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Governmental Strategy to Galvanize the FM  
Industry: The Lifeblood of Eastern European  
Economies

# Governmental Strategy to Galvanize FM Industry

- ▶ HFMS
- ▶ Vision; Cultural and economic diversity in Europe
- ▶ Why Hungarian FM industry needs a strategy
- ▶ Approaching government
- ▶ Role models – adopt and adapt
- ▶ The project
- ▶ Strategy in brief: SWOT, Aims and Vehicles
- ▶ Lessons learnt



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# HFMS

- ▶ Founded in 2005 for advancement of facilities management as a business discipline
- ▶ Active member:
  - Global FM
  - CEN TC 348 Facility Management
  - ON-K 280 Facility Management
  - Euro FM
- ▶ HFMC: National Conferences
- ▶ 10 years of FM education



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# Vision

- ▶ Leading role in FM theory and practice in Eastern Europe
- ▶ Provide advanced methods and best practices for the region

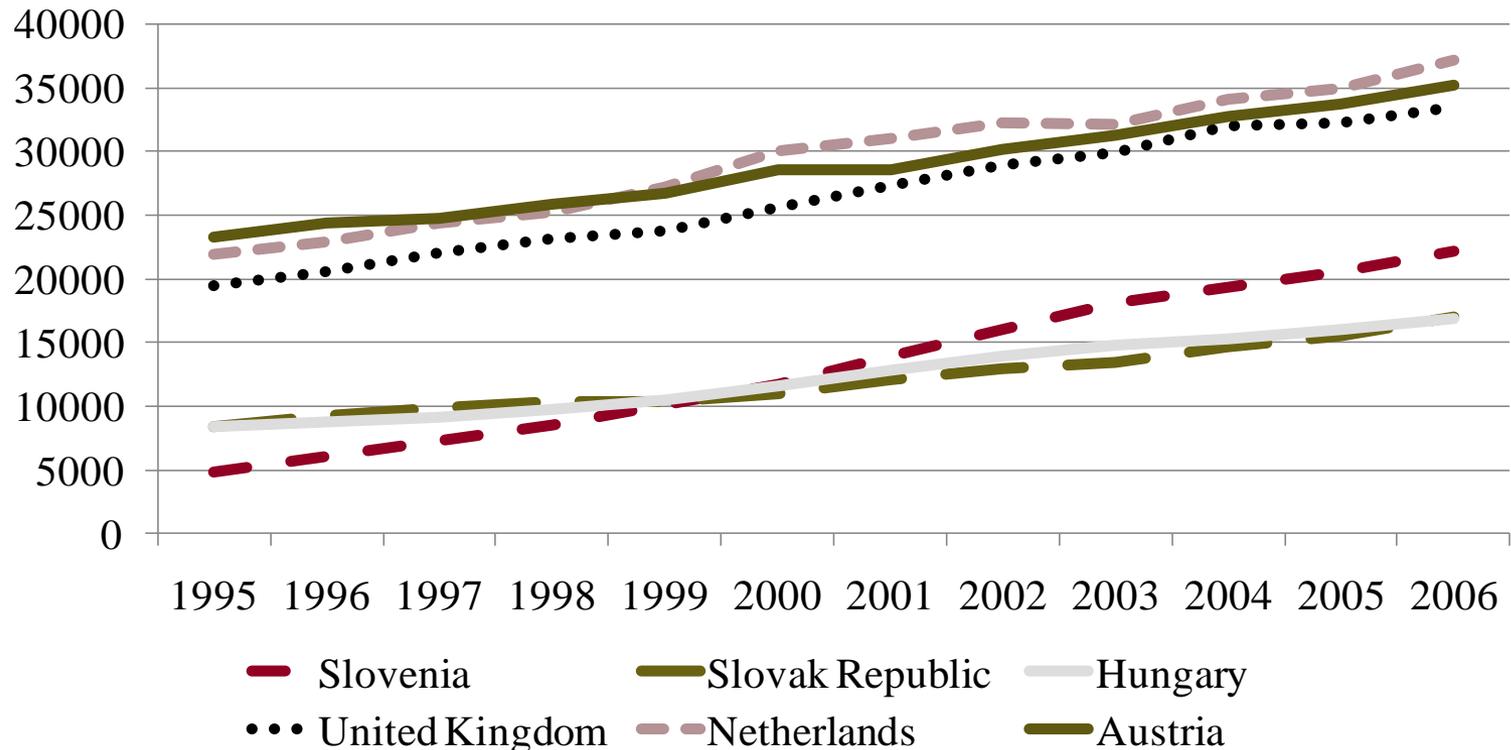


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# Cultural and economic diversity in Europe

