

# Handing Over The KEYS

Is outsourcing an asset or threat to retail facility managers?

BY NATHANIEL SHAW

Have you been hearing the same question asked around our industry?

Serving on boards and committees with retailers, grocers and vendors alike, I get to hear many sides of issues and many different viewpoints. This is interesting and, mixed with the current economic environment, brings passion into discussions. My clients in the industry for the past 14 years have been comprised of directors of facilities, facility managers, vice presidents of real estate and facilities, and even the occasional president or owner of a chain. Some of you have expressed concern that the very vendors that you rely on and partner with on a daily basis are now absorbing entire facilities departments and the jobs that go with them. Granted, during an economic downturn, senior retailer management teams look for all viable ways to cut costs. Some vendors offer a one-stop shop that includes the management of all trades and services for maintaining the stores.

This poses a dilemma for both customer and vendor. If customers (retailers) are looking at all creative ways to reduce overhead, then the vendor must innovate to provide solutions. Often, today, it is within the retailer's C-Suite that broad cost-savings ideas are being explored,

including reducing head count while maintaining necessary services.

In my view, while innovative ideas and concepts are being tested and implemented, over the long term, there will still be room for multiple models. The traditional in-house facility management department will continue to exist because many chains want total control of their process, results, programs and spend. There will be an increased outsourcing model, in which key facilities executives are retained in-house, but more work is outsourced — I think we have all become accustomed to doing more with less. And there will be a total departmental outsourcing model, in which the C-Suite decides

that they would rather manage spend and results at a macro level and allow a vendor/partner to take care of the details and execution.

There has been increased turnover at both retailers and vendors as the economy creates new challenges and pressures. The need for managers and executives to reinvent themselves becomes more important as employers look for people to add value in additional ways.

Within my company, we specialize in certain trades and services where we have developed expertise and geographical strength. This just happens to be what works for us and our clients. Some providers take the jack-of-all-trades approach, and at the macro level, some providers now offer to take the entire department. Either way, it's what works for them and their clients. I have sensed some real fear and apprehension, even as the economy seems to be making some small strides in a positive direction. One of the benefits of being active in industry networking conferences, such as InterFace Conference Group's Retail Facilities Exchanges, is that retailers and vendors can embrace many educational opportunities, which increases their value and marketability within their companies and within the industry. The basics are still the same. Engage in true partnerships with your vendors and clients, and everybody wins. You never know which side of the desk you might be sitting on some day, so building long term relationships is as important as ever.

The outsourcing trend is not going anywhere, but retailers will still fall within ranges of how much control they are willing to give up, how much performance they are willing to trade for reduced costs, and how willing they are to embrace unique solutions. In the end, outsourcing is an asset which retailers can use to their advantage. **RFB**



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Outsourcing could be viewed as "handing over the keys to the store." The outsourcing trend is not going anywhere, but retailers will still fall within ranges of how much control they are willing to give up, how much performance they are willing to trade for reduced costs, and how willing they are to embrace unique solutions.

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