

The interviewee: Tim Hancock, CEO of Office & General (O&G) and Manjit Rajain (right), executive chairman of the Tenon Group

The issue: The Indian market for FM and Mortice Group's acquisition of O&G

O&G's Indian adventure

The acquisition of UK facilities firm Office & General (O&G) by the Tenon Group of companies, an Indian IFM firm with 42,000 employees, is undoubtedly an interesting piece of news.

Servicing London and the South-East, O&G had been known primarily as a cleaning and environmental support business, steadily adding more FM-oriented services including M&E work. As it grew, the firm took on office cleaning and waste management while also working for managing agencies and specialising in the higher education market.

Things changed when O&G hit the £25 million turnover bracket, at which point it found itself bidding against larger national operators, facing familiar arguments from potential clients wary about its ability to scale up. Consultant Tim Hancock was brought in to help and formulated an ambitious strategy (7 per cent profit from a £60 million turnover within five years).

Hancock's plan was on track when founding partner Grae Scott decided he wanted out. Subsequent negotiations with Grant Thornton saw Hancock meet Manjit Rajain of Tenon, through which a deal to acquire O&G was ultimately struck.

Indian acquisition

O&G's Indian ownership gives it more leverage in relationships with existing and potential clients, assuaging clients' scaleability concerns. It also allows O&G to plug specific service gaps, in particular making the most of Tenon's strong background in manned security, a service O&G has not previously provided. (The Tenon Group's Indian security business, Peregrine Guarding, is the bedrock business that underpinned Tenon's launch.)

Following its acquisition, discussions with O&G's existing UK clients, in particular to offer new security and M&E capabilities, are ongoing. For Tenon Group chairman Rajain, the objective is to develop globally through a presence in the UK, Western Europe's most mature and demanding outsourced FM services market.

"We're identifying areas in which we can work together with our clients and integrating



our processes and systems," says Rajain. "In India we already work for firms like FedEx and DHL, and there are other international companies that we service in India for which we can now seek to provide service over here."

Goldilocks size

Now that O&G is part of a fast-growing \$100 million business that has made great strides in India. And O&G's new size should help – it sees itself as at the 'Goldilocks' stage at which it is currently big enough to take on national and international clients yet small enough for CEO Hancock and his senior personnel to deal personally with clients. This will change when ambitious new turnover aims are met, and high on the firm's priorities is bringing capable new people into account management positions. Tenon Group money will also help to bring in more efficient back-office systems.

As for the impact of O&G on Rajain's aspirations, the impact could be sizeable. Rajain's is a fascinating story: in the Indian army for seven years, he became police chief for the capital of Kashmir state before quitting to set up Peregrine. Today, Rajain lets Peregrine run itself as he focuses on developing Tenon, the integrated FM firm he set up back in 2008 to compete with the international managing agents active in India.

Tenon, the fourth-largest integrated FM firm in India, benefits as one of the few IFM providers in a market in which UK and international global providers have often failed. Clients in India include big international brands such as Goldman Sachs, for which it first won the contract for all soft services before acquiring the M&E firm used by the bank to cover its M&E requirements.

Rajain hopes the O&G acquisition will give the group a platform to get in front of more prospective multinational clients. In India, Tenon prides itself in not sub-contracting any element of service, but with O&G it accepts that in some sectors, such as niche catering, that principle will not work in the UK.

As O&G looks to grow, it will focus, at least initially, within the markets it already competes in – corporate office, higher education and defence. But should a client want something else, that can bow be considered. This dynamic, of an Indian Integrated FM firm able to support Indian companies developing in the UK through its new O&G offshoot, as well as *vice versa*, is going to be an interesting one to watch.

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MARTIN READ
martin.read@fm-world.co.uk