Gross national income per capita\* of selected countries (USD)

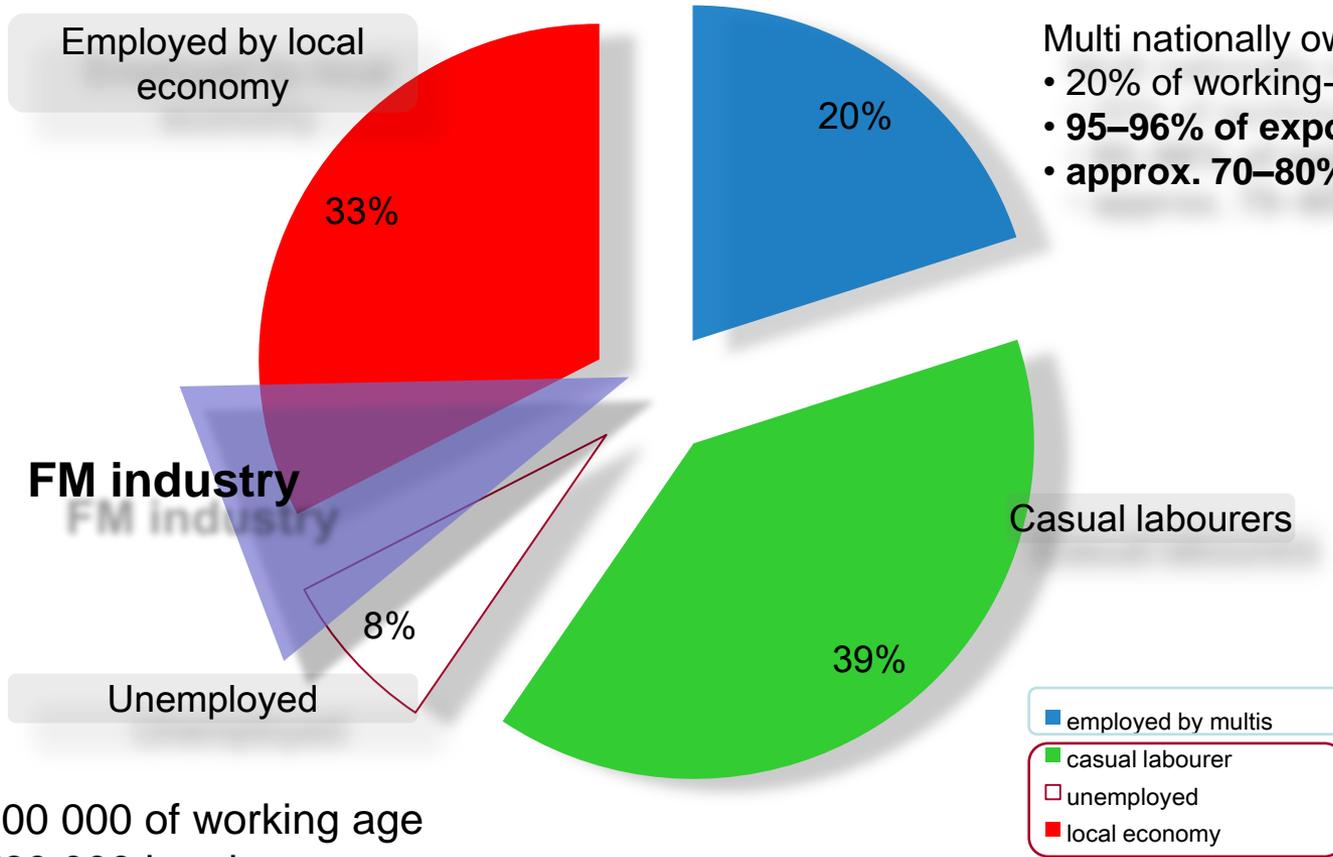


\* Source: OECD



# Why Hungarian FM industry needs a strategy

## Employment and economic structure of Eastern European countries



Multi nationally owned industry:

- 20% of working-age population
- **95–96% of export**
- **approx. 70–80% of GDP**

**FM industry**

FM industry

Casual labourers

Unemployed

Primary economy

Secondary economy

3 800 000 of working age  
 760 000 in primary economy  
 400 000 in FM industry - part of local secondary economy



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# Approaching government

- ▶ FM services – the invisible industry
  - 7% of GDP – 3rd (after construction and electronics)
  - 400 000 employed, 0.8–1.1 M (incl. families)
  - Often less educated workers
  - facility production – 100% SMEs

Remained unrecognized so far ...

