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### NEW CUSTOMERS IN SHANGHAI

The joint ventures Kang Jing and Po Jing have won two new customers, thus expanding their portfolios.

With 20 employees, the Klüh joint ventures have been looking after the 13,000sqm Shanghai Eastern Shopping Mall since August 2009 and the 7000sqm Shanghai Tobacco Company since September 2009, deploying ten personnel in the latter instance.

The main area of contracting is the cleaning of the air-conditioning systems.



### NEW MANAGEMENT STRUCTURE AT KLÜH SERVICE MANAGEMENT

Josef Klüh transfers from the management to the company's advisory board



Josef Klüh (67, photo), Owner and up to now CEO of Klüh Service Management GmbH, Düsseldorf, has withdrawn from the operational business of the globally active group of companies with effect as of the 1st of November 2009, transferring to chairman of the newly created Klüh advisory board, where he joins Dr. Hans-Joachim Körber, ex-CEO of the Metro group, and Andreas Schmitz, board spokesman of the HSBC Trinkaus Bank.

Josef Klüh: "The advisory board, in dialogue with the new management, will shadow further development responsibly and with

commitment. The new arrangement comes with the assurance that the Klüh group shall remain a family-owned business. I am withdrawing from the day-to-day running of the business and now see my task in using my new-found freedom to drive forward the company's further strategic development and to utilise chances for growth by making acquisitions.

The new management of Klüh Service Management GmbH, which since the 1st of October consists of Hans Joachim Driessen (CEO), Helga Mothes (COO) and Horst Rühl (CFO), has my complete trust."

Josef Klüh: "With this management reshuffle, I have ensured that Klüh Service Management is future-proof and will continue to be managed so as to safeguard jobs and allow further expansion."

Josef Klüh is an entrepreneur who had rebuilt the family business virtually from scratch following the death of his father in Russia during the war. After establishing a national cleaning business, he then expanded the range of services offered.

Klüh Service Management is now an international multi-service provider for Facility Management (FM). With 38,700 employees and branches in ten countries, Klüh is one of the world's leading FM providers. The company recorded a sales turnover of €617m in 2008.



Helga Mothes (COO), Hans Joachim Driessen (CEO), Horst Rühl (CFO)

## KLÜH LINAER REPORTS BOOM IN AIRPORT BUSINESS

Cleaning contracts for the Palma de Mallorca, Ibiza and Zaragoza airports and the headquarters of the state-run airport operating company, AENA

With a major contract of €12m per year, Klüh Service Management continues to expand in its largest foreign market, Spain. The globally active, Düsseldorf-based company was awarded the contract for all cleaning services at the airports of Palma de Mallorca, Ibiza and Zaragoza and at the administrative headquarters of AENA, the state-run operating company for all Spanish airports, which is located in Madrid.



One of the most important airports in Europe: Palma de Mallorca

CONTINUED ON PAGE 2

CONTINUED FROM PAGE 1

## KLÜH LINAER REPORTS BOOM IN AIRPORT BUSINESS

In the context of the commission for the cleaning services, as of the 1st of December 2009, Klüh will be posting around 260 employees at the four locations with a total floor area of more than 900,000sqm.



This major contract also powerfully strengthens the Klüh group's airport business which is also represented at Athens and at Amsterdam Schiphol, Europe's third largest airport in terms of passengers.

In Germany, Klüh Airport Services operates at the airports of Frankfurt/Main, Düsseldorf, Berlin, Münster/Osnabrück and Dresden.

Fernando Diaz (MD) and José Gomez, member of the management of Klüh's Spanish business, Linaer: "The current commission obtained in the face of strong competition, is a milestone for the further development of the business in Spain."



Now cleaned by Klüh Linaer: airports Zaragoza (above) and Ibiza, Balearic Islands

## NOKIA SIEMENS NETWORKS GOES FOR KLÜH-DENIZ

Nokia Siemens Networks has commissioned Klüh-Deniz Professional Services to provide soft services. Mrs. Neslihan Oral, Area Facility Manager of Nokia Siemens Networks, expressed that it is advantageous for the company to obtain diverse services, as and when necessary, from a single provider. She described Klüh Deniz as an important partner not just because of its service portfolio but also because of its attitude, rapid response times and solutions to problems.



Ms. Neslihan Oral and Mr. Ender Zengin

## ENTREPRENEURS NEVER RETIRE



**Mr. Klüh, why have you stepped down from the management of your company?**

As the sole shareholder of a company with tens of thousands of employees, one has a particular responsibility. One has to make provisions. There are many ways of doing this; a popular method takes

the form of a foundation trust. I've chosen a different construction, which ensures that Klüh Service Management is run exactly as before. The responsibility for this is borne by the management and the company's advisory board.

