

FACILITIES MANAGEMENT IN TURKEY
Dr. Feyzullah Yetgin¹ and T. Sinan Fındıkođlu²

¹*Emlak Real Estate Investment Company*
(The Participation of T.C. Prime Ministry TOKI), General Manager,
Department of Social Sciences Institute, Kadir Has University, Turkey; Visitor Lecturer
Meric Cad. Gardenya 7B Plaza Kat:7 Atasehir-Istanbul- Turkey
E-mail: fyetgin@emlakgyo.com.tr, tel: +900 216 456 48 59, fax: +900 216 456 46 06

²*YKS Tesis Yönetim Hizmetleri A.Ş. General Manager, Board Member*
Büyükdere Cad. Yapı Kredi Plaza C Blok Levent-İstanbul Turkey
E-mail: sfindikoglu@yks.com.tr, tel: +900 212 280 42 87, fax; + 900 212 280 42 89

Abstract.

Facilities management became a structure including residences which became large scale and complex structures and versatile service companies. Sector's definition is extending day by day, and the scope of the sector now includes a broad assets management, support services and human skills. Small to large, a lot of facilities management companies are active in Turkey. Most of these are not institutionalized companies. Facilities management sector in Turkey is a recently developing sector. This study aims to fill the background of the issue with example practices whilst informing about the place of facilities management in Turkey.

Keywords: Facilities Management, Project Management, Real Estate Management

1. Introduction

Facilities Management is the integration of the effect of inter-disciplinary activities on buildings, constructions and work places. An efficient Facilities Management combines the resources with activities. In order to be successful, this is inevitable. On daily activities basis, Facilities Management provides an efficient working environment; and this is necessary and obligatory for all kinds of businesses. The Facilities Manager has a broad area of responsibility as a result of professional

discipline which grows rapidly whatever the scale or size of the enterprise is. These responsibility areas consist of property strategy, field management, communication infrastructure, management and control management, and such.

Issued reports show that there are similar shortages at management processes. Determined main problems were listed as reactive management, conflict or dispute of expectations or purposes of the property owner and the lessee, deficiencies in monitoring the performance, and inadequate data flow.¹ Another research suggests that the directors give priority to decreasing the costs.²

The relationship between the organizational performance and FM is assigned by the relationship between the core business and facilities. At this point, contribution of the FM performance to success, and performance measurement and control gain importance.³

Facilities management practices first started with outsourcing of some services in 1970 and 1980's with cost reduction purposes; specialization trainings have continued and progress have been made within the context of public and private

sector partnership in 1990's. Facilities management became a structure including residences which became large scale and complex structures and versatile service companies. Only in England, the sector creates business worth of approximately 100 Billion Pounds. Knowledge and skills are required qualities for being a facilities management professional. Sector's definition is extending day by day, and the scope of the sector now includes a broad assets management, support services and human skills.

Training studies for increasing the efficiency of property management have been increasing gradually. The studies carried out provide the determination and sharing of the experiences for the accomplishment of this goal.⁴

Small to large, a lot of facilities management companies are active in Turkey. Most of these are not institutionalized companies. Facilities management sector in Turkey is a recently developing sector.

2. Facilities Management in the World

There are many academic publications throughout the world asserting that there is not a single all encompassing and

universally agreed upon definition of the term Facility Management and Turkey is not an exception.

According to the results of the annual study by Faculty of Urban and Regional Studies at Reading University, the differences between facilities and property management in the USA and EU were emphasized. According to the report it is concluded that whereas there is a developed and more successful management system in the USA, management skills are more valued in EU.⁵ It is a well known fact that every country in the world have their own way of doing business in parallel to their culture and social life. There are two main schools in FM, in the world. In the USA FM is focused on workplace efficiency and management of facilities comparing to the British approach, the Americans FM pays more attention to the technical issues and installations. The main target is the physical workplace. The British FM focuses on the integrated services, health and productivity, improvement of the work environment and employees. The British employee based approach pays relatively less attention to the technology.⁶

As buildings becoming more complex and customer relations management more strategic for business continuity property

owners will inevitably tend to outsource FM tasks to professional companies.

