

Perspective

World Contracting News, Views & Comments

AUSTRALIA-BRISBANE

Maintenance Industry In An Upturn

A report by senior economist Nigel Hatcher, for BIS Shrapnel, looks at the maintenance market in Australia from 2003 to 2018 and shows that Australia's maintenance industry is in the early stages of a strong upturn with solid growth expected in the next five years before a downturn. Mr Hatcher valued the maintenance of Australia's infrastructure, non-residential buildings and industrial facilities at A\$24 billion (US\$17.24 billion) in 2002/03, with an estimated 50 per cent of the work outsourced. He claims commercial building maintenance will increase substantially as occupancy improves and incomes to building owners surge.

AUSTRALIA-SYDNEY

Subcontracting Leads To Pay Inequity

Several companies have been targeted recently for subcontracting out maintenance jobs and paying cleaners less than two-thirds the award rate. Many of those cleaners are working illegally. According to a report published by researchers from the Australian Centre for Industrial Relations Research and Training at the University of Sydney and RMIT University in Melbourne, there are more than 90,000 contract cleaners in Australia. While employment in the fast-growing industry more than doubled in the past 15 years, the ferocious competition for cleaning contracts means immigrant cleaners desperate for work get ripped off by subcontractors willing to exploit their own. Though the problem has plagued the industry for years, some believe it is wrong to lay all the blame on the contractors. They claim it is getting worse as property owners such as Coles Myer, Woolworths and Westfield try to keep costs down despite knowing what the award rates are. The big corporations in Australia have successfully insulated themselves from responsibility for the underpaid

cleaners at the bottom of the heap. Woolworths, for one, uses a procurement company, Cyberlynx, to organise tenders for services such as contract cleaning. Cyberlynx awarded contracts to clean 120 or so Woolworths stores in NSW to one company, Jae My Pty Ltd, which freely admits to using subcontractors.

INDIA-BANGALORE

More Money Supplied to "Knowledge Fund"

The Indian chapter of International Facility Management Association (IFMA) has announced the allocation of an additional Rs 20 lakh to the 'Knowledge Fund.' IFMA launched the 'Knowledge Fund' last year with an objective of promoting facility management as a profession. The 'Knowledge' Fund reimburses the examination fees of all successful candidates appearing for the Certified Facility Manager examination instituted by IFMA worldwide, thus encouraging more professionals to qualify as certified facility managers to tackle emerging workplace challenges. IFMA-India Chapter has also launched, along with Business Gyan (a publishing company), a directory of vendors and suppliers in the facility management area, called the Atheos Collaborator. The directory has listings in over 100 categories.

CHINA-TIACHUNG

All In A Day's Work For This Honest Janitor

Wu Wei-liang, a bank janitor, discovered a bag full of cash in the underground parking lot of his office building recently and immediately turned in the bag to bank officials. The bag, which contained NT\$ 20 million in cash, was part of a NT\$ 40 million withdrawal made by representatives of a security company on behalf of eight different banks and had been

accidentally left behind. Officials at the Bank of Taiwan branch in Taichung said they were surprised and pleased that the janitor did not take the large sum of money for himself. At this point, The Bank of Taiwan is trying to decide how to thank Wu.

GERMANY-BONN

New School Cleaning Standard Developed

The DIN standard 774400 "School Buildings-Requirements for cleaning" was published in September 2003. This standard was presented by the Deutsche Institute für Normung (DIN) and the German Association of Cleaning Services (BIV) and represents 3 years of work. The standard includes procedures for cleaning, and the frequency of cleaning. For more information go to www.biv.org.

FRANCE-TOULOUSE

Seventh Training Center Established

France now has 7 training facilities for the professional cleaning sector. In October, a new training center was opened in Toulouse. The project was partially funded by the government of Midi-Pyrenees and is set up to initially train a maximum of 45 apprentices. Apprentices will be trained to earn diplomas in building health and maintenance; bio-services; and cleaning, health and environment.

UK-LONDON

Contract Extends Term, Adds 5 Million Pounds

Interserve PLC said it has won a two-year extension to its existing five-year contract with the Metropolitan Police. The new contract will be worth 60 million pounds over the two years, representing an additional 5 million per year on top of the current level of activity. It begins on Jan 1, 2004. The new services to be provided include cleaning and building service management.

