



The Insider's Guide to Modern Facilities Outsourcing

Strategic Insights into the Pros and Cons of Outsourcing
Facilities Management

 ServiceChannel

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The Role of Outsourcing in Business Growth

Imagine the possibilities for your multi-location business if repair and maintenance was seamlessly handled for you. What could you accomplish if you could focus on growth instead of worrying about daily operations?

Whether you're managing dozens of locations or just starting to expand, it's easy for the caretaking of your brick and mortar spaces to suffer from the strain of growth. You might find yourself juggling several functions without a dedicated repair and maintenance team to support you, or perhaps you don't have a team at all. The reality is, as your business grows, you can't do it all by yourself.

Outsourcing repair and maintenance (often called "facilities") management can be a game-changer, providing a way to streamline operations, reduce costs, and focus on strategic growth. The right facilities management outsourcing partner can help you overcome the growing pains associated with scaling your business, allowing you to maintain operational efficiency without the stress of managing every detail.

On the other hand, there are traditional outsourcing models that can leave you with new headaches. That often includes a lack of visibility into your operations, poor service quality, hidden costs, and ultimately a loss of control over your facilities. Furthermore, these partnerships are often set within inflexible contracts, which do not adapt to the evolving needs of your business.

To gain the maximum business value from outsourcing (and minimal headaches!), you need a partner whose model not only suits your current needs but also adapts to your future growth. By choosing a partner that offers you transparency, flexibility, and control, you can enjoy the benefits of outsourcing—streamlined operations, cost efficiency, and strategic focus—without the common pitfalls.

With the right partner, the benefits of outsourcing are clear:



Cost savings



Access to expertise



Scalability



Ability to focus on your core business

In this guide, we'll explore the pros and cons of outsourcing facilities management, offering strategic insights to help you navigate the complexities of modern facilities outsourcing. By understanding the landscape of outsourcing, the limitations of traditional models, and the advantages of modern approaches, you'll be better equipped to select a partner that supports your business's long-term success.

Navigating the Norms:

The Current Landscape of Facilities Outsourcing

Key Takeaways

- The gap in skilled labor plus rising operational costs are driving businesses toward outsourcing facilities management.
- Outsourcing can provide stability in uncertain times, including fluctuating interest rates and tariffs.
- Leveraging an experienced facilities management partner helps navigate the complexities of today's market.

As the demands on businesses continue to grow, managing facilities in-house has become increasingly challenging. Several factors are driving companies to consider outsourcing as a strategic solution to these challenges. From the growing gap in skilled labor to the difficulties of employee retention and the financial pressures of rising interest rates, wide-scale considerations are impacting the landscape of facilities management.

→ The Skilled Labor Shortage Is Growing

One of the most pressing issues businesses must face is the growing gap in skilled labor. The U.S. is facing a critical shortage of skilled tradespeople, a problem that has been building for decades. **McKinsey & Company found** that nearly 40% of skilled trade workers are over the age of 45, with many nearing retirement. This demographic shift, combined with a lack of younger workers entering the trades, has created a significant gap in the labor market. For businesses that rely on skilled labor for facilities management, this shortage translates into higher costs and increased difficulty in maintaining operational efficiency.



Navigating the Norms:

The Current Landscape of Facilities Outsourcing

→ Companies Are Tackling High Employee Turnover

The shortage of skilled labor is further complicated by high employee turnover, making efforts to maintain a stable, experienced facilities management team more difficult. According to a [Gallup report](#), turnover rates have been on the rise, with nearly 52% of employees in the U.S. considering a job change. High turnover disrupts operations and increases costs associated with recruiting, hiring, and training new employees. For facilities management, where continuity and expertise are critical, frequent turnover can lead to service disruptions and inconsistent quality across multiple locations.



→ Financial Pressures Are Mounting

Increasing operational costs also contribute to the difficulty of managing facilities in-house. Interest rates have been on the rise, compounding the cost of acquiring new assets and breaking ground on new locations. This includes increased borrowing costs for construction and expansion projects, which can strain budgets and delay growth plans.

The [uncertainty surrounding tariffs](#) also takes a financial toll on businesses, leading to disrupted supply chains and elevated costs of goods and materials due to fluctuating trade policies. In this environment, businesses are looking for ways to reduce overhead and increase efficiency—making outsourcing an increasingly attractive option.



However, choosing the right outsourcing partner can make or break your operational success and provide a good customer experience.

