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New Paradigms in Real Estate & Infrastructure Sector

Facility management and Project management are the two key approaches that can make a mammoth of a difference to the efficient execution and maintenance of superior quality assets, be it in the real estate or infrastructure sector.



THE INDIA REAL estate sector, pegged at US \$ 12 billion and growing at about 30 per cent per annum, is an engine of the nation's growth—contributing around 8 per cent to GDP. It is the second largest employer (next only to agriculture), expecting to generate 2.5 million employment opportunities per annum. The infrastructure sector is much larger and more diversified - \$1 trillion is the number the industry is looking at as investment in the 12th Five Year Plan.

In the past decade, we have witnessed a development of iconic structures and key infrastructure projects, however, one

perennial concern has been the quality and delivery of these projects. Execution of real estate and infrastructure projects has been plagued by poor training imparted to construction workers, inability or inadequate use of technology, substandard planning and lack of 'intent' in delivering extraordinary assets.

Though various efforts were made to surmount these challenges, most of them have been isolated and thus failed to make any considerable impact. Rather, what we need is a coordinated effort to overcome these hurdles and 'Project Management' and 'Facility Management' are two such comprehensive approaches.

Project Management

Project Management is the discipline of planning, securing, and managing resources to achieve specific goals. Project Management should commence at the inception of the project, and include tasks like scheduling, documentation, compliance, quality and cost audits.

The key benefits of project management are:

- Efficiency in delivering services
- Cost controls as a result of scientific planning
- Increase in quality

Project Manager: Key Traits

It is a must for the Project Manager to have certain specific skills and knowledge. In order to complete a project efficiently. The skill set one should look for in a Project Manager are:

- Knowledge of processes and technology to coordinate seamless functioning of the different facets of a project.
- Interpersonal skills – The Project Manager will be coordinating between many stakeholders. It is an art to be able to manage everyone's expectations, and get them to deliver as a team.
- Ability to manage a project from a perspective of quality, costs and timely execution.

The Process

Project Management has three distinct segments: pre-execution, execution and post-execution.

Pre-execution phase: In the pre-execution phase, one would carry out

extensive work to understand the stakeholder's objective and goals of the project. The very first step in this process, one that is unstated in India, is Value Engineering.

Value Engineering (or Value Analysis) is a management technique that seeks the best functional balance between cost, reliability and performance of a product, project, process or service. It must be stressed upon that Value Engineering must be conducted in the pre-execution stage. If done post this stage, it will be counter-productive and will lead to additional costs and delays. Additionally, all compliance and documentation process creation, vendor selection norms, safety procedures and logistics planning must be performed at this stage.

Execution phase: In the execution phase, the Project Manager or Project Team plays the role of a watchdog. It is ideal to have proprietary processes that are tailored for each project, keeping in mind that one will encounter contingency issues. Periodic reporting and updates will help ensure project delays are minimised and quality is complied with overall objectives.

Post-execution phase: The post-execution phase is usually abandoned as the project gives the impression of being complete. However, this phase is vital to ensure project maintenance and to plug the snags. At this stage, a comprehensive project audit, including a quality audit, materials audit and cost audit, will ensure vendors deliver according to their initially prescribed standards and quantities. Following Standard Operating Procedures (SOPs) for maintaining the asset is also imperative in this phase.

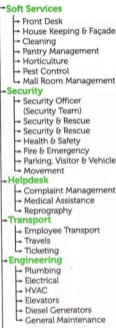
Facility Management

A sunrise sector in India, the market for Facility Management pegged at \$ 6 billion is growing at a steady pace. Developments in the real estate, IT, entertainment, BPO, and retail sectors are the key growth drivers of this market in India. Over 2/3rd of the market for Facility Management is dominated by the unorganised sector; the organised sector mainly comprises the International Property Consultants.

Scope of Work

A Facilities Management will oversee the management of all services that support the core business of an organisation or an asset. It includes:

Facility Management



Role of Facility Manager

The Facility Manager is like the captain of a ship, he/she plays a crucial role in overseeing the different functions of maintaining an asset. The Facility Manager ensures that both the soft and hard services are properly planned and executed on an ongoing basis. The entire functioning of the asset is depending on these processes to be executed efficiently. Hence, it is essential to have an able Facility Manager, who has the skill set not only on the technical side, but also to motivate and manage his team.

Benefits of Facility Management

Facility Management helps to:

- Increase the longevity of the asset with proper maintenance
- Enhance efficiency and productivity of tenants, occupiers of the asset
- Reduce the asset's operating costs with the help of key processes

Need for Tailored Guidelines

While the market for facility management is growing steadily, a prevalent trend is that of International Property Consultants who replicate the templates of Intellectual Property from abroad in India. It's futile to apply the same templates for the Indian subcontinent for a number of reasons. Firstly, the standard of training and technology available in India is still to catch up with what is available abroad. Second, one needs to control processes and execution of each vendor minutely; vendor quality is yet not where it should be in India. Therefore, it is imperative for maintaining assets effectively in India, to tailor guidelines and procedures for each asset with site-specific training, job descriptions and guidelines, monitored by an experienced Facility Manager.

The New Paradigm

Though assets may be built with great design and engineering, they must be maintained with the same level of exactitude in order to continuously conform to the set standards. While following these standards is binding, implementing them on ground is a challenging task. Consider this in the wake of consumers becoming smarter and outdated concepts of 'super-built-up-area' and poor quality assets.

Developers today are forced to build superior quality assets and ensure high quality maintenance. The lack of 'intent' in delivering superlative assets, which I highlighted as a hurdle earlier, gets challenged in the evolving market scenario. In the years to come, market economics will impel real estate and infrastructure companies to strive for quality; we would also witness phasing out of companies who fall short on delivering quality. ©EW