It is a very common purchasing strategy that one goes for the cheapest alternative in deciding which one to buy. There are, as we suggested earlier, certain roadblocks in convincing decision makers to outsource FM activities. Even if one agrees to outsource then the pricing issue comes in. There are both quantifiable and unquantifiable aspects of value adds. Buyers ,in the market most naturally focuses on quantifiable ones, in our profession ,as is the case for rest of the other service related professions, know how accumulation is the most valuable asset. Even if cost of doing it in house is the same as outsourcing, one would be able to spend more time to core business and create values for their respective fields. Time needless to say, is the most precious commodity in the post- industrial era.

When one runs his own building, then he has the experience of one individual building, but when one runs tens or even hundreds of buildings then one has a vast amount of accumulated experience, therefore one is quick and efficient to fix problems. This is the real nature o FM. Provision of economies of scale is another important aspect of FM, which is also a quantifiable one.

Another important aspect is engineering operations that have impact on maintaining strategic assets, (machinery and equipment) over the course of the years, energy efficiency and environmental impact in terms of sustainability. Today, it is the foremost job of an FM manager to ensure that machinery, that investor spent millions of dollars will last 20 or so years with proper planned, predictive and proactive maintenance schedules and building consumes amount of energy and other natural resources that is in keeping with facility's needs and should frequently run benchmarks with alike buildings. Environmental impact is a hot agenda in today's world with global warming concerns, it is not only governments' or large corporations' responsibility to reduce the usage of materials that is known to cause global climatic changes, therefore a facilities manager should also focus on those issues, even if it is on a single building basis.

Another important item that FM profession should address carefully is safety. Disaster and Emergency Management and Business Continuity Plans are concepts that are becoming more strategic in sustaining life of individuals, as well as corporations and buildings. A recent report on business safety suggests that, 80% of the firms without a proper Disaster and Emergency

Plan have gone bankrupt within three years after struck by a major disaster. This forced firms to be more prepared for contingencies. Facility management companies are not only an integral part the process but also facilitators of research, innovation and development of methodologies in this field.

Equipped with precious body of knowledge accumulated over the years, making extensive use of information technology through data processing, playing a part in energy efficiency, environmental impact, disaster and emergency management, FM is and shall be a prestigious profession and sector will eventually and steadily grow in coming years both in Turkey and in the world. In a world where competition is fierce and profit margins are narrow;

- cost cutting,
- life saving,
- energy and resources saving,

oriented approach will prove to be very useful to investors, developers, tenants, end-users, service providers and all of the parties involved. Facility management shall even be used to contribute to competitiveness of commercial properties in a broader context.

Increasing the profitability of the property investments is subject to many financial and non-financial factors. Fertile management of the property will decrease the costs, minimize the need for capital, and therefore increase profitability.⁷

3. Facilities Management in Turkey

Central theme of this essay is to present a brief history of how facility management sector has evolved in time in Turkey. Facility Management concept is relatively new for Turkey. First and premature applications were seen in Istanbul, as a result of completion of Yapi Kredi Plaza (three building office park; 75.000 sqm.) and Sabanci Centre (headquarters of Sabanci Holding, 107.000 sqm.) in late 80's and early 90's. There were firms to provide security and housekeeping services separately but no facility management firms or at least a team of experts who have had the experience to manage a scale of buildings as these two. Subsequently, teams were established to perform FM tasks for each building.

Over the last decade Turkey has witnessed one of the most intensive real estate booms, especially in residential projects. Especially foreign direct investment has increased exponentially, as a result of which necessitated that new and modern

buildings or large residential project be managed by professional organisations.

International FM firms such as Johnson Controls and Siemens Building and Real Estate Management has arrived in Turkey, in early 2000's and more recently Compass Group and ISS have acquired majority shares of two prominent Turkish FM companies Euroserve and Proser respectively. Some of the former security and housekeeping services providing companies also become FM companies over the course of the years.