UK-LONDON

Kimberly Clarke 2003 Golden Service Winners

Several member companies were among the winners of the 2003 Kimberly-Clark Professional UK Golden Service Awards. These awards recognize service excellence. The overall winner was Mowlem Pall

Mall for the ABN Amro NV building in London. Other winners were MITIE Cleaning, OCS, Principle Services, Noonan Services, Medirest, Newcastle Metro, Initial Retail Cleaning, ISS Facility Services, Quality Assured Services, GBM Support Services, Heatherwood & Wexham Park (in-house team) and Thornespark Cleaning Services.

UK-LONDON

Rentokil shares down 6%

Rentokil Initial, a company with operations including contract cleaning and security, recently stated its hygiene division, which contributes about 1/3 of the total company revenue, had seen a "small decline in operating profits". The news prompted stock downgrades and left the shares more than 6 per cent down at 206 3/4p. Rentokil cited restructuring and a disappointing performance in Germany as reasons for the decline. Analysts predict there's worse to come and one analyst suggested the company sell its more mature operations to raise cash. However, James Wilde, Chief Executive since January, said there were no disposal plans and insisted that the restructuring plan at the hygiene division would put the division back on track.

UK-MANSFIELD

Rainbow International Wins Multi-million Pound Contract

Royal & SunAlliance (R&SA), one of the world's leading insurance groups, has appointed Rainbow International as its sole provider of disaster restoration services for domestic claims in the UK. The contract covers fire, flood and accidental damage and Rainbow International's network of over 130 franchisees is appointed to handle all R&SA's household claims in Britain and Northern Ireland.

CANADA-KENORA

Despite Winning Lottery, Janitor Finishes Shift

After he bought a newspaper near the end of his shift, Kissun Lal of Burnaby, B.C., a janitor at McDonalds, found he had won \$3 million in the lottery. Lal returned and finished his shift despite his coworkers telling him to leave. He says he doesn't plan to quit his night shift job at McDonald's.

CANADA-EDMONTON

Bee-Clean Is Prairies Entrepreneur of 2003

Bee-Clean Building Maintenance, Inc. was named 2003 Prairies Entrepreneur of the Year by Ernst & Young, beating out 45 other companies for the top overall prize. Bee-Clean, the largest institutional cleaning company in Canada with revenue of more than \$100 million annually and 5,000 employees, also received an award for its business-to-business products and services and was recognized for leading the industry in staff retention.

US-VIRGINIA

Lillian Lincoln Lambert, CBSE, Honored

BSCAI Past President, (1995-1996) Lillian Lincoln Lambert, CBSE, was recently profiled in *The Richmond Times Dispatch* in recognition of her being awarded the Harvard Business School Alumni Achievement Award, the school's highest distinction. Ms. Lincoln Lambert was one of five distinguished graduates to be honored at an October Harvard School event. In 1975, she started Centennial One, Inc., which grew from \$150,000 in sales to \$20 million in annual revenue and 1,200 employees. She also became the first black woman to ever be awarded a MBA from Harvard Business School.

US-FLORIDA

DKI Named 104th Largest Franchise In World

Disaster Kleenup International, Inc., North America's leading network of quality, independent property damage restoration contractors, achieved the #104 ranking in Franchise Times' "Top 200 Franchise Chains by Worldwide Sales." The rankings, published in Franchise Times' October 2003 issue, are based on size, sales and units. With worldwide sales topping \$509MM, DKI ranks ahead of such well-known companies as Roto-Rooter, AAMCO Transmission Centers, and Jenny Craig Weight Loss Centers. McDonald's topped the list with over \$41B in sales. This is the fourth year Franchise Times has published its top 200 list.

US-MISSOURI

MMMM Expands To Florida With Acquisition

Mitch Murch's Maintenance Management Co. recently acquired Royal Services, Inc., one of Florida's oldest and most respected contract cleaning firms. Royal Services, started in 1909, has operations in Jacksonville, Orlando, Tampa and Miami. The name will change slightly to Royal Services, a Division of MMMM and will be managed by Chip Wilkening, CBSE, MMMM's Southeast Division Vice President.

