

## Facility Management Performance Measures in the U.S.

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### You Cannot Improve What You Cannot Measure

There are a number of forces at work today that are contributing to the interest and deployment of performance measures in the workplace. Some significant ones include:

1. *Economy*: Because of the weak economic climate that exists in all industry segments, organizations are expecting their facility management organizations to be accountable for their budgets and to manage resources effectively;
2. *Technology*: The wide-spread use of enterprise-wide CAFM systems and centralized IT infrastructures are making it easy to track and report on a wide variety of metrics;
3. *Alignment*: There is an increasing need to align facilities with the strategic goals and objectives of the organization and to ensure that corporate-wide strategic objectives and priorities are being served by the facilities;
4. *Best Practices*: Organizations want to benchmark against other similar organizations and provide, at least internally, the sharing of “best practices;”
5. *Compliance*: There are an increasing number of regulatory requirements (primarily related to life-safety and security issues) that impact facility management that require the tracking and reporting of data.

These and other drivers are resulting in an unprecedented use of structured performance metrics by organizations both in the public and private sector in the United States. Performance measures have historically fallen into two categories: financial and operational. Metrics being tracked are considerably more powerful when trend analyses are included (including baselining of “as is” conditions) and when the metrics are relevant to the individual using the benchmark. That is, the performance measures should be specific to the personnel level using the metrics whether it be executives, management or staff.

Metrics should reflect strategic organizational priorities. They might reflect: areas of significant cost savings; regulatory reporting requirements; best practices for life-safety issues; productivity, quality or efficiency measures; customer satisfaction, turn-around time, down time or industry-wide standards to enable comparison with other similar organizations. It is important to articulate the goals, objectives and priorities of the benchmarking effort. Examples of cost metrics that management might track include:

Custodial Costs

- Cost per area cleaned
- Cost per site occupant

Maintenance Costs

- Cost per gross area
- Reinvestment in the building plant ratio

Grounds Costs

- Cost per landscaped area
- Grounds cost per building area
- Snow removal cost per paved area

Facility Administration Costs

- cost per gross area

Utilities Costs and Rates

- cost of energy by building or business unit

Move Costs

- Cost per person for a move
- Costs for different types of moves

### Case Study

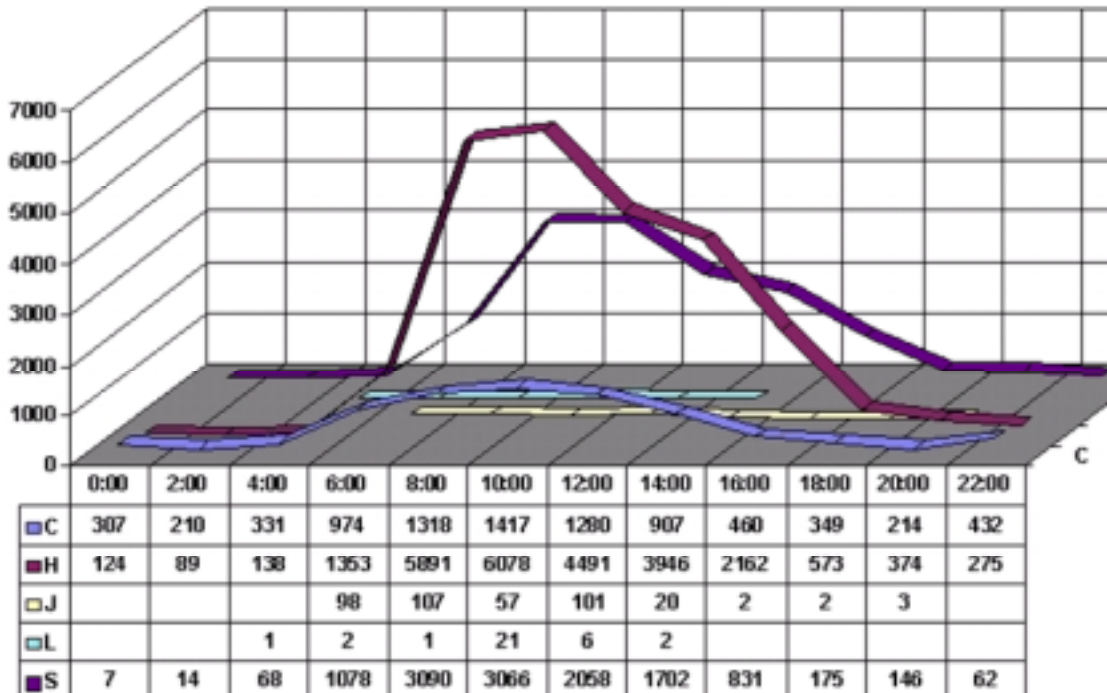
Not all metrics can be quantified and it is often useful to try and benchmark other types of benefits. One such benefit relates cost avoidance – that is the performance of some task (e.g., preventive maintenance) that results in lowered future costs. Such benefits are often translated into better resource management.

Other metrics are simply non-quantifiable in nature – e.g., making decisions based on better and more accurate data. These benefits are often translated into better service for the client.

Another tool that has proven useful for performance measurement is Key Performance Indicators which provide high level feedback of an organization based on strategic, pre-defined measures. A KPI is used to calculate and report on high level critical information about that organization. KPIs are used to develop target performance levels for key metrics associated with an organization. One model, associated with real time feedback from CAFM systems, which has proven valuable to this author consists of the following:



Thus performance metrics are automatically generated from CAFM and sorted into the type of benefit derived, compared to desired performance levels, and used by management to help make business decisions.



The chart above depicts in-coming calls to a help desk for various shops at two hour intervals at a large organization over a five month period. Using the model above, it was possible to establish KPIs regarding acceptable response times, whether appropriate personnel were responding to work requests or whether new staff were needed.

### New Directions: Balanced Scorecards

One criticism of traditional benchmarks is that they measure only history – past performance, rather than incorporate trends and projections and, as such, are difficult to use for planning purposes. To overcome this, a number of other business management systems have been developed. Balanced scorecards, developed by Drs. Robert Kaplan and David Norton, try and “balance” financial and operational benchmarks with a more comprehensive perspective that provides feedback to not only measure past

performance but to improve future strategic performance. Kaplan and Norton (see the Balanced Scorecard Collaborative website at [www.bscoll.com](http://www.bscoll.com)) incorporate in their performance measures not only financial metrics but learning and growth measures, business process measures and customer perspectives. Their model is illustrated as follows:



In this model, benchmarks developed are based on the strategic plan. But unlike traditional metrics, the model also attempts to define internal business processes required to generate numerical information about these metrics. Additionally metric trends are tracked as are customer/client feedback about the metrics used. With additional analysis, Balanced Scorecards can be used for planning purposes as well as traditional performance measurement. Professional real estate and facility management organizations such as Corenet (<http://www.corenetglobal.org>) are just beginning to incorporate a Balanced Scorecard approach in developing and tracking performance measures.

About the Author:

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