**Entrepreneurs never retire...**

Well, yes, that's probably true, but there comes a time in everyone's life when you have to ask yourself whether it's time for a new direction. I have decided to delegate responsibility for the day-to-day running of the business to the management i trust. The new managing directors of Klüh Service Management, Hans-Joachim Driessen, Helga Mothes and Horst Rühl, are colleagues of many years and I am sure that with them the company is in safe and capable hands.

**What are you going to do with your new-found spare time?**

I will not have more time in future, I'll just use my time differently; though,

I'll certainly gain more freedom for my private life. My main task will now be to drive forward the further strategic development of the business and to utilise chances for growth by making acquisitions.

**The Klüh group has way over 30,000 employees and recorded a sales turnover of €617m last year. Are you setting new sales targets or what direction will the expansion take?**

It's not about turnover expansion as such; it's about swift, qualitative growth. My aim is to increase the company's relevance and clout to the extent that the Klüh group is not just successful on the world stage, but is also permanently promoted to the league of global players who are in the eye of companies putting out major contracts to international tender. Although we will continue to grow under our own strength, there are also companies that would be perfectly suited to us and their acquisition would help us to reach our objectives quicker. That's where I'll be focusing my efforts.



*Klüh companies from Greece, Poland and Spain were involved and represented in this Wave 1 transition for the EMEA region.*

Upon completing 3 months of due diligence and transition planning, SMI went live on the Procter and Gamble Bundled Soft Services project in EMEA on August 1, 2009. SMI were awarded this project by Jones Lang LaSalle through a competitive tender process for 25 countries across the EMEA region. Prior to this award, SMI had been providing services through Jones Lang LaSalle on 10 sites in 8 countries and in the Asia Pacific region.

SMI's transition team launched into action shortly after the award on May 1, 2009 to deliver the first wave of sites

## PROCTER & GAMBLE EMEA BUNDLED SOFT SERVICES PROJECT GOES LIVE!

in extremely well coordinated fashion on August 1, 2009. Wave 1 involved 27 sites in 12 major and business critical geographies for Procter and Gamble. To ensure seamless transition, SMI organised a "P&G Kick Off" meeting in Paris on June 25th, inviting representatives of the partner companies involved, as well as JLL central team members to lay the crucial foundations for working in close partnership to achieve Procter and Gamble's strategic goals.

JLL's EMEA Operations Support Manager Samantha Lawson and Elizabeth Collier re-emphasized this vision of working in partnership to truly deliver a seamless transition and to enable excellence in operations delivery through centralised reporting and KPI management. SMI's fully integrated SharePoint system has been deployed to effectively provide maximum visibility of performance and reporting, thus enabling portfolio

monitoring of bundled soft services to achieve service level and cost transparency over the longer term.

The "kick off" meeting has contributed to the overall success of the contract transition on August 1st and SMI ensured that the main site had a key team member present on day 1 of the contract, with Joel Le Montagner in Poland, Bala Raveendran in Switzerland, Phil Cooper in the UK Dirk Goyvaerts in Belgium, and Weronika Lesniak providing central coordination and status reporting throughout the process.

## EXPANSION IN WUHAN

Tongji, the Klüh holding in Wuhan, acquired two new clients this summer who are both highly significant for further development. The Wuhan General Hospital of the Guangzhou Military Region, where a workforce of 103 are employed, and the Jiaotong Residential District, have given the company a foothold in the sectors of military hospitals and residential district property services. Another new contract was awarded by the Wuhan Institut of Medical Science.

The services provided currently include building cleaning, security and individual personnel services as well as maintenance of the grounds, water systems, electrical systems and lifts.

A further new contract has presented Klüh Wuhan with higher technical requirements, although it also provides increased margins.

In August 2009, following inspection by the authority known as "Wuhan Centers for Disease Control", the Tongji joint venture became qualified to clean central air-conditioning systems. This qualification immediately attracted a contract from the Tongji hospital and made the first foray into a promising market in Hubei Province. Tongji also acquired other new contracts in the new surgery buildings of the People's Hospital of Wuhan University, where 164 staff are employed, and of the Wuhan Children's Hospital.

The inclusion of the new contacts meant that the Tongji joint venture had already achieved 83% of its annual budget by August, recording a 27% growth compared with the same period for the previous year.