US-OHIO

US Demand To Reach \$45 Billion In 2007

Cleaning service revenues are forecast to advance more than seven percent per year through 2007 to \$45 billion. Although non-residential services, representing 60 percent of demand, will continue to dominate, residential cleaning services will post faster growth supported by double digit growth in demand for maid services. Demand for cleaning supplies is forecasted to increase nearly five percent per year to \$5.6 billion in 2007. Although cleaning services will outpace demand for supplies, a variety of factors will continue to contribute to gains. These include continued concerns over indoor air quality, which will lead to higher building maintenance standards; product developments aimed at increasing worker productivity; and development of ergonomic products designed to enhance worker safety and comfort.

US-NEW YORK

October Construction Rises 2 Percent

The value of new construction starts increased 2% in October to a seasonally adjusted annual rate of \$540.5 billion. Nonresidential building rebounded 16% to 150.3 billion after a subdued September. School construction was up 10%, healthcare facilities up 2% and the amusement category, comprised of three large projects in CA, MN and NC, was up 86%. Through the first 10 months of 2003, total construction was up 2% as compared with the same period last year.

ASSOCIATION NEWS

Join Your Peers On A BSCAI Networking Cruise

BSCAI is pleased to announce that it will be hosting a networking cruise from June 26th through July 3rd, 2004. The 7-day cruise, held on the Caribbean Princess of the Princess Cruise Line, will include three days of networking events, and all meals and entertainment, at a special BSCAI room price. Prices range from \$2,164 (Interior Double Room) for two people to \$3,464 (Mini-Suite with Balcony Room) for two people and are valid through March 1st, 2004. The cruise leaves Fort Lauderdale, Florida in the US and stops at St. Thomas, Virgin Islands, St. Maarten and Princess' private island, Princess Cays. Networking topics include; Diversifying, Leasing Yourself, Managing Branch Offices Remotely, GPS Systems for Company Vehicles, Acquisitions, National Vendor Pricing Eligibility and Vehicle and Equipment Maintenance Programs. Contact Donald L. Pottieger, Sr., CBSE-BSCAI Networking Cruise Chairman at 301-698-0454 x1126 or dpottieger@fmi-svs.com for more information. To book the cruise directly, contact Cruise Holidays of Mid-MD 800-782-2121/301-631-1300/301-631-1605 (fax) or via the website at www.cruisemd.com.

Two New Publications Available From BSCAI

The Building Service Contractors Association International has recently published, several new books of relevance to the industry. The *Letter Idea Book* is a field tested collection of letters ready for use by any contractor. Letters cover topics from sales to employee relations to finance. Also available is the *BSCAI Safety Manual*, a complete update of the 1992 publication. The *BSCAI Safety Manual* is expressly designed to help companies in the industry develop and implement a comprehensive safety program that protects workers and reduces costs. It addresses many key loss areas specific to the building service industry-such as slip/fall hazards, bloodborne pathogens, workplace violence prevention, substance abuse and vehicle safety. You can purchase these two publications and a variety of other products that BSCAI offers, by visiting the association's website at www.bscai.org.

CORPORATE MEMBER NEWS

Johnson Diversey

JohnsonDiversey Co., Ltd., announced one of its subsidiary companies, TeepolDiversey Co., Ltd., has acquired Daisan Kogyo Co., Ltd. Formerly owned by Fujisawa Pharmaceutical Co., Ltd, Daisan Kogyo adds new breadth to JohnsonDiversey's portfolio. Daisan Kogyo's strength has been in the food and beverage industry, as Japan's leading provider of commercial cleaning products and services to that market. JohnsonDiversey's strength has been in floor care, housekeeping, warewashing, laundry, food processing and sanitation. The acquisition gives JohnsonDiversey a full portfolio of products and services across the entire cleaning and sanitation industry in Japan. More information: www.johnsondiversey.com.

Ecolab

Ecolab, Inc. announced it will expand its pest elimination business in Europe through an agreement to purchase Nigiko, a Paris-based provider of commercial pest elimination services. Nigiko primarily operates through Amboile Services, which is one of the leading providers of pest elimination services in France. Nigiko pest elimination sales are approximately EUR 45 million (or \$50 million). The agreement is subject to several closing conditions, including antitrust review. Closing is expected to occur in early 2004. More information: www.ecolab.com.

