



PRESS RELEASE

Facility Management 2011 Dossier: Family-owned Businesses under pressure: Compelled to Grow

[November 29th, 2011] Large family-owned businesses still rank amongst the top 25 in the industry in the facility management sector - but their market position is seriously endangered. Six years ago family-owned businesses still commanded a markedly larger share of the market in comparison with corporate enterprises, but in the intervening years, they have gambled away their lead – such that by 2010 already, corporate enterprises in the top 25 facility management service providers had a turnover of around 5.8 billion euro, which is almost double the turnover made by family-owned businesses – and this trend is continuing. So what measures need to be adopted by family-owned businesses in order to survive at all in a market with declining growth forecasts? What does a sustainable service portfolio look like which family-owned businesses can employ to successfully compete against corporate enterprises? The current Facility Management 2011 dossier from management consultancy firm Dr. Wieselhuber & Partner (W&P) deals with these key questions.

The industry experts at W&P are in agreement: family-owned businesses have to put their business model to the test as soon as possible: according to the calculations of various scenarios, disproportionately high growth for corporate enterprises is projected - from a 21.5 per cent share of the market today to a 45.5 per cent share of the market in 2020. With market growth of between 5.0 and 6.0 per cent in the area of the top 25 facility management companies, leading family-owned businesses would accordingly be pushed back to a marginal share of 5.0 per cent. So what can be done about this?

Dr Timo Renz, a member of the executive board at W&P and the author of the dossier, sees a substantial source of growth in the expansion of the service portfolio:



Dr. Wieselhuber & Partner GmbH

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“The growing demand for full service providers and the trend towards sustainability offer the best chance to distinctly expand a service portfolio.” Internationalisation, which is still in its infancy in the industry, will bring further potential for growth. As an example, only one single provider amongst the family-owned businesses – Dussmann – already commands a high degree of internationalisation. All other players, including most corporate enterprises, are still in the initial stages of internationalisation.

„Those who want to have market significance across Germany and across Europe in the future must be large and must grow. Accordingly, the message is to take mergers and acquisitions into consideration”, Renz notes. *“Even though the size of the company doesn’t itself translate into strength, yet, for reasons of efficiency, size is an advantage for every service provider.”* And right here is where the challenge is, as market-related growth prospects for the top players have halved since the last financial crisis. The total growth in sales in 2008 was still around 12.5 per cent – yet for 2012, growth of only 5.6 per cent is expected. The reasons for this are manifold and range from the trend to insourcing right through to the saturation of the market in sections of the industry.

The conclusion of the W&P market analysis for the facility management industry is clear: family-owned businesses are compelled to grow – they must either grow or give way. Only those who undertake sustainable changes to their company architectures and adapt their business models to the new realities of the market will be able to compete in the future. In this connection, limits are being set on the pure stand-alone strategy.

The dossier is available upon request.



Dr. Wieselhuber & Partner GmbH

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Short profile of Dr. Wieselhuber & Partner

Dr. Wieselhuber & Partner (W&P) is an independent, cross-sectoral top management consultancy for family businesses as well as public institutions. Through this consistent target group orientation and the resulting competence, W&P became the leading management consultancy for family businesses and the public sector in Germany over the past 20 years. With offices in Munich, Düsseldorf and Hamburg, Dr. Wieselhuber & Partner offers his customers an extensive expertise in various sectors and methods and is mainly characterised by its competence in the interplay between family, management and company.

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