

# FEEDING A GROWING APPETITE FOR FM

BY MICHELLE ERVIN



**How Sodexo, a private food services company in France, evolved into a global public company, with Canada-wide coverage, offering a suite of facilities management services**

It's a journey that began in Marseilles, France, in 1966, when Pierre Bellon left a catering company to start his own food services company focused on corporations, hospitals, and schools.

Nearly half a century later, Bellon's company, Sodexo, has evolved from a sole proprietorship to a publicly traded company with global reach, including Canada-wide coverage.

Focusing on organic growth, Sodexo has broadened its scope to offer what it describes collectively as quality of life services. They include both hard and soft facilities management services, running the gamut from cleaning to climate control.

As North America witnesses a boom in outsourcing, the once small food services company is well-positioned to feed organizations' growing appetite for third-party FM services.

Sodexo established its Canadian outpost more than 40 years ago. Headquartered in Burlington, Ontario, the company also has regional offices in Calgary, Montreal and Vancouver. For the most part, though, the service

provider's 10,000 Canadian employees are stationed at more than 500 client sites covering all of the provinces, which Karl Gagesch considers a competitive advantage.

"At its best, Sodexo is an on-site service solution provider, where Sodexo employees interface directly with our clients and solve the clients' problems," he says.

Gagesch is the senior vice president of integrated facilities management for Sodexo Canada. In this country, he says, the company has experienced 20 per cent growth year over year, and expects growth to continue at this pace into the foreseeable future. In particular, Gagesch expects FM services, which have accounted for an increasing proportion of its business, to account for a majority of new business in Canada over the next three to five years.

This is part strategic positioning, part market opportunity.

Of the latter, Gagesch says: "The main drivers are growth in the overall economy, the desire to maximize profits from our clients' end, focus on their core businesses, which is typically not buildings, and then there's a general trend in the North American, or worldwide, economy to partner with outsourcing companies."

Sodexo Canada has mirrored its parent company in pursuing organic growth.

"The typical success pattern for Sodexo has been to get into a client with a small contract and then grow that relationship, grow the number of services, so we can start to bundle and demonstrate efficiency," Gagesch says.

Vaughan, Ontario's Mackenzie Health is a case in point. What started out as a small food services contract with the regional health services provider has been nurtured to become a flagship FM healthcare account that includes both hard and soft FM services, he says.





FM services are expected to account for a majority of Sodexo's new business in Canada over the next three to five years

But Sodexo's model for success is shifting as the company matures.

"More and more we're going into a more sophisticated offer with larger and larger clients," Gagesch says. "We've achieved critical mass, so as we've developed the competency on small to medium-sized operations and bring them one or two services, we aggregate that, develop an efficient supply chain to provide value to our clients, and then we leverage that supply chain to get better and better."

Many of Sodexo's clients have an international presence, such as the brand-name Siemens and Proctor & Gamble.

In its 2013 annual report, Sodexo reported \$18.4 billion (in Euros) in consolidated revenues, close to 40 per cent of which is generated in North America.

The corporate sector remains its leading revenue-generator, at 32 per cent of revenues, compared to education, at 21 per cent of revenues, and healthcare, at 18 per cent of revenues. In Canada, remote sites in the hydro, mining and petrochemical industries also make up a rising and substantial share of Sodexo's business, and represent 10 per cent of its revenues worldwide.

Serving a daily 75 million customers, located at 33,000 different sites in 80 countries, requires people power. Indeed, with 428,000 employees, Sodexo is the 18th largest employer worldwide.

Attracting and retaining employees who will exemplify Sodexo's core values will be a challenge as the company continues to grow, Gagesch predicts, but one the company appears equipped to tackle. In recent years, in Canada, it has been recognized as a top employer for both people under 30 and over 50.

Embedded in its corporate responsibility is a commitment to diversity and inclusion, which is focused on fostering gender equality, an inclusive environment for LGBT employees and ethnic diversity.

Sodexo fulfilled its mandate, and then some, at Wuskwatim Generating Station in northern Manitoba. There, the service provider exceeded its goal of hiring 65 per cent of employees designated to the contract from within the Nisichawayasihk Cree Nation, ultimately hiring 81 per cent from the local Aboriginal community. It's not a surprise, thought, as the Canadian Council for Aboriginal Business has recognized Sodexo Canada as a Progressive Aboriginal Relations Gold certified company since 2001.

Remote sites such as the Wuskwatim Generating Station in northern Manitoba are far removed from Sodexo's birthplace in France's metropolitan Marseilles. Sodexo founder Bellon has since been succeeded as CEO but he remains on as chairman of the board. And, as Gagesch puts it, the company has not strayed from its original raison d'être, or reason to be, even as it has dramatically expanded and enjoyed enduring success.

"All of our services, and all of the focus of our people on a day-to-day basis, is designed to help organizations, and the people within our client organizations, improve their quality of life and their business performance." | CFM&D

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