The Cons of *Traditional Outsourcing*:

Weighing the Costs

Key Takeaways

- Choosing the wrong partner can lead to hidden costs and limited visibility into operations.
- Traditional outsourcing contracts are inflexible, making adapting to change challenging.
- Insufficient control risks service quality and compliance issues.

When considering traditional outsourcing models, it's essential to weigh the costs that may not be immediately visible. While these arrangements can provide convenience and upfront savings, they can come with significant trade-offs that can impact your bottom line. Lack of transparency can lead to hidden service provider expenses, inflexible contracts can restrict your ability to adapt to changing needs, and a loss of control over operations can introduce risks to service quality and compliance.

In effect, facilities outsourcing companies that follow traditional outsourcing models are often inadequate partners to growing brands. Understanding these potential pitfalls is crucial for making informed decisions about your outsourcing strategy.

→ Transparency Gaps Can Create Hidden Risks

One of the most significant cons of traditional outsourcing models is the lack of transparency. When working with a traditional facilities outsourcing partner, you often give up oversight of your program's operational data. This can leave you in the dark about the contractors who are actually providing the services, the true cost of those services, and whether they meet your company's standards.

Traditional outsourcing arrangements often involve layers of subcontracting. The primary outsourcing partner hands off work to various, unknown third-party



service providers and charges you markups for their work. This can cause your facilities management budget to balloon, leaving you with unexpected expenses and reduced cost control.

Beyond budgeting pitfalls, traditional outsourcing models may not offer access to critical data about your facilities operations—that means you don't have a full picture of your asset health or servicing efficiency. Without this data, it becomes challenging to assess performance, make informed decisions, and identify areas for improvement.

Weighing the Costs

→ Rigid Contracts Limit Flexibility

Flexibility is key in today's fast-paced facilities ecosystem, but traditional outsourcing models often fail to keep up. Once you sign a contract with a traditional outsourcing partner, you're usually locked into a long-term commitment that leaves little room for change. This rigidity can be a major hurdle as your business evolves and your asset fleet grows, leading to delays and inefficiencies that can impact your operations.

With traditional outsourcing, there's often an "all-or-nothing" approach in which your partner takes over every aspect of your facilities management. This might seem convenient at first, but it can hold you back as your business grows and adapts to a fluctuating market. If you need to bring certain functions back in-house or adjust the scope of services, for example, you may find that your hands are tied.

Even more challenging, if you decide to end the relationship with an inflexible outsourcing partner, you might have to start from scratch—rebuilding your facilities management processes, renegotiating contracts with service providers, and reestablishing your operational standards.



As [McKinsey & Company](#) highlights, the inability to pivot quickly can put your business at a competitive disadvantage, limiting your ability to respond to market changes effectively and hindering your long-term success.

→ A Lack of Control Can Be Risky

When you hand over operations to a traditional outsourcing partner, you may also be giving up significant decision-making power, which can have serious implications for your business.

For example, in many traditional outsourcing models, the provider selects and manages service providers on your behalf. This can result in a focus on cost savings over quality, as the outsourcing partner may prioritize cheaper subcontractors to maximize their profit margins. This approach can lead to subpar service delivery, increased risk of non-compliance with industry standards, and ultimately, damage to your brand's reputation.

Or, let's say your outsourcing partner fails to pay your service providers on time. When payments are delayed, it's not the outsourcing partner's reputation that suffers—it's yours, even if you're unaware that payment has not been completed. This can strain relationships with critical service providers, lead to service disruptions, and ultimately damage your brand's credibility and operational continuity.

It's a similar situation when it comes to upholding compliance. If you lack control over the choice of service providers, you also lose the ability to ensure compliance with safety regulations, environmental standards, and other critical requirements.

When an outsourcing partner fails to meet these standards, the responsibility and liability often fall back on your business, not the outsourcing provider. This can expose your company to legal risks, fines, and other penalties.

The Pros of *Modern Outsourcing*:

Unlocking Growth and Efficiency

Key Takeaways

- Modern outsourcing solutions provide unparalleled visibility and control over operations.
- Flexible partnerships allow businesses to scale seamlessly without losing control.
- Strategic outsourcing empowers companies to focus on growth while ensuring operational excellence.

As businesses evolve, the demands on facilities management have become increasingly complex. Traditional facilities management outsourcing models, while useful in the past, often fail to meet the dynamic needs of today's companies.