*The People's Hospital of Wuhan University*

## “LA CASA GRANDE” – KLÜH LINAER WINS 4-YEAR CONTRACT WITH 1,345-BED HOSPITAL IN ZARAGOZA



*Miguel Servet Cleaning Staff*

Klüh Linaer has landed a significant four-year contract in Zaragoza. During this timeframe the Spanish Klüh company will be providing the full range of cleaning services for the 1,345-bed Miguel Servet University Hospital – known, due to its vast dimensions, as “La Casa Grande”.

The services include cleaning the areas accessible to the public, the hygiene areas, offices, examination rooms, windows and all 28 operating theatres. The contracted duties also include floor cleaning and waste removal.

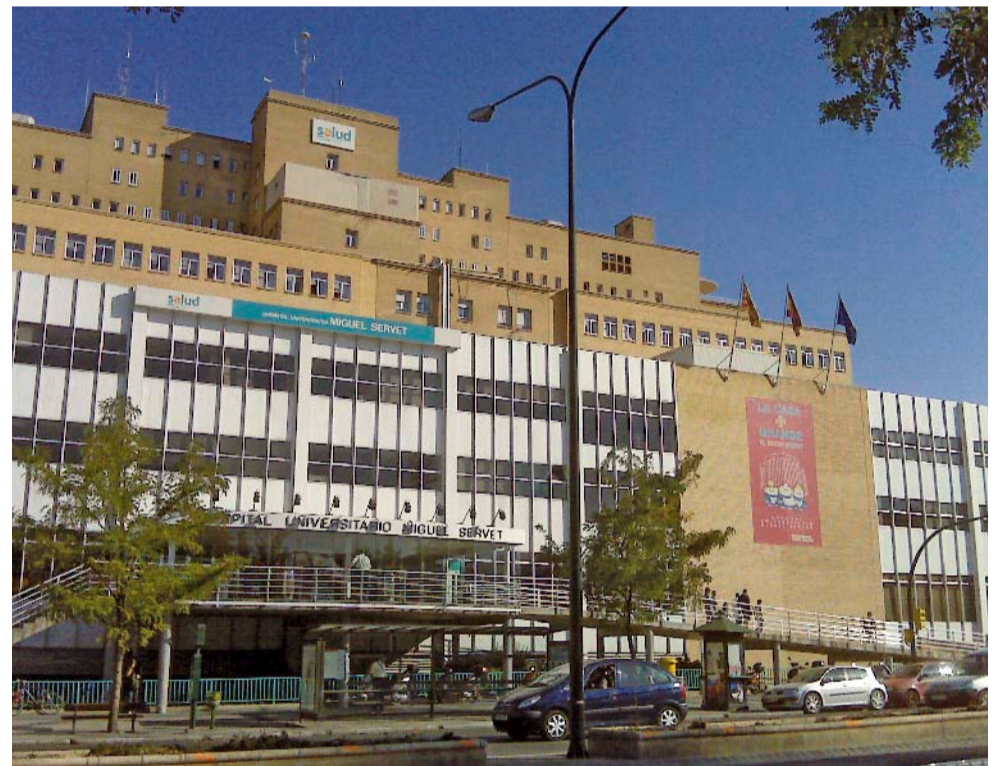
Built in 1955, the hospital was renovated seven years ago at a cost of €150m and currently employs 4,800 staff, 3,300 of which serve in the medical sector alone.

Klüh Linaer deploys a workforce of 481 in the hospital and earned the recognition of the hospital management right from the outset.

### Good experience

Grupo Hospitalario Quiron, one of the most important private operators with hospitals in Barcelona, Madrid, San Sebastian, Valencia and Zaragoza, also awarded Klüh Linaer a three-year contract for cleaning services a year ago.

The contract covers all services in the clinical centre in Zaragoza – which are performed by 28 employees – and concerns a floor area of 17,300sqm. The hospital management values Klüh Linaer as a professional partner.



*“La Casa Grande” – Zaragoza’s 1,345-bed Miguel Servet University Hospital*

## FRANKFURT AIRPORT: CUSTOMER SATISFACTION FLYING HIGH



A customer survey at Germany’s largest airport in Frankfurt gave top marks to Klüh for cleaning aeroplanes: 66% rated the cleaning services as “good”, 18% as “very good”, while 16% of those polled gave the mark of “satisfactory”.

Exceptionally positive appraisals were given in the disciplines entitled “Our Ability to react quickly to your needs” and “Speed of our service”.

