

Will Outsourcing Work for Your Organization?

A NEW LOOK AT A FAMILIAR PROBLEM

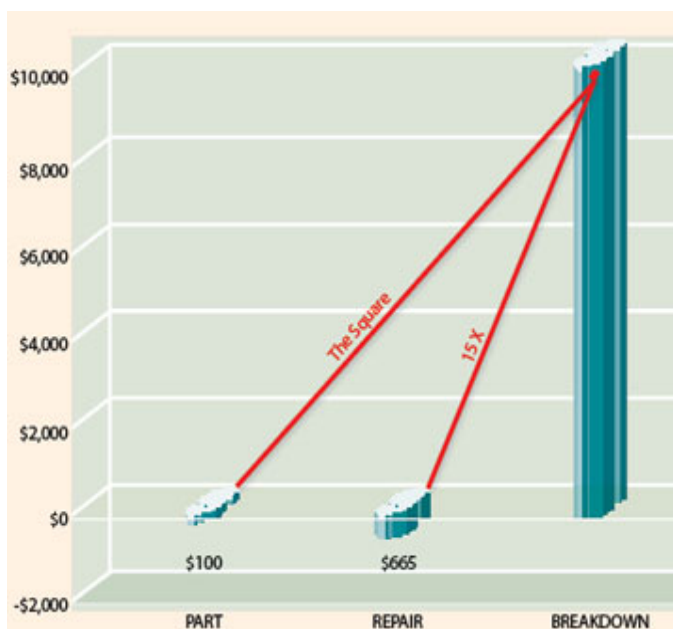
Outsourcing is familiar territory these days. Cutting costs is part of every company's business plan and facility managers are feeling the pressure; reduce costs without impacting services. To do that, managers are taking another look at outsourcing hoping to find new solutions to familiar problems. For many companies, outsourcing works.

Today, facility maintenance provided by outside vendors is taking care of more of the facility tasks once handled by in-house staff, and the advantages have been getting more attention.

According to David Pasek, CEO of Flagship Facility Services, outsourcing enables budget flexibility. "With outsourcing, organizations only pay for services they need - when they need them."

The process reduces the need to hire and train special staff and technicians and brings in engineering expertise only when necessary. This reduces capital expense and provides the company with better control over operating costs.

Figure 1 Geaslin Inverse Square Rule for Deferred Maintenance
Source: Buildings.com



One facility manager in San Jose, California told us his experience. His company started cutting resources in mid 2010 and his group was one of the first areas hit.

"There's a trend toward using more contractors for facility maintenance and engineering. It just makes economic sense in this type of cost-cutting environment. You don't have to sacrifice quality work or well-running equipment."

Mike Avila, Regional Operations Manager at Flagship, also points out that, "due to all the advances in technologies, using outsourced expertise increases the likelihood that the job will get done right." Avila's customers tell him that, "the right technician with the experience and technical expertise will provide better control over company assets."

THE TRUE COST OF DEFERRED MAINTENANCE

When costs are being cut, resources become limited and the list of deferred repairs and maintenance gets long. Neglected repairs and ignored preventive maintenance adds up to a costly and complex problem.

According to one measurement, the *Geaslin Inverse Square Rule for Deferred Maintenance* (Fig 1), if you defer maintenance, you can expect future expenses to be equal to or greater than the cost of the part squared or, 15 times the total repair cost.

Of course, there are advantages to keeping maintenance service in-house but experts agree that a periodic annual re-assessment is vital to determine what will work best for your organization.

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