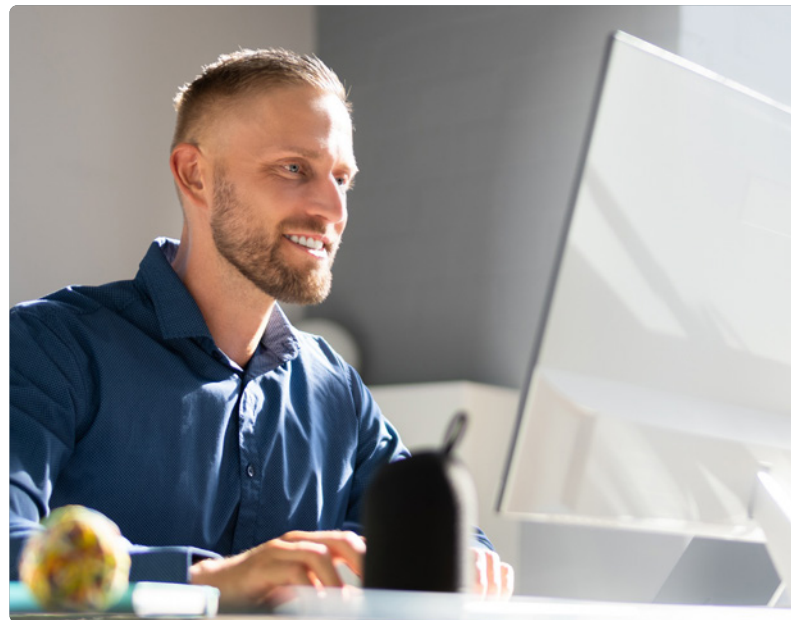
Modern outsourcing, however, offers a new approach—one that not only meets these demands but also drives growth and efficiency.

By moving beyond the limitations of traditional models, modern outsourcing enables companies to maintain control, adapt to changes, and focus on sustainable business growth.

→ **Enhanced Visibility and Expertise Catalyze Success**

Nobody can be everywhere at once, but modern facilities outsourcing partnerships provide you with the data to know exactly what's happening across your locations. These partnerships are built on a foundation of visibility and expertise—it can take decades for a facilities partner to gain the data and experience needed to build out the most effective service provider network.

With a modern outsourcing partner, there's no more guessing about who your service providers and contractors are; you approve them directly, ensuring they meet your standards across trades and assets. This level of control is complemented by your partner's



industry expertise, trusting them to suggest a network of high-quality service providers who are carefully selected to align with your business needs.

When it comes to the bottom line, there are no hidden costs or markups—every dollar spent is accounted for, giving you a clear understanding of your expenses. You have access to a single source of truth with real-time data and analytics, tracking critical data points that tie directly to actionable insights around the health of your asset fleet and efficiency of servicing across locations. Meanwhile, access to historical data helps service providers avoid redundant work, ensuring your assets are fixed or serviced accurately and quickly.

Unlocking Growth and Efficiency

→ Agile Partnerships That Scale with Your Business

The right facilities management partner provides the flexibility to grow and adapt alongside your business. A flexible partner not only supports you as you scale, but also gives you ownership over the workflows and processes created during the partnership, even if you choose to move on.

One of the key benefits of an agile partnership is that you can always rely on support exactly when and where you need it. Asset breakdowns and emergencies don't just happen during work hours—that's why having access to 24/7 support, 365 days a year, is crucial. Constant availability ensures that any issues can be addressed immediately by a dedicated facilities coordinator, minimizing downtime and keeping your operations running smoothly. They'll also help you gain efficiency, save on costs, and manage work orders and assets effectively.

And as your business grows, your partnership can expand right alongside your locations. With nationwide experts across various trades and industries, a flexible partner can support both single and multiple trade needs. This gives you the ability to customize the level of support to ensure that your facilities management strategy evolves in line with your business objectives.

→ Strategic Empowerment Drives Key Decisions

A strong outsourcing partnership goes beyond simply handling day-to-day operations. Your outsourcing partner empowers you to focus on strategic growth while staying in control of the key decisions that drive your business.

Take your service provider network. Instead of sourcing contractors, you're given a shortlist of highly-qualified service providers based on your priorities. You may be cost-conscious or value speed and efficiency the most. Whatever your needs, your providers are curated to align with your business strategies.

You also have strategic control over your relationships.



Unlike traditional outsourcing models that remove any relationship between you and your service providers and contractors, modern outsourcing helps you build trust and establish long-term partnerships that ensure the best service, bolstering customer satisfaction and world-class customer experience.