One of the reasons for increase in the number of FM companies in the market is that, investment requirements for founding an FM company is relatively lower in comparison to industry or other services sectors .

There has been no academic institutions so far that provide formal education for facility management. There are a number of universities which opened up Real Estate Development programs for post graduate students that FM only occupies a few hours of lesson time in a whole academic semester. Non government organisations such as International Facility Management Association (IFMA) and The Building Owners and Managers Association (BOMA) are not active in

Turkey, only IFMA is represented at large status through their certified members.

Association of Real Estate Investment Companies have a FM sub-comitee that convenes regularly. There are not currently any periodicals that focuses specifically on FM issues in Turkey.

Together with the increase in FDI especially in real estate sector in Turkey, FM firms will have more market penetration and be profitable, as a result of economies of scale. We believe, international property and asset management firms will gradually enter Turkish market in parallel to real estate funds and investors that will eventually change the market outlook as a whole.

YKK Facility Management Company (YKS) has had an independent research firm carried out a market research on customer expectations and satisfaction in FM market, in 2002. One of the important findings of the research was that customers (decision makers of outsourcing FM tasks within the companies) wanted to be informed in detail of how the facility is managed; through a reporting system. A second expectation was to find out, whether initial commitments and contractual responsibilities of an FM company should objectively be measured,

monitored and reported on a monthly basis. Energy saving was most naturally on the agenda and the earthquake that hit Turkey in August 1999 had created a sense of insecurity amongst companies and people as a whole with regard to continuity of business processes.

There are unfortunately not any sound statistics as to suggest the number of facilities exist in Turkey that is large and/or complex enough to be managed by a FM firm. There are certain difficulties in promoting FM and explain the value adds in Turkey to investors, developers and property owners.

- lack of confidence to FM concept/ firms on the part of property owners,

- tendency of property owners to be in control,

- convictions of property owners that they can do it better and cheaper,

- property owners' intention of making extra profit from FM services, on top their rental income.⁸

4. A Case from Turkey

One of the intentions of writing this essay is to share with the reader a case study from Turkey. YKS Facilities Management Services firm has been founded as FM company of Yapi Kredi Plaza in 1988. Providing FM services for almost 20 years in Turkish market, YKS has today, 20

projects, 11 consultancy services project. YKS has market share in residential, retail, industrial, office and mixed-use sub-sectors and currently managing 750.000 sqm of space with an annual consolidated operating budget of 15.000.000 USD, with 700 personnel recruited in above mentioned projects.

YKS has decided that the coming five years needed to be invested in developing methodologies and IT infrastructure to meet existing demands of customers in the market. There are three distinct approaches adopted by YKS to meet excel expectations and differentiate in competition.

4.1. Service Level Agreement and Key Performance Indicators

In order to quantify, measure, monitor the services under contractual obligations SLA's (service level agreement) and KPI's (key performance indicators) were identified, in accordance with service levels committed. KPI's such as reaction time to failures, correction time of failures, downtimes, planned maintenance, number of emergency drills, number of trainings ,budget vs actual reports, numbers and types of inspections performed on monthly basis. In accordance with particular facility's customer expectations those SLA's and KPI's are designed and pricing

strategy is aligned with it. YKS has developed a web based software that not only measures and reports KPI's each monthor within a given time range, but also designed a reporting system that enables customers, via their passwords, access information concerning the facility. Customers can access job tracing and personnel lists, training and inspection results sheets, work order/ inventory/ purchasing orders lists, budget, vs. actuals and up to date status of each.

