

## Be inspired and challenged

According to new market research carried out by Demoskop, three out of every ten large companies and public sector organisations say that internal service and peripheral services account for ten or more percent of their total costs. In my job, I meet a lot of company managers who want to discuss the possibility of outsourcing these service activities. For most, cost savings and increased quality are the primary incentives for allowing external service companies to manage and develop service functions. Once outsourcing has been arranged, many people also experience additional benefits, such as increased flexibility and the freeing up of both time and resources.

We hope our Nova newsletter will help give you greater insight into how we and some of our clients think. We hope that it will inspire and challenge you – and we look forward to hearing from you regarding future cooperation.



*Mats Jönsson,  
CEO of Coor Service Management*



## Coor welcomes GB Glace as a new client!

We are pleased and very proud to be able to welcome GB Glace as a new client. Coor has been given the task of providing workplace service, which, in this instance, includes responsibility for office and meal service, as well as care of work clothes for GB Glace's 200 or so employees at its production facility in Flen, Sweden.

 From the client's perspective

## How to succeed with outsourcing

What benefits are associated with outsourcing your service functions? How do you make outsourcing a success? In March this year IFS outsourced workplace service for its sales and consultancy offices throughout Sweden to Coor.

"The new solution has resulted in reduced costs for workplace service and has saved time equivalent to a half-time job in the finance department. Moreover, the management now has more time to devote to the company's core activities," says Per Wänge, IFS' Purchasing Manager, who goes on to describe his own experiences.



*“Staff who have transferred to Coor regard the move as a positive one, as they now work at a company whose core activity is service. For our part, we value having a single partner we can turn to for support. We no longer have to deal with the minute details and have time free to concentrate on other issues,” says Per Wange, IFS’ Purchasing Manager.*

Per Wange spearheaded the company’s outsourcing of workplace service and is now responsible for the service agreement with Coor.

### **More time for core activities**

Per Wange describes how the decision to outsource workplace service was a natural one. IFS works with cost control and wanted to devote more time to its core activities. The management also realised that there were other companies better suited to dealing with service activities.

The first step towards outsourcing was an internal review of support functions, which showed that these had been delegated to a number of different units. This review resulted in responsibility for all support functions being assigned to a single company.

The internal support company had been up and running for a year when IFS decided it was time to outsource the business. Experience gathered from running its own service business meant that IFS was able to specify in detail the content and costs associated with the various support functions. The specification was presented to potential suppliers, who were asked to submit suggestions as to how they would manage service activities with regard to, for example, organisation, processes, projects and costs.

“Coor produced the most detailed and interesting description. As part of their tender, they put on workshops in order to obtain further information about our business. They had very good people and excellent procedures in place.”

One additional element in the support company was the finance department. However, IFS decided not to outsource this function, but to keep it as an internal department.

“The finance function is integral to our core activity. We have subsidiaries in 24 countries and so the finance function is important in order to be able to handle management and follow-ups. We also have very good internal competence in the finance field, unlike the service activity field.”

The decision to outsource service did have a positive effect though, even on the finance department, as there were fewer invoices to deal with and authorise. Nowadays, IFS receives a collective invoice from Coor for all service, which has led to time-savings equivalent to a half-time job.

### **Internal support is important**

An important part of the outsourcing work is to ensure internal support for the decision. Once the decision had been taken to outsource the service activity, trade union negotiations were initiated, during which the company described what outsourcing would mean and the desired cost savings and operational streamlining opportunities.

“Once we had chosen a supplier and reached an agreement with the trade union, we informed the employees concerned. This was done simultaneously in all regions during a joint information meeting with Coor, where we explained the process and gave the reasons for our decision. Coor then gave a presentation on their company.”

When Per Wange looks back at how the outsourcing process went, he emphasises that the majority of work involved defining what sort of services needed to be purchased – and what they should include.

“In the beginning, it was difficult trying to remember everything. I would say we got about 80 per cent of it right. During the first six months of the agreement, we have reviewed the service descriptions with the service provider and remedied any issues that have come to light. Some things were added, others were removed or amended.”

If Per Wange were to give advice to other companies who are considering outsourcing their service activities, it would be to determine carefully what needs to be outsourced and what it will cost – including any hidden costs, such as the management’s time and dealing with suppliers.

“Make sure you get everything in order. It makes life easier for all the parties involved, including the company doing the outsourcing and the service provider. It encourages greater confidence and helps you to avoid nasty surprises. It is also important that your company has a complete organisation in place that can manage the service agreement and make any necessary adjustments in conjunction with the service company. Finally, I would recommend that you get support for the decision and outsourcing process from the employees involved and their trade unions.”