- ▶ Discussion started in 2006 with the Ministry for National Development and Economy
- ▶ Contacts, contacts, contacts ...



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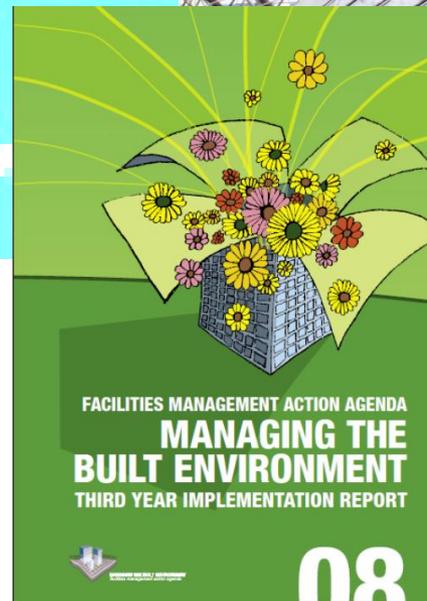
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# Role models – adopt and adapt

Core Competencies for Federal Facilities Asset Management Through 2020: Transformational Strategies  
<http://www.nap.edu/catalog/13243.html>

CORE COMPETENCIES  
FOR FEDERAL FACILITIES  
ASSET MANAGEMENT  
THROUGH 2020

Transformational Strategies



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# The project

## Questions asked

- ▶ Why is the strategy necessary?
- ▶ How can it help the whole economy?
- ▶ Main pitfalls and quick wins?
- ▶ SWOTs?
- ▶ Framework?
- ▶ Vehicles for implementation, controlling and monitoring?



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# The project

- ▶ Ministry workgroup
- ▶ Stakeholders: 20+ interviews
- ▶ Template
- ▶ [www.fmguru.hu](http://www.fmguru.hu)
- ▶ Feedback
- ▶ Timeframe: 4–8 years

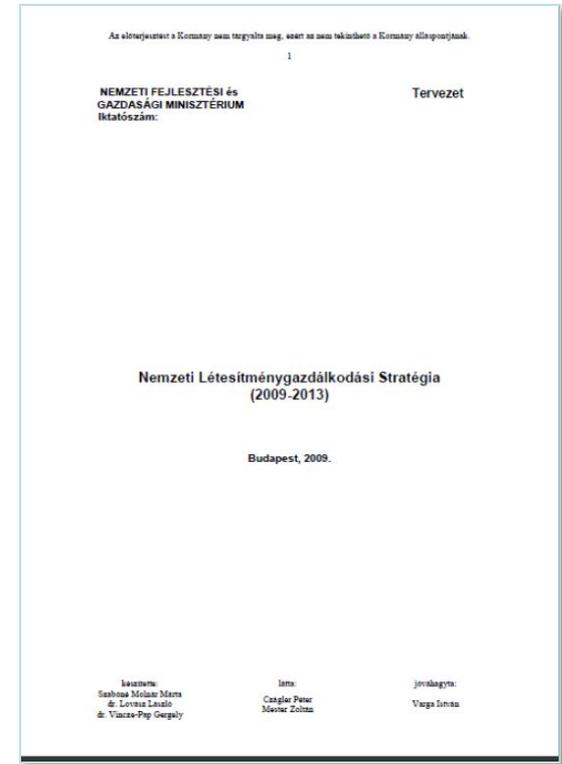


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# Strategy in brief

- ▶ Introduction: terms and definitions, problem defining
- ▶ Vision
- ▶ SWOT analysis
- ▶ Strategic framework
- ▶ Aims and vehicles
- ▶ Financial plan
- ▶ Implementation and monitoring



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# SWOT analysis – strengths and weaknesses

<b>Strengths</b>	<b>Weaknesses</b>
Intent of government and industry	Lack of proper information flow between stakeholders
Good international relationships (Global FM)	Lack of research
University initiatives – facility engineering, 10 years of FM education	Not recognized as business discipline
Significant part of GDP (7%)	Lack of statistical data and market intelligence
Significant part of employment (10%)	Lack of professional rules
Cooperation of professional associations	Lack of professional qualification