4.2. Disaster and Emergency Management System

YKS has developed a disaster and emergency management methodology and adopted it to a web based software and customized the system for each individual project that is large enough to be employed efficiently. First of all, types of distinct emergency situations that requires unique handling procedures were identified. Each situation has been converted into an action plan that defines a to do list in order of priorities and designates each task to a personnel. Basically it is a list of "who performs what". Each action plan is then associated with an alarm level and specifies instructions in any given emergency situation. Communication is a key factor in assessing the success of the whole method after the incident has come to an end. Level of damage and number of

casualties determines the success in the aftermath. Communication infrastructure were greatly enhanced both within the company and amongst projects. Finally, an emergency drill system was designed, including training, on site drills, timing of each mission critical task and overall scoring of individual drill. Through this system both YKS and customers are able to see whether the project personnel are prepared to handle an emergency in an efficient fashion.

4.3. Energy Management System

Energy saving today is the number one topic in every individuals' agenda in the developed world. Energy efficiency is a more appropriate term when it comes to facility or corporate level. Therefore, the amount of energy consumed for an output be reduced or greater output is achieved with the same amount of energy is the basic question behind energy efficiency. YKS is developing methods and tools first to measure the amount of energy & resources used and attempts to verify it through a set of benchmarks and design improvement projects, most of them with small costs to preserve more energy. A web based monitoring system and performance checklists shall be designed and put into practice in 2007- 2008. Results will be shared with customers on a monthly basis. Main headings are;

- * Energy monitoring ,
- * Energy efficiency analysis,
- * Energy saving in lighting,
- * Energy saving in cooling towers,
- * Enhancing energy output in boilers,
- * Heat recovery.

5. Summary

Facility Management is the processes to provide a quality working environment and supporting services with appropriate costs for the organizations to run their main activities. The concept of quality working environment covers production activities supported by information technologies and includes physical, managerial, and social aspects. Facility Management Services was developed to ensure centralized management of these aspects which have a strategic and tactical importance for carrying out the main activities of the companies, to provide quick access to reliable information, and to make serious savings on the expenditures made on support services.

When the ways of implementation in the world are considered, one can see that FM service manners are affected by socio-cultural structures and economic development levels of the countries. It is obvious that FM services in Turkey are very new. However, it is seen that the interest of both foreign and domestic producers has increased especially with the intense production of housing units, shopping

centres and office buildings recently. The requirement for a cost-effective study on after-sales services and commercial investments due to increasing competence and decreasing profit margins has also increased the requirement for professional facility management companies. Accordingly, the article puts forward that there is a modern, scientific business method which is parallel to implementations in the world with examined YKS company implementations.

It is expected that property sector will continue to grow due to the increase in population and requirement of urban renewal in Turkey. Moreover, increasing interest of the foreign investors especially on commercial property recently confirms this. Accordingly, FM services that support the development of the property sector and increase the standards are expected to become more widespread.

References

¹ Gibson, V., Property Management, Vol. 12,

No. 3, 1994, pp 9-14.

²

<http://www.fmlink.com/Marketplace/WhitePapers/Articles/facmansoftsurv.html>

³ Amaratunga, D., Baldry, D., Property Management, Vol. 21, No. 2, 2003, pp 171-189.

⁴ Bon, R., Facilities, Vol. 13, No. 7, 1995, pp. 10-16.

⁵ Bon, R., Facilities, Vol. 12, No. 3, 1994, pp. 17-20.

⁶ Maliene, V., Alexander, K., Lepkova, N., Facility Management Development in Europe, Not published yet.

⁷ Krumm, J.M.M.P., Vries, de, J., Journal of Property Investment & Finance, Vol. 21, No.1, 2003, pp. 61-72.

⁸ Üstündağ, N., Akıllı Binaların Tesis Yönetimi ve İş Yaşamı Kalitesi Üzerindeki Etkileri, Doktora Tezi, İstanbul Üniversitesi, Sosyal Bilimler Enstitüsü, İşletme Yönetimi ve Organizasyon, İstanbul 1999. (Effects of Intelligent Buildings on Facility Management and Business Life Quality, Doctorate Thesis, Istanbul University, Social Sciences Institute, Business Management and Organization, Istanbul, 1999).