Klüh Airport Service operates at the following airports in Germany: Frankfurt/Main, Düsseldorf, Berlin, Münster/Osnabrück and Dresden.

Outside Germany, Klüh Airport Service looks after several clients in Amsterdam, Athens and Palma de Mallorca.

Corresponding services are provided via cooperation partners in France, Great Britain, Greece, Hungary and other countries.

Henk Stomphorst, Manager responsible for airport operations in Germany: “Our greatest strength is our employees and their many years of experience. This becomes most evident when the air traffic is not running to schedule. Then each link in the chain matters.”

# DORTMUND BRANCH PREVAILS AGAINST COMPETITION AND RWE CONTRACT EXTENDED

The energy giant RWE has been a customer for three years now. After renewed invitations for tender, we were again able to come out on top against the competition.

We have retained the properties in Essen, Bochum and Dortmund and even gained additional buildings. Tenders for what was described as „performance-based cleaning“ were invited nationally. In Dortmund, we were awarded the contract for the RWE Tower, which is known throughout Germany, and also for two other properties. The contractual work commenced on the 1st of October.

## Landmark

Located on the Platz von Amiens in Dortmund, the RWE Tower is an office block as well as a landmark in the city of Dortmund.

## VORWEG GEHEN

The building was officially opened on the 24th of August 2005. Standing almost 91 metres (100metres with aerial), it is the second tallest building in Dortmund after the Florian Tower in Westphalia Park. The building's facade is a combination of anthracite-coloured Chinese granite and 1680 silver painted windows. It has a solid concrete core and a structural outer wall made of precast reinforced concrete components. The total floor area produced is approximately 22,000sqm. On the ground floor there is roughly 1000sqm for smaller shops and the upper storeys have around 21,000sqm of office space for about 7000 RWE employees.



## EMIRATES AFTER RECORD TURNAROUND: „YOU ARE TALK OF THE DAY“

“You are the ‘talk of the day’ and everyone’s talking about the proverbial ‘German efficiency’”, praised Emirates’ Vice President Network Control, “if anyone „delivers“ under difficult circumstances (curfew, technical minimum turnaround), it’s Düsseldorf. Many thanks to all colleagues for a job well done.”

The occasion was a 63-minute-turnaround of delayed flight EK 058 on September 17th.

Emirates’ Manager Airport Services Outstations added: „Well done’ to the DUS team tonight for some excellent planning and organisation to get this aircraft turned around in just 63 minutes and just before the curfew extension expired.

Please pass on our thanks to your GHA /Caterers/Cleaners etc. – brilliant!”

# FOUR-YEAR CATERING CONTRACT FOR 404-BED HOSPITAL



Large variety of meals and best service at the hospital's restaurant

KSM Polska has signed a four-year catering contract with the regional hospital in Kolobrzeg on the Baltic coast. The hospital has 404 beds. Following a kitchen conversion, Klüh Polska took over the catering for patients and hospital visitors.

The 725sqm kitchen with restaurant has been fitted out in accordance with the latest criteria. This involved buying new kitchen appliances and fitting a central sink unit.

The catering system was designed around Benar technology, which ensures meals are prepared without harming the nutrients.

The new service has been exceptionally well received by both patients and visitors. Thanks to its attractive, coloured décor, the restaurant is an inviting place to eat and the procedural organisation at the service stations ensures fast processes and a very satisfactory service.

## HENKEL EXTENDS CONTRACT IN TURKEY



Mr. Aytekin Dilmen (on the left) and Mr. Durmus Gölcük (on the right)

Henkel AG, one of the most important clients of Klüh Deniz in Turkey, has extended its cleaning contract with Klüh Deniz. Aytekin Dilmen, Head of Administration at Henkel in Turkey, explained that the cooperation with the company increases the employee satisfaction at the workplace. Henkel's Turkish headquarters at Kar Palaza in Istanbul has a floor area of over 15,000sqm.



## TURKEY: KLÜH EMIN SUPPORTS CITY OF ISTANBUL DISTRIBUTING FOOD TO THE NEEDY



Food for needy people in the streets of Istanbul – prepared and delivered by Klüh

During Ramadan it is usual in Turkey to distribute food to the socially disadvantaged and needy in the evenings. The responsibility for organising this lies with the city boroughs. The borough council of Eyüp (a district of Istanbul) commissioned Klüh Emin with the catering in this large quarter of the Bosphorus metropolis.

