Facility Management Reporting in Facilities: The Value of Metrics & KPIs

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Meet Our Presenters:

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- IFMA Instructor, Subject Matter Expert, Author, leader and contributor
Learning Objectives

• Understand the role of organizational drivers in choosing KPIs
• Choose the right metrics and KPIs
• Identify the elements of a good facility management report - who are your stakeholders and what do they need to hear?
• Demonstrate alignment with organizational mission
Agenda

• Demonstrating alignment
• Connecting with stakeholders
• Elements of a good report
Starting with the end in mind…

KPIs

doesn’t mean skipping to the end.
What is Important to Your Organization?

- Vision
- Mission
- Values
What is Important to Your Organization?

- Be the best widget producer in our industry
- Provide quality goods at a good price to our customers
- Provide full service to our clientele
- Extend and preserve life
- Be a world class educational institution
- Maximize profit to our investors
- Preserve our nation’s treasures
- Provide world class guest service
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What does this mean for facilities?
Alignment

Organizational Strategy
- Produce a product or provide a service
- Satisfy stakeholders
- Generate revenue

Mission Vision Values
Inspires

FM Drivers
Community commitments, Sustainability initiatives, Regulatory requirements
Influences
Supports

Strategic Facility Plan
Operational Structure
Supports, aligns with organizational strategy and FM Drivers

Operations Policies and Procedures
- Tactical initiatives

Operations
- Work Management
- Measurement & Reporting

Facility Management
Drives

Organization
Internal Stakeholders

Support Services
- HR, IT, Finance
- Service Providers
- Vendor

Customers

Facilities
- Buildings
  - Architectural & Interiors
- MEP
- Grounds
  - Landscaping
- Infrastructure
  - Access Control
- Services
  - Catering & Conferences
A KPI is a core metric that defines top level success.
Metrics at Organizational Levels

1. KPI
2. Management
3. Process

Strategic Level (Reporting Value)
- Key Performance Indicators (KPIs)
- Management Metrics (MMs)
- Process metrics

Tactical Level (Data)
- Customer Satisfaction, Environmental Impact, CSR
- Business Continuity, Downtime, Business Security
- Budget Variance, Productivity, Environmental Compliance, Safety
- Work Order Management, PM Compliance, Open WOs, OT Usage, Staff Training Hours, System Downtime
**KPIs: the most important performance indicators without which the organization would not be able to fulfill its mission.** These KPIs often tell the story of customer satisfaction, commitment to corporate social responsibility (CSR), and how well facilities support business objectives.

- **Strategic Level (Reporting Value)**
- **Key Performance Indicators (KPIs)**
- **Management Metrics (MMs)**
- **Process Metrics**

**Data**
- Cost
- Labor Needs
- Process Efficiency
- Customer Satisfaction

**Strategic Facility Plan**
- Operational Structure
  - Supports, aligns with organizational strategy and FM Drivers

**Operational Planning**
- Work Management
- Measurement & Reporting

**Operations Policies and Procedures**
- Tactical initiatives

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## Desired Outcomes

<table>
<thead>
<tr>
<th>Outcome</th>
<th>How Will You Know?</th>
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| Have great customer service   | • Timeliness of response  
• Reliability of services  
• Work quality  
• Positive interactions |
| Manage finances well          | • Improve capital budgeting process for long term needs  
• Cost effectiveness of work performed  
• Cost of facilities |
| Improve reliability           | • Manage scheduled down-time for lowest impact  
• Improve critical system reliability  
• Perform the right about of maintenance at the right time |
Choosing Metrics

<table>
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<tr>
<th>Desired Outcome</th>
<th>How Will You Know?</th>
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</table>
| Have great customer service      | • Timeliness of response
|                                  | • Reliability of services
|                                  | • Work quality
|                                  | • Positive interactions                                                        |
| Manage finances well             | • Improve capital budgeting process for long term needs
|                                  | • Cost effectiveness of work performed
|                                  | • Cost of facilities                                                            |
| Reduce down-time                 | • Manage scheduled down-time for lowest impact
|                                  | • Improve critical system reliability                                           |
|                                  | • Perform the right about of maintenance at the right time                       |
Agenda

• Demonstrating alignment
• Connecting with stakeholders
• Elements of a good report
We Started Here…

What is Important to Your Organization?

Vision

Mission

Values

Now, tell the story!
The Perception: Facilities is a Cost Center
Facilities is an Investment in Organizational Success

The FM’s challenge:
• Reduce Cost
• Add Value
Understand How Decisions Are Made

• Know how your organization views facilities, numbers and finance, and the intangibles

• Know how your organization makes decisions

• Think (slow)!
Thinking Fast and Slow

System 1
• Automatic
• Instinctive
• Emotional

System 2
• Slow
• Logical
• Deliberate

We’re here to help!

KEEP CALM AND be methodical
Understand How People Think

Motivation

Cognitive Biases
Cognitive Biases that Effect Business Decisions

- Excessive Optimism
- Confirmation
- Loss Aversion
- Sunk-Cost Fallacy
- Status Quo
Reporting at Organizational Levels

1. Organizational Report (Quarterly, Annually)
2. Management Reports (Weekly, Monthly)
3. Operations Reports (Daily)

- Customer Satisfaction, Environmental Impact, CSR
- Continuity, Downtime, Business Security
- Budget Variance, Productivity, Safety

Tactical to Strategic
Agenda

• Demonstrating alignment
• Connecting with stakeholders
• Elements of a good report
Organizational Strategy
• Produce a product or provide a service
• Satisfy stakeholders
• Generate revenue

Mission Vision Values

FM Drivers
Community commitments, Sustainability initiatives, Regulatory requirements

Influences Supports

Strategic Facility Plan
Operational Structure
Supports, aligns with organizational strategy and FM Drivers

Operational Planning
• Work Management
• Measurement & Reporting

Operations Policies and Procedures
• Tactical initiatives

Drives

Facility Management

Purpose of a Report

Organization

Operations

Mission Drives
Inspires

Vision Creates
Sketch it Out
Mission Criticality & Capital Needs

2008
Invest $24M

Use Graphics

Condition Index:
- Excellent
- Good
- Fair
- Below Average
- Poor

2013
Mission Criticality & Capital Needs

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Use Trends

Healthy People Impact Profits

Through these programs, the company reduced employee sick time

Reducing sick time by
- 1 day
- per employee
- per year...

Estimated savings: $105,000 each year

*Based on 1,750 employees, average cost $60/employee*
Electricity = 75% of energy cost
Annual energy cost ≈ $9.75 - $12/GSF
Include the Future

Energy Consumption (kBtu)

- Total Electric Usage (kBtu)
- Total Gas Usage (kBtu)
- Annual Cost/SF

Projected Improvement

Energy Consumption (kBtu)

- 2010
- 2011
- 2012

Projected Improvement

Energy Consumption (kBtu)

- $2.00
- $4.00
- $6.00
- $8.00
- $10.00
- $12.00

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A good report will be...

- Succinct
- Targeted
- Evoke a response
Summary

- Organizational drivers inform metrics and KPIs
- Choose the right metrics and KPIs
- Demonstrate alignment with organizational mission
- A well-crafted report tells your audience what they need to understand past performance and future expectations
Questions?

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Thank You!

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