DPO-822-E
September 2023

Facility Management Services Aligned – FMSA (A)

Jesús Rico
Nuria Chinchilla

FMSA project CHALLENGE 20.30

October 2019. Fernando Gaizcu, CEO of Facility Management Services Aligned (FMSA), was having his usual Wednesday breakfast with one of his friends—a self-imposed weekly compromise that enabled him, as he used to say, "to stay in touch with the people that matter to me." Lifting his coffee cup, he asked himself thoughtfully, "What am I going to do with my life? Do I want to keep going on with this madness?"

Luis, watching the faraway stare of his friend, urged him, "Are you going to tell me what's wrong with you?"

Fernando, realizing that Luis had read his mind, admitted,

> I'm really worried. Too much for me, maybe. I'm overwhelmed! My teenage children need me with them—and no, it's not just an intuition. It's a fact, a real need! My wife is chasing me, trying to find time for us, for our marriage. It's not her fault. I spend my entire day at work, visiting clients, or traveling. I'm 61 years old. I've spent the last 37 years consolidating and growing FMSA, and since the first day, I haven't stopped for a second. Now, I realize that the enterprise is healthy and prepared—there are opportunities in our sector, mergers, acquisitions, that I want to explore and take advantage of, but I don't know. If I go that way, I might lose a lot more than money—perhaps I wouldn't be able to find the way back. You know what I mean?

"Do you have a plan, Fernando?" Luis asked, concerned.

> Do you mean a strategic plan? The last one we had was made 15 years ago—we definitely need a new one, a brand-new, updated one. The company's changed, and so has our market. Look, why don't you come to our headquarters next week, and I'll make a proper presentation of my ideas? Maybe you could guide me, help me prepare a new strategic plan?

This case was prepared by Jesús Rico, external collaborator, and Professor Nuria Chinchilla. September 2023.
IESE cases are designed to promote class discussion rather than to illustrate effective or ineffective management of a given situation.

Last edited: 21/2/24

Although Luis hadn't meant a strategic plan, he accepted the invitation—thinking he might help Fernando with the other plan, the plan of life, family, work, friends, and focusing on being happy (something that Fernando never seemed to have achieved).

FMSA provided industrial maintenance services in diverse sectors, especially in the chemical and car industries, as well as facility management services in buildings, from small facilities with two or three employees to industrial plants with more than 50 people outsourced to FMSA.

Founded by the Gaizcu family in 1962, the company was in good financial shape and renowned in the market.

The Basque family had deep roots in the traditions of its homeland, and the FMSA founders, with their great entrepreneurial mindset, had yielded control to the second generation several years earlier.

Fernando, the eldest of the seven Gaizcu children, had carried the lion's share of the weight of the company since his parents had given him the lead as soon as he finished his engineering studies. Of the other six siblings, two were in the company (see Exhibit A1).

Juan (56) held the position of business manager, looking after commercial and operations management, as well as the technical office. Other areas under his responsibility were the Security and Laboral Health department and Quality and Environment department.

Alicia (54) was the third sibling, holding the position of Director of Support, which included the management of financial administration. She was also head of the IT and Human Resources (HR) departments.

No other family members were employed in the company. Spouses, children, and other siblings had been left out of management, and indeed, the whole family was in agreement that their children would not join the company, at least not without having had some external experience in other companies and been trained in the school of life. Every couple had come to this agreement to avoid future misunderstandings.

The company enjoyed a comfortable turnover (see Exhibit A2) that allowed it to survive peacefully. However, changing times had led to the disappearance of several competing companies in the sector, and customers considered FMSA safe—with the company often receiving proposals to assume contracts that their competitors, for different reasons, could no longer fulfill. The company was recognized as reliable, honest, and close. It grew organically, without haste but without pause.

Fernando Gaizcu had been reviewing the current year's budget and noticed that FMSA was 20% above expected sales and 23% above the gross margin (from the current 15.1% to 18.6%).

A new customer had just contacted him to commission the maintenance services of 16 facilities in the Basque Country, FMSA's natural—and only—market. Fernando, far from happy, put his head in his hands, thinking, "I don't see how we're going to be able to manage this huge increment of activity. We're overwhelmed, we don't have enough staff, and the people we have, well, they could be better. Anyway, let's do it—what else can we do?" He picked up his office phone and called his wife.

"Honey, we have to postpone our dinner today. Last-minute problem—see if we can go on Saturday. What do you think?"

The following Monday morning, Luis showed up at FMSA headquarters. He was a strategy consultant with more than 30 years of experience in various sectors. He had extensive training in management and was an expert in family-run businesses. "Just the person," Fernando thought, "to shed some light on our situation."

Once in the meeting room, Fernando explained some details.

"We're implementing an ambitious systems plan. It will be fantastic! The definitive solution to our many problems." He showed Luis the image of the plan in a PowerPoint presentation (see Exhibit A3).

> We're going to implement it over the next few months, and when everything is 100% ready, we'll put it into operation. The only problem is that I don't know how we're going to implement it. I don't know if the person in charge of the department is ready. He's new. We hired him a few months ago in the hope of finally finding the right profile. The same thing is happening with HR, by the way. He's the third one in three years—we didn't get it right. In fact, of the almost 50 staff we have in the Head Office, only five have been with us for more than two years. We don't retain talent, and those who want to stay—well, honestly, they don't convince us. Anyway, everything helps! The irony was not lost on Luis.

Fernando was interested in explaining the objectives of the strategic plan.

> We have to double turnover in the next three years and reach a turnover of €100 million within 10. I know we can do it, but we have to give a twist to the how. Maybe we can explore the possibility of expanding to different markets—Madrid is pushing hard. Maybe we could consider expanding to other markets abroad—but where? Internationalization is very attractive indeed for us. We must increase sales, in any case! On the other hand, I would like to improve the quality of service. Some customers are starting to complain about organizational aspects, and to tell the truth, we can't keep up to date with everything. We would have to hire more people to control the presence in the workplace, to report all the data of hours worked and materials consumed efficiently and on time to the system—the service managers spend half their time doing administrative work. And our ERP is outdated and more than saturated, so that's why we're going to implement a new one. On top of that, it's really difficult to find good service managers—that profile is absolutely key in our sector.

Luis, thinking hard, was jotting down Fernando's ideas in his notebook when Juan came into the meeting room.

> Sorry for the interruption, Fernando. You must do something … Roberto, the technical manager, can't take it anymore. He supervises the operations of all our contracts, as well as our bids. He has been working the last four weeks in a row without rest, even over the weekend, preparing the annual budget for Operations … And new projects have just come in. In addition, Carmen, the HR director, is overwhelmed … she is not able to deal with the day-to-day workload … and now we have to hire 80 people by next week!

Fernando made an anxious gesture. "Calm down, Juan. We'll look at it together this afternoon. Can't do it right now."

Alicia pushed past the departing Juan. "Fernando, just slipping in to let you know the IT advisors want to launch the tender for our systems plan to receive offers from suppliers so that we can start implementing the first stage next month. You know it's crucial. Our ERP still works, but we need to make the leap on that and all the other systems, or we'll never be able to move forward."