And you don't have to worry about the quality of their performance; your outsourcing partner provides ongoing coaching and monitors key performance indicators (KPIs) for all service providers and contractors. That means your providers will not only meet but exceed expectations, with regular evaluations and adjustments made to keep performance at its peak.

The Future of Outsourcing:

Harnessing Emerging Technologies

Key Takeaways

- AI and IoT are transforming facilities management through predictive maintenance and resource optimization.
- Emerging technologies strengthen outsourcing with real-time insights and proactive management.
- Advanced tech boosts efficiency and control across all locations.

The benefits of modern outsourcing—enhanced visibility, flexibility, and strategic power—are already transforming how businesses manage their facilities. But what about the future? As technology continues to advance and new trends emerge, outsourcing is set to get even smarter.

With artificial intelligence (AI), the Internet of Things (IoT), and other innovations on the rise, **outsourcing 2.0** can help you take important steps forward instead of falling behind.

IoT-enabled facilities gather real-time data about spaces and equipment, allowing facilities management teams to respond proactively to issues before they escalate. While IoT collects the data, you can think of AI as what leverages that data to take action. AI can provide predictive analytics and resource optimization for multi-location brands. This combination of AI and IoT is driving a shift from reactive to **predictive and proactive maintenance** strategies, significantly improving operational efficiency.

Instead of relying on a traditional outsourcing vendor that may cut short term costs at the expense of your business growth, step into the outsourcing 2.0 era with a partner that understands how to leverage new technologies to not only stretch your budget further but guide you in a future-proof way.



Harnessing Emerging Technologies

→ **Making the Case for Outsourcing**

Are you considering building out your in-house facilities management team instead of outsourcing?

Before you make a decision, it's important to weigh the pros and cons of both in-house and outsourced approaches. Use this checklist to highlight the key differences between managing facilities in-house and partnering with a professional outsourcing provider. It will help you assess which approach aligns best with your business goals and operational needs.

Key Benefit	Insourcing	Outsourcing
Hiring	Build and manage a team that requires training and salary resources	Already have a dedicated team of experts you don't need to invest further in
Expertise	Limited trade and industry expertise	Access to an extensive network of specialized service providers and industry experts
Cost	Difficult to know what rates are appropriate for service providers	Experts on hand advise on pricing, with access to a marketplace of cost-optimized providers
Scalability	Potential budget/resource restraints impact scalability	Partner scales up (or down) with you
Compliance	Hinges on internal expertise and management of many service providers across locations	Ensured by your partner no matter how many service providers you use or where
Technology	Requires significant investment in dedicated facilities management software/tools	Offers a single source of truth for all asset performance and service records
Flexibility	Adapting to new requirements takes significant time	Agile partner that can adapt to changes quickly
Quality	Quality varies and may not be consistent	Use only the highest quality service providers, who receive coaching to optimize performance
Data Access	Spreadsheets and other data management often requires manual updating, sorting, and analysis	Receive real-time data and advanced analytics tied to KPIs
Prioritization	Priority is given to emergency service	Assets receive preventive maintenance, allowing more time to focus on strategy and growth
Best Practices	May not be aware of or using industry best practices	Experts with field experience promote best practices across industries and trades

Maximizing Benefits,
Minimizing Downsides:

Your Facilities Outsourcing Strategy

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“The time that we save with ServiceChannel gives us time to really focus on our guests.”

Joel Molina

Facilities Coordinator,
True Food Kitchen

Outsourcing has evolved from a cost-cutting measure to a strategic tool that empowers businesses to achieve more with less. By leveraging modern facilities management outsourcing solutions, companies can enhance visibility, maintain control, and access specialized expertise that drives efficiency and growth. As emerging technologies like AI and IoT continue to shape the future of facilities management, the case for outsourcing to the right partner who can help you keep up becomes even more compelling.

By carefully evaluating the pros and cons of in-house versus traditional and modern outsourced approaches, you can make an informed decision that aligns with your long-term goals.

Whatever your priorities, leave facilities management outsourcing to the pros.

With **ServiceChannel Managed**, you can maximize the benefits of outsourcing—like enhanced control, efficiency, and scalability—while avoiding the pitfalls of traditional outsourcing models.

Because modern facilities outsourcing isn't just about keeping up. It's about setting the pace for the future with a partner that can get you there.



Explore the ways a **ServiceChannel Managed** outsourcing partnership can help you take your facilities management to the next level.

→ [Take a tour of ServiceChannel's solutions](#)

