways to be in compliance	Agility in authorities processing and audits	Easy acces to documentation	[Q]	As Is Data	KPI for compliance and audits in FM Regi	Standards
		Forecasting People Growth and Spend	Transparency on people and spend development	FTE Tool and FM Matrix: Tools for forecasting	Input to relevant budgets and plans	[HC + M2]	As Is Data	Quarterly Updates	FTE Tool & FM Matrix

Pillar	Holding	Driver	Driver ID	Data Basis and Tool
Standards	Specification of service level within FM Scope	Quality	[Q]	Building Mgmt System
Transparency	Baseline for current service level and benchmarks	Spend	[\$]	Spend in SAP Global Account Structure
Growth	Perspective on employee development in regions	Head Counts	[HC]	SAP HR FTE Tool
Site Master Plans	Up dated Site Footprint and Scenarios handling growth	Buildings	[M2]	Drawings Building Mgmt System

EPILOGUE

Today FM covers 9 FTEs in DK covering



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