Wolfgang Kohlhepp, Catering Klüh Germany, making an on-site visit,

reports: "Our Iftar Suppers (Iftar is Arabic for "breaking the fast") are running superbly. 40 employees from our other operations are involved in the work here in Eyüp. They portion out the food and we transport the meals by HGV to the distribution point. The Eyüp borough council has already confirmed a further contract with us. After Ramadan, approx. 1300 people will again be invited by the city to attend a party."



Distribution of Iftar meals by truck

## BERKELEY WINS CLEANING CONTRACT FOR PARIS SORBONNE UNIVERSITY ABU DHABI



Abu Dhabi Berkeley Services L.L.C. has been awarded the cleaning and pest control contract for the prestigious subsidiary of the Sorbonne University in Paris, France.

The newly constructed 2,000-student coeducational university, located on Reem Island east of Abu Dhabi, will comprise nine buildings including two academic centres, a library,

an auditorium and administration buildings connected to a central plaza. These core facilities will be complemented by male and female dormitories, a dining hall and a sports hall. These will all be integrated to provide a self-contained international standard campus that will attract both overseas and local students.

The premises are owned by a joint

venture between Mubadala, an investment arm of the Government of Abu Dhabi, and The John Buck Company, an internationally recognized and award-winning integrated commercial real-estate development, leasing and property management service from Chicago.

Abu Dhabi Berkeley Services L.L.C. has been awarded a two-year contract,

commencing with 30 full-time operatives in the first phase and continuing with 45 full-time operatives in the second phase. This new contract supports the rapid development of Berkeley in Abu Dhabi, who, with around 650 staff, provide cleaning and maintenance services to prominent clients like Etihad Airways, Aldar Properties, Ikea and First Gulf Bank.

## SMI: THE CHALLENGE OF CHANGE

Juergen H. Kulka at the 2009 Visionaries Lecture Series, ALDAR Properties, Abu Dhabi, on Oct. 13th

The challenge for every company is change, either expected or – looking at the recent events – unexpected change. Who would have predicted the degree of change and epic shock ripping across the global economy? Let's face it: the whole game has changed. This global recession has forced us to press the reset button, causing a great reset of paradigms and values, causing the unthinkable! I would argue, however, that this great challenge not only represents a formidable test to CEOs of leading organisations, but is also a once-in-a-lifetime chance to introduce change, to think the unthinkable and to reposition our corporate organisations in order to turn

this negative into a truly competitive opportunity and to gain the upper hand over our competitors. With all due respect to the scale of this largest-ever economic event in history, we should not pretend that everything is to blame on the recent recession. Change has been, and will be, the only constant in our life and in the life of businesses.

### Drivers of change

Let's talk about markets. In Facility Services and real-estate management, the US and the UK are miles ahead in their attitude towards outsourcing. As a result, Anglo-American conglomerates have become the drivers of

transformational change. Our industry has moved from in-house provision and management in the 80s to outsourcing single services on a local level by the late 80s. It then went from national outsourcing involving professional Facility Management companies in the mid-90s to international outsourcing in the early 2000s, before finally arriving at today's global portfolio of TFM outsourcing initiatives. The first of these individual step-changes in our markets happened after cycles of 7 to 8 years, changing to 4-to-5-year cycles in the 90s. The latest big evolutionary step towards fully integrated TFM and CRE (Corporate Real Estate) solutions appeared

to change the face of our industry forever. Managing Agents Solutions – i.e. professional Facility Management companies coordinating property and real-estate services on behalf of a client – dominated the markets in the late 90s, but lost their whole market virtually over night. It appeared like an earthquake! Sudden and devastating!

Then the big boys arrived! The big players of the corporate real-estate management world, like CBRE, JLL, Cushman and DTZ, started to rake in all the large FM contracts on a regional and global level. The former rulers – the national and, at best,

**CONTINUED ON PAGE 8**

CONTINUED FROM PAGE 7

# SMI: THE CHALLENGE OF CHANGE

Juergen H. Kulka at the 2009 Visionaries Lecture Series, ALDAR Properties, Abu Dhabi, on Oct. 13th

sub-regional FM providers – could only move up or down the food chain. They had no chance in their traditional market against these real-estate management companies because the market had changed so dramatically. The big players offered global presence and real-estate management solutions, including lease management and real-estate transaction to corporate clients, topping this off with their whole property portfolio and FM functions.