#### Facts about IFS

*IFS, Industrial and Financial Systems, is one of the world’s leading providers of component-based business systems. The company’s turnover in 2005 amounted to SEK 2,149 million, and it has approximately 2,600 employees.*

#### About the service partnership

*Coor is responsible for workplace service at IFS’ offices in Linköping, Göteborg, Stockholm, Jönköping, Värnamo, Malmö, Luleå and Karlstad. The agreement, which is worth MSEK 12 per year, runs for four years. The main services included in the service delivery are reception, meetings and conference service, office equipment, office cleaning, office materials, drinks machines, mail and goods and order service.*



*“The partnership with Coor has gone very well. Coor responds very rapidly to any issues that arise and we have seen good chemistry between the employees involved in the contract at NSB and Coor,” says ROM Eiendom’s Managing Director Björn Birkelund.*

## Norway leads the field

**Norway is currently the fastest growing service market in the Nordic region. The phenomenon of outsourcing service functions is relatively new to Norway, but interest is on the increase. In just over a year, Coor’s Norwegian operation has expanded from 14 to over 250 people and now has an annual turnover of approx. NOK 370 million. Norwegian clients include, for example, Det Norske Veritas, EDB, Skanska and Arcus. The latest addition is NSB, the Norwegian National Railway.**

NSB, the Norwegian National Railway, has chosen Coor to supply its service functions. The assignment includes the operation and maintenance of 1,100 properties throughout Norway covering a total area of 736,000 m<sup>2</sup>.

The agreement runs for three years and means that Coor is strengthening its presence in areas such as Oslo, Trondheim, Bergen, Stavanger and Kristiansand. Guy Drottler, a contract manager at Coor in Norway, explains the importance and scope of the contract.

“We have been working with a number of large clients in Norway, most of whom are concentrated in the Oslo area. The NSB contract has given us a greater geographical presence, which bodes well for future procurements.”



As part of the agreement with NSB, Coor offered employment contracts to 70 or so employees from the previous management company. Everybody accepted the offer.

“After a thorough assessment of our options, Coor was chosen as the best partner. Not only did Coor have a strong bid, but it was also important that the employees concerned should be well looked after,” says Pål Berger, CEO at ROM Eiendom, which is a subsidiary of and management company for NSB.

The process of bringing Coor on board as a service partner has been very smooth. Björn Birkelund is the Managing Director of ROM Eiendom and has been the company’s representative and contract liaison in dealings with Coor.

### **Why did you choose Coor as a service provider?**

“It was a long process, but eventually we decided that Coor had put forward the best structure and plan for implementing the assignment they had been given within their organisation.”

### **How has the transition gone so far?**

“It’s been a smooth transition. We expected a few hiccups, but there haven’t been any. A contributing factor to this has been that employees who transferred to Coor have responded to their new employer in a very positive way. It was important that the transition involve as little disruption as possible for them.”

### **How did you prepare your employees for the transition?**

“Back in October last year, we told everyone that the agreement with the previous supplier was

coming to an end. As we couldn’t tell them who would be taking over the contract, there was admittedly some unease and tension. As soon as everything was settled with Coor, we arranged for their representatives to visit and meet all the operatives affected. The first few meetings were enough to ensure a positive impression of Coor.”

### **How are you following up on the agreement?**

“Through monthly contract meetings. These even include financial reports. We will also be asking those employees affected by the Coor agreement to complete 2 or 3 internal surveys during the autumn. In February next year, we will be sending out a tenant questionnaire, which will include questions relating to Coor’s activities. We have been using surveys of this kind since 1999, and they give us a good overview of where we stand in relation to our clients – the tenants – but also in comparison to other major property owners.”

#### **About NSB:**

*NSB is the Norwegian National Railway. Its activities include passenger transport by bus and train, as well as goods transport.*

---

 We are looking to the future

## **Increasingly positive attitude to outsourcing**

**Outsourcing of service activities is expected to increase over the next five years. That’s the opinion of large companies and public sector organisations in Sweden and Denmark according to a survey carried out by Demoskop. In Sweden, it is municipalities, county councils and government offices that are most likely to outsource more of their services in the future.**

A survey was recently carried out which looked at the attitude of various enterprises towards out-

sourcing services to external parties. The survey involved large companies, municipalities, county councils and various authorities and government offices in Sweden, Denmark and Norway. The results show a general positive attitude throughout Scandinavia towards the idea of outsourcing services to external suppliers. Denmark produced the most positive response to outsourcing service functions to external companies.

## Firsthand experience shows

The survey shows that the more common outsourcing of service support becomes, the more positive the attitude towards it. In Denmark, which comes out top in Scandinavia, almost nine out of ten companies and public sector organisations outsource existing services, while in Norway the figure is five out of ten. In Norway, the outsourcing of service functions to external parties is a relatively new concept. Norway registers the lowest interest in the subject and therefore benefits the least.