Daniels Associates

Daniels Workloading Suite, a web based reporting tool, is now available from Daniels Associates. The easy to use layout lets the user see the company broken down by buildings, floors, areas and more in a 'tree view'. It's designed to help the user plan the next step, perform inspections and inspection reports and assign employees to specific areas. Clients can also access the site. More information: www.danielsww.com.

Truvox

Truvox now offers complete back-up service for all Truvox floorcare machines as well as service and spare parts on many popular models from leading manufacturers. There is no upfront charge and you don't even have to own a Truvox machine to benefit. Services include breakdowns, warranty call outs, spare parts ordering, technical support, consumables and servicing. More information: www.truvox.com.

UPCOMING EVENTS

BSCAI Annual Convention and Trade Show

**Las Vegas, Nevada
March 22-26, 2004**

Visit the BSCAI website at www.bscai.org for more information.

15th Congress of the World Federation of Building Service Contractors

**Montreal, Canada
September 26-30, 2004**

Visit the WFBSC website at www.wfbsc.org for more information.

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Inquiries and news you would like published can be directed to

**Denise Anderson-Publisher
danderson@bscai.org**



WFBSC ASSOCIATE MEMBERS

Daniels Associates-Phoenix, Arizona
602-992-5192 www.danielsww.com

Ecolab-St. Paul, Minnesota
651-293-2233 www.ecolab.com

Johnson Diversey-Sturtevant, Wisconsin
262-631-4001 www.johnsondiversey.com

Services Magazine-Fairfax, Virginia
703-359-7090 www.bscai.org

TruVox-United Kingdom
44 (0) 23 8070 2200 www.truvox.com

WFBSC MEMBER ASSOCIATIONS

Algemene Belgische Schoomaakunie-Union
Generale Belge du Nettoyage
Brussels, Belgium
Hilde Engels-ABSU.UGBN@skynet.be

Fise
Roma, Italy
Francesco Tiriolo

Asociacion de Empresas de Limpieza
Buenos Aires, Argentina
Norberto Peluso-correo@limpiolux.com.ar

Associacao de Empress de Prestacao de Servicos de Limpeza E Activades Similares
Lisboa, Portugal
Jose De Moura-aepales@mail.telepac.pt

Building Service Contractors Association of Australia
Crows Nest, NSW, Australia
Ron Jeffs-bscaansw@bscaa.asn.au

Quebec Building Service Contractors Association, Inc.
Montreal, Quebec, Canada
Roger Gauthier-fortier.gauthier@sympatico.ca

Building Service Contractors Association International
Fairfax, Virginia, USA
Carol Dean-cdean@bscai.org

Association of Housekeeping Agencies
Nocia, U.P., India
Anil Sethi-anirupa@del2.vsnl.net.in

Building Service Contractors of New Zealand, Inc.
Auckland, New Zealand
Marja Verkerk-info@bsc.org.nz

Bundesinnungsverband des Gebaedereiniger-Handwerks
Bonn, Germany
Johannes Bungart RA-biv@gebuedereiniger.de

Cleaning and Support Services Association
London, United Kingdom
Martyn Vesev-mvesey@cleaningassoc.org

Febrac
Brasilia, Distrito Federal, Brazil
Silvio Gaspar-silviojgaspar@upsbeneficios.com.br

Building Managers Association of the Republic of China
Taipei, Taiwan
Kenneth Kao-pacifico@ms37.binet.net

Federation des Enterprises de Proprete
Paris, France
Pascal Six-psix2@federation-proprete.com

Japan Building Maintenance Association
Tokyo, Japan
Keizo Kozen-kozen@j-bma.or.jp

Korean Association of Sanitary Maintenance
Seoul, Korea
Young Hoi,Um-kasm@kasm.or.kr

OSB
Hertogenbosch, The Netherlands
Hans Westerveld-westerveld@westex.nl

Sveriges Stadentreprenores Forbund
Stockholm, Sweden
Lars Friberg-ey.bermanson@almega.se