Their strategic interest was now in transactions, but Facility Management had opened the door for them! To prevent being sucked into a complex management nightmare with hundreds and thousands of suppliers all around the globe, some of the real-estate management providers invented regional supply chain solutions to simplify their downstream processes (with companies such as SMI). They appeared invincible in their efficiency. This market revolution started in 2005/2006, but the “eternity” of the new breed of market dominators lasted exactly 2 years! At the end of the first and second quarters of 2008 – and please note, I am referring to quarters and not even years here, we saw yet another step change! And what happened? The global real-estate part of their value proposition fell off the cliff, and that was well before September 2008 when the “mother of all crises” hit the markets!

## FM “Lite”

Now it was the turn of self-delivery concepts, coupled with a sort of FM “Lite” from Facility Service companies with global or regional reach. The market is now seeing the emergence of the leading self-delivering, multinational bundled service provider with national delivery platforms and huge workforces (our operating companies employ 280,000 people worldwide and we are not the biggest! Though, of course, I would claim we are the best!). However, that was all based on a much leaner administration and FM management structure.

Now – only 2 years after they thought they won the “war” – it is on these big real-estate consultants to change. It seems the only way for them to compete is to move down the food chain to self-deliver some of the facility services they previously sub-contracted. In times of economic stress, nobody has the appetite for the

“nice-to-haves”, it’s now no bells and whistles: “Give me the savings now, talk about the elegant corporate tools later.”

Well, the deciding survival factor for organisations is their ability to absorb and foster change. Established organisational structures and an abundant number of processes might be necessary in large organisations, but when they become cumbersome and hinder flexibility and innovation, then we realise a business is close to decline or in need of a major overhaul.



Jürgen Kulka, CEO of SMI in London

## Simply different

Here at SMI, we basically started as a virtual organisation in the field of provision of individual service lines in Europe, and today we deliver bundled facility services in more than 50 countries around the world. Our business model is simply different to other players and many would claim that, in spite our very large service delivery platform, we are still a virtual organisation. So how do we manage a global presence and compete with our large competitors? The answer is: with a very small but agile and dynamic central multicultural team and by abolishing every single paradigm of classic corporate structure!

Our differentiator, our USP, is our speed of implementation, our ability to make things happen at the local point of delivery, at the service “coalface” so to speak, over night. Our organisation has to be incredibly flexible and fast. We are young, multicultural, multilingual and lean, and we also match the needs of our corporate customers. So far, we have readjusted our

business model every 12-18 months and I am pretty certain that we will look different in another 18 months. Any organisation that has been built up from the start to accommodate an ever-increasing scale of business and an ever-increasing number of customers has to reflect on its status quo. It needs to be continuously re-simplified, and this re-simplification has to start with people. In some organisations, however, processes and rules prevail, resulting in functional clones of the archetypal manager. But are they flexible for change? I do not think so.

to shift focus and partner up with a supply chain integrator or service provider to outsource processes.

You may have to allow some people in your organisation to perhaps work on the “other side of the table” to make them efficient and productive and to maximise their skills and accommodate their ambition as much as possible. Again, the outcome should be that you retain the core process competence, because you have to keep competence in house, that famous intelligence that I value so much. The intelligence has to stay in what I call the “client organisation”, but that intelligence has to be smarter. Strategic FM functions must be firmly embedded in the client real-estate strategy because they represent the very core process function that I mentioned earlier. Why would you ever outsource that?

## Only constant leadership

The economic outlook varies from one industry, company, region and country to the next. In a world of change, the only constant is leadership. And I mean leadership from all angles of an organisation. Everybody must play a part. The organisation that inspires all its employees and managers to contribute to the greater good of a company will conquer whatever the market throws at it. Leadership is the quality that will separate business winners and losers – whether the economy bounces back, slips sideways or even relapses into recession.

How we have positioned our company at the time of the resumption of economic growth and how we continue our strive to innovate and reduce internal complexity determines the competitiveness of the company in the future. Get your organisations prepared for the next phase!

## IMPRINT

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The Facility Manager of the future will be at the heart of the corporate values and will therefore be a key asset to client organisations.

In the case of the real-estate market, what you have to do in order to gain a competitive advantage is to establish the most efficient management with the highest possible quality in your real-estate and property portfolio, giving serious consideration to cost-effective bundled service outsourcing solutions. Unless you are dynamically moving forward and maximising your flexibility and speed, while establishing a culture of change and, thereby, positioning your organisation to move simultaneously with the market, you will not extract yourself from the current quandary and will lose momentum for gaining the acceptance and understanding for the necessary changes and for gaining the potential competitive advantage in the future. It is paramount that companies succeed in providing the right level of cost-effective, yet quality minded service.

Your organisation will probably have