## Cleaning most common outsourced service

In all three countries, cleaning is the service most commonly outsourced to an external provider, followed by IT support. In Sweden and Norway, companies and public sector organisations more often rely on fewer suppliers than in Denmark. Sweden is the country that sees the most benefits from using a single company as a service provider. The Danes, however, choose several suppliers and are sceptical about allowing one service provider to assume complete responsibility for service functions.

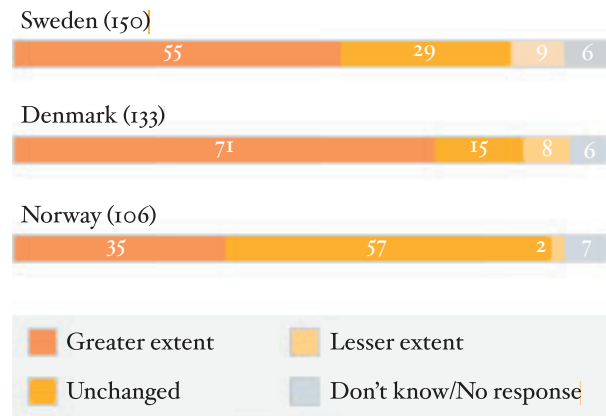
The greatest problem experienced by companies and the public sector in managing service activities in-house is a shortage of available time for developing new ideas and solutions. The Swedes also believe that service activities can take time away from core activities.

Lower costs and emphasis on core activities

The driving force behind outsourcing is primarily cost savings, but there are also opportunities for focusing on the company's core activities and for

## Question:

*To what extent do you think companies and organisations will outsource their internal service and other peripheral services over the next five years?*



improving quality and service. The Danes also think that outsourcing service activities increases the likelihood of employee development.

The results of the survey show that the outsourcing of service activities is a phenomenon that is attracting ever more large companies and public sector organisations in Scandinavia.

## About the survey:

*The survey was carried out by Demoskop between 23 May and 16 June 2006 in Sweden, Denmark and Norway. The target groups were large companies, authorities/government offices, municipalities and county councils. Interviews were conducted with CEOs, municipal executives, county councillors, CFOs, purchasing managers, HR managers and administration managers. All those interviewed had overall responsibility for purchasing the company's peripheral services. In total, 389 interviews were conducted.*



*“The service assignments are important and require the right skills and knowledge, but not healthcare training,” says Helena Habne, a project manager from Östergötland county council.*

#### Focus on developing logistics

## A new way to free up resources in healthcare

**The Swedish county councils are expecting an increased wave of retirements within the healthcare sector, and within five to ten years, there could be a shortage of personnel trained in healthcare professions. In order to cope with this situation, Östergötland county council is considering how best to employ its healthcare resources. One way is to release healthcare personnel from ‘care-related service’. It is the first county council in Sweden to test out the idea of relying on an external company for this type of activity. .**

Back in the spring, a project was launched at a number of clinics and surgeries at University Hospital in Linköping and Vrinnevi Hospital in Norrköping, among others, where external service companies assumed overall responsibility for laundry and stock management. These tasks were previously the responsibility of staff nurses.

### **Reduces the risk of duplicate orders**

Currently, it is staff nurses who order medical items and clean laundry and then unpack the items and stock the shelves. These are tasks to be done

alongside caring for patients, whenever time allows. At each of the four pilot departments, there is now a caretaker from Coor who is responsible for laundry and stock management.

“It is more efficient to have one person ordering laundry and medical items instead of several people, as it means we can ensure a more appropriate stock level for the department. It reduces the risk of duplicate orders and expensive replenishment of stock. We adjust deliveries according to the departments’ requirements and keep less in stock,” says Filip Truedsson, a manager for service development at Coor and a participant in the project.

Another measure to further streamline the work is to use the trolleys in which the laundry is supplied as shelves in the laundry store.

### **Focus on developing logistics**

The project focuses on developing logistics and maintaining or improving the quality of services, while also ensuring patient integrity and product knowledge. The project involves both staff nurses who are normally responsible for laundry and stock management and personnel from Coor who have taken over these tasks.

“The staff nurses are still in overall charge, but they can now delegate the tasks to us,” says Maj-Lis Pousette Pettersson, a project manager from Coor. The project aims to determine where the dividing line is between healthcare and care-related service and also other areas within care-related service where it could be beneficial to transfer tasks to external service providers.

“An external supplier often develops care-related service in a different way to a county council. A service company can devote itself one hundred per cent to their activity and focus on customising it to make it as efficient as possible from a care perspective,” says Helena Hahne.