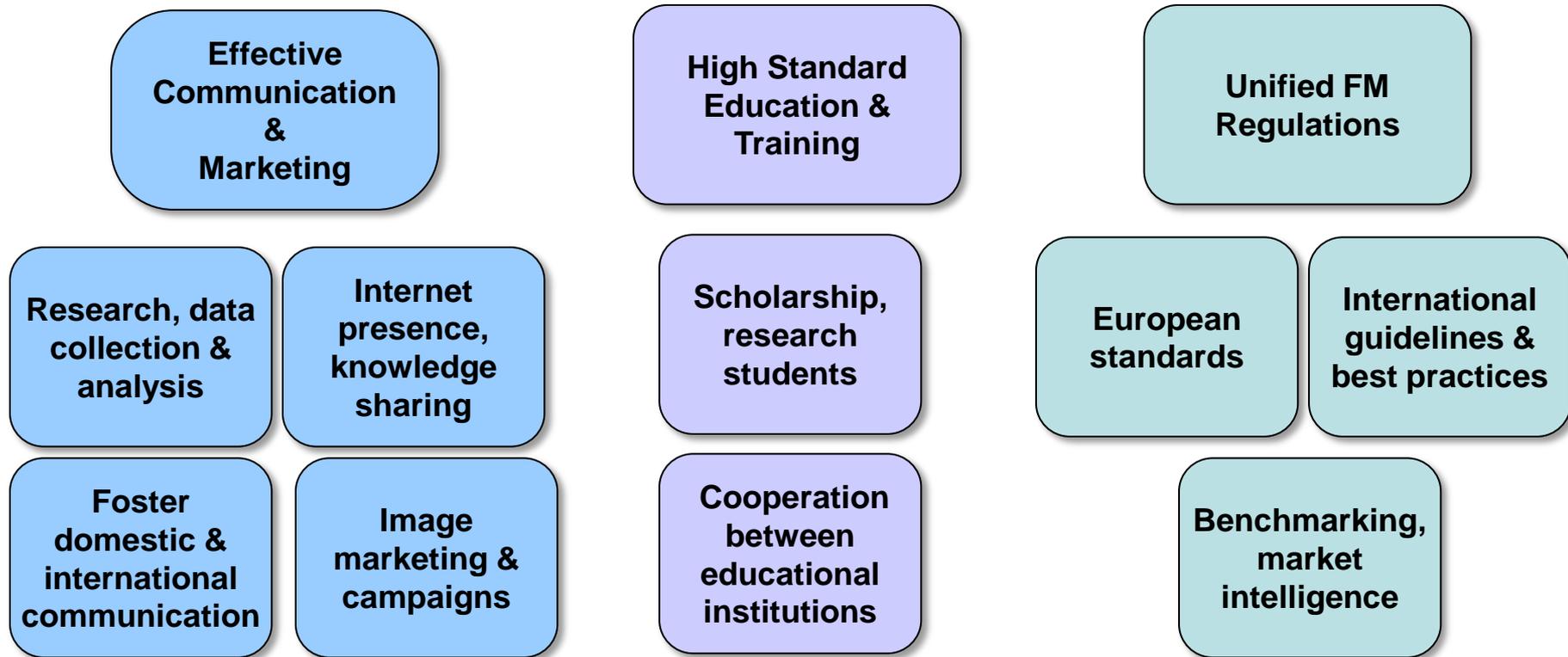
# SWOT analysis – opportunities and threats

Opportunities	Threats
Strategic cooperation with government	State of EE countries uncertain
Strong market influence of governmental sector	Size and quality of governmental facilities
Foster consciousness	Illegal employment (30–40%)
Job creation, positive influence on labour market	Fluctuation of forint, new financial threats, bubbles
Support sustainable development	Downward tendency of quality–price spiral
Knowledge transfer to EE countries	Fierce competition among service providers





# Aims and Vehicles



**Collect & share knowledge**

**Provide guidance to support sustainable development**



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# Lessons learnt

## Main pitfalls

- ▶ Not real estate: hard to understand
- ▶ Invisible industry: NACE Code
- ▶ Cooperative and confrontational economies

## Quick wins

- ▶ Knowledge: harvest and share
- ▶ Alliances
- ▶ Communicate !



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# Lessons learnt

## **Cultural challenges**

- ▶ Short term political goals
- ▶ Education: way forward
- ▶ Isolation, language
- ▶ Mentality
- ▶ Provincialism



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# Closing thoughts

- ▶ East and West
- ▶ Cultural diversity: challenges
- ▶ Maturity
- ▶ FM: cultural link
- ▶ Strategic impact



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