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

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Facility Engineering Associates
Meet Our Presenter:

- Lead FEA’s Facility Services division
- SME for IFMA’s Measurement, Monitoring & Reporting task group
- IFMA Instructor and serves as Chair of IFMA’s Scheme Committee for the SFP credential
- Co-authored the second manual in the sustainability “How-to Guide” series, EPA’s ENERGY STAR Portfolio Manager

Laurie Gilmer, PE, CFM, LEEDAP, CxA
Vice President
Facility Engineering Associates
Learning Objectives

• Understand the role of organizational drivers in choosing KPIs
• Choose the right metrics and KPIs
• Demonstrate alignment with organizational mission
• Identify the elements of a good facility management report - who are your stakeholders and what do they need to hear?
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.
"We want to use industry standard KPIs."
What is Important to Your Organization?

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

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

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What does this mean for facilities?
Alignment

Organization

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

Mission Vision Values

FM Drivers
Community commitments, Sustainability initiatives, Regulatory requirements

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

Facility Management

Operations

Operational Planning
• Work Management
• Measurement & Reporting

Operations Policies and Procedures
• Tactical initiatives
Internal Stakeholders

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

Customers

Facilities
- Buildings
  - Architectural & Interiors
- Grounds
- Services
  - MEP
  - Landscaping
  - Infrastructure
  - Access Control
  - Catering & Conferences
Metrics vs. KPIs

A KPI is a core metric that defines top level success.
Metrics at Organizational Levels

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

2. Management
   - Strategic Level
   - Management Metrics (MMs)
   - Process metrics

3. Process
   - Strategic Level
   - Management Metrics (MMs)
   - Process metrics

- Customer Satisfaction, Environmental Impact, CSR
- Budget Variance, Productivity, Environmental Compliance, Safety
- Work Order Management, PM, CM, Open WOs, OT, Staff Training, Usage, System Hours, Downtime

Tactical Level (Data)

Strategic Level (Reporting Value)
**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.
## Defining Outcomes

<table>
<thead>
<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 |
Choosing Metrics

Be the best widget producer in our industry

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|                                  | • Improve critical system reliability  
|                                  | • Perform the right amount of maintenance at the right time |
# How Many Things Can You Measure?

<table>
<thead>
<tr>
<th>Balanced Scorecard Perspective</th>
<th>Measurement</th>
<th>Target</th>
<th>Information Provided</th>
<th>Input &amp; Data Required</th>
<th>CHMS Prioritize KPI</th>
<th>KPI Level</th>
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<td>Information about all customers</td>
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- **BPPS**: Balanced Performance Plan Scorecard
- **KPI**: Key Performance Indicator
- **CHMS**: Computerized Health Maintenance System
Metrics Can Also Be Driven By...

1. **Financial** performance requirements
2. **Mandatory** reporting requirements (resource use, pollution)
3. **Voluntary** reporting requirements (corporate citizenship)
Financial Drivers

1. How much money do we need?
2. Where should it be directed?
3. How do we know we are using our resources wisely?
Mandatory Reporting

“...It is therefore the policy of the United States that Federal agencies shall increase energy efficiency; measure, report, and reduce their greenhouse gas emissions from direct and indirect activities; conserve and protect water resources through efficiency, reuse, and stormwater management; eliminate waste, recycle, and prevent pollution; leverage agency acquisitions to foster markets for sustainable technologies...”

-Federal Executive Order 13514
October 8, 2009
Voluntary Reporting

Global Reporting Framework

Environmental Performance Indicators (9 Aspects)

- Materials
- Energy
- Water
- Biodiversity
- Emissions, Effluents, Waste
- Products and Services
- Compliance
- Transport
- Overall

GRI Reporting Trend: 1999-2014

* Data from the Sustainability Disclosure Database as at 7 May 2014
## Linking Information to the Source

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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
Understand How People Think

Insufficient 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)

- Tactical
- Strategic
Agenda

- Demonstrating alignment
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- Elements of a good report
Purpose of a 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

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

Operations Policies and Procedures
- Tactical initiatives

Operational Planning
- Work Management
- Measurement & Reporting

Facility Management

Operations

Organization

Drives

Creates

Influences

Supports

Inspires
Use Graphics

Mission Criticality & Capital Needs

Invest $24M

2008

2013
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
Sketch it Out
A good report will be...

- Succinct
- Targeted
- Evoke a response
6 Tips for Success

1. Know your audience and how people think
2. Sketch it out
3. Use graphics
4. Use trends
5. Include the future as well as the past
6. Keep the focus on the right information
Summary

• Organizational drivers inform metrics and KPIs
• Metrics & KPIs: be selective
• Demonstrate alignment with organizational mission
• A well crafted report tells your audience what they need to understand past performance and future expectations
Thank You!

Laurie Gilmer
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For a copy of this presentation, go to: www.feapc.com