### **About the project**

*The project began in April this year and will continue until March 2007. Within the project, Coor is responsible for laundry and stock management in the casualty de-*

partment, operating theatres and children's clinic dept. 16 at University Hospital in Linköping, as well as dept. 3 at the Medical Centre at the Vrinnevi Hospital in Norrköping.

### **About Östergötland county council**

In geographic terms, Östergötland county council covers the entire county of Östergötland, which includes thirteen municipalities and approximately 415,000 inhabitants. The county council is primarily responsible for healthcare and dental care. The aim is for all the county's inhabitants to be in good health. Within highly-specialised care, the county council also has regional and national responsibility. Östergötland is the county's largest employer with approximately 11,200 employees.

## **A culture builder in a study centre environment**

**Coor Service School is a customised and self-developed training facility aimed at Coor's employees. Training is intended to clarify what it means to be an employee within a Coor contract. Participants are also given a platform for what the term 'service delivery' means at Coor and the role each employee plays in this in order for deliveries to the client to work. The mixed groups also help expand networks within the company. Efforts involving Coor Service School began in January 2006 and the results have been very positive.**

"Overall, I think the course has been a positive experience. I must say that the training I received gave me an excellent insight into how we at Coor provide service deliveries to our clients," says Sara Carlsson, who works as an office cleaner and who attended Coor Service School back in the spring.

The aim of training is to clarify what it means to be an employee at Coor and to increase understanding of service deliveries as a whole.



*At a company like Coor one of the most important foundation stones is that all employees understand how important their contributions are to a well-functioning service delivery. With the establishment of Coor Service School, Coor has made a concerted effort to create a common approach to the term 'service management' within the company.*

"Course participants are told what expectations the company has of them, but also what sort of authority they have and what they themselves can expect from Coor," says Annika Fredriksson, a course leader at Coor Service School.

### **Emphasis on employees**

Training at Coor Service School lasts two days with participants staying at a study centre. The emphasis during training is on the employees themselves. Everyday subjects such as finance, service delivery and teamwork are all discussed from the employees' perspective. A constant theme running through all training is the employee's responsibility towards clients, employers/managers, colleagues and suppliers/contractors. Training is arranged for several regions at a time.

"The idea for Coor Service School came after the excellent response we had to Coor Business School, which is training aimed at Coor managers. The intention was to develop similar training opportunities for our employees. Teachers at the Service School are managers from within Coor, which means that training and the company's activities remain closely linked," says Annika Fredriksson.

### **Strengthens company culture**

A central aim of the Service School is to encourage a common company culture. A strong company culture is principally about clarifying the role of employees and creating a common working method within the company. The course is intended

to provide support and advice concerning various issues that employees may encounter in their work, and is designed in accordance with a methodology with theoretical sections followed by exercises involving group discussion.

“The way the group work is planned means that everyone has the opportunity to speak, even if you’re not the kind of person who likes standing up and speaking in front of others,” says Sara Carlsson.

“It’s mostly about providing the right type of service and assuming responsibility. The course is also an excellent opportunity to get to know more people from Coor. Even if I can’t remember everything I learned, I’ve got plenty of new experience that I can put to good use in my day-to-day work here at Coor,” concludes Sara Carlsson.

– Upplägget med många grupparbeten innebär att alla fick möjligheten att komma till tals, även om man kanske inte är en person som gillar att stå och prata inför folk, säger Sara Carlsson.

– Det handlar ju mycket om att ge rätt typ av service och känna ansvar. Sen är ju kursen ett trevligt tillfälle att lära känna folk inom Coor. Även om jag naturligtvis inte kommer ihåg precis allt jag lärde mig så har jag fått många nya erfarenheter som jag har nytta av i mitt dagliga jobb här på Coor, avslutar Sara Carlsson.

---

*The Nova newsletter is a new electronic newsletter from Coor Service Management, containing news about the industry and about Coor. The newsletter is published in Swedish, English, Norwegian and Finnish.*

*You have either sent your e-mail address to us yourself, or it has been retrieved from your company or from Observer’s media database. We will only use your e-mail address to contact you.*

*According to Sweden’s Personal Data Act you have the right, once per year and without cost to you, to apply to us in writing to be informed about what personal information about you that we hold and how we process it. You also have the right to demand changes in the information that we hold about you.*

*Contact: Åsvor Brynnel, [asvor.brynnel@coor.com](mailto:asvor.brynnel@coor.com)*

*Texts: Susanne Kinnunen, [susanne.kinnunen@coor.com](mailto:susanne.kinnunen@coor.com), Staffan Bruzæus, Webbkraft*

*Graphic design and production: Webbkraft*

*Coor Service Management, SE-173 11 Stockholm. Råsundavägen 12, Solna,*

*Tel +46 (0)8 553 950 00, Fax +46 (0)8 27 93 35, [www.coor.com](http://www.coor.com)*