Choosing the Right Facility Management KPIs

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- Published author, and co-authored IFMA's second manual in the Sustainability "How-To-Guide" Series, EPA's ENERGY STAR Portfolio Manager.
- Currently serving a term on IFMA's Board of Directors.
- Serving on the Northwest Energy Efficiency Council's Building Operator Certification program advisory committee.
- Member of the National Visiting Committee of Building Efficiency for a Sustainable Tomorrow (BEST) Center.
- Past chair of IFMA's Sustainability Facility Credential scheme committee and member of IFMA's Environmental Stewardship, Utilities, and Sustainability (ESUS) Strategic Advisory group.
Learning Objectives

• Understand the relationship between organizational drivers and facility management objectives
• Understand the role of facility management processes in focusing toward performance outcomes
• Learn how to select the right metrics and KPIs
• Demonstrate alignment with organizational mission
Agenda

• The Building Blocks of a Strategic Approach
• Facility Operations Overview
• Demonstrating Alignment
"Leadership
Is the art of getting someone else to do something you want done because he wants to do it."

Dwight D.
Eisenhower
Align to Your Organization’s Strategic Objectives

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

**Facility Management**
- FM Drivers
  - Community commitments, Sustainability initiatives, Regulatory requirements

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

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

**Operations Policies and Procedures**
- Tactical initiatives

**Mission Vision Values**
- Inspires

**Drives**
- Facility Management
- Operations

**Supports**
- Facility Management
- Operational Planning

**Influences**
- Facility Management
- Operational Planning

**Creates**
- Operational Planning
The Job of O&M Is To…
• Keep Building Running
• Support Productivity
• Keep People Safe

It is Why We:
• Measure & Monitor
• Plan
• Prioritize systems and equipment maintenance
Starting with the end in mind…

KPIs

doesn’t mean skipping to the end.
“We want to use industry standard KPIs.”

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<thead>
<tr>
<th>Balanced Scorecard Perspective</th>
<th>KPIs</th>
<th>Target</th>
<th>Information Provided</th>
<th>Input / Data Required</th>
<th>CMS Priority</th>
<th>Key Notes</th>
<th>KPI Level</th>
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<td>11. Change in Facility Condition Index (FCI) - Financial</td>
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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 does this mean for facilities?
The FM Team and where it fits...
The FM Team and where it fits . . .
Agenda

• The Building Blocks of a Strategic Approach
• Facility Operations Overview
• Demonstrating Alignment
Where to Start

1. Evaluate Drivers & Define Outcomes
2. Prioritize
3. Implement
4. Measure & Monitor
Evaluate Drivers

- Goals
- Organizational structure
- Communication protocols
- Workflow processes
- Current metrics
- Staffing & resources
- Technology
- Customer satisfaction
- Employee satisfaction

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Purpose</th>
<th>Intended Result</th>
<th>Communications</th>
<th>Frequency</th>
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<th>Meetings</th>
<th>Purpose</th>
<th>Intended Result</th>
<th>Communications</th>
<th>Frequency</th>
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<tr>
<th>Recommendation</th>
<th>KPI</th>
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<tr>
<td>1. Separate Preventive Maintenance site safety/Code from O&amp;M activities</td>
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<td>2. Conduct minor removal, corrective, and reactive maintenance</td>
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<td>3. Clarify definition and categorization of reactive maintenance activities</td>
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<td>4. Monitor PM activity planned time vs. actual time</td>
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<td>5. Define Change/Defect Codes</td>
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<td>6. Perform quality assessment of equipment inventory data</td>
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<td>7. Develop a system level preventive maintenance (PM) program</td>
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<td>8. Develop total system preventive maintenance procedures</td>
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<tr>
<td>10. Automate work orders and eliminate duplicating time data entry</td>
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<tr>
<td>11. Measure completion rate for preventive maintenance work orders identified as complete or in progress</td>
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<td>12. Simplify interface for adding asset specific field notes</td>
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<td>13. Develop a CMMS program that incorporates reliability centered maintenance</td>
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<td>14. Improve parts delivery time</td>
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<td>15. Develop checklists for superintendents, managers, and coordinators</td>
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<td>16. Conduct staffing analysis and define levels of service</td>
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<td>17. Develop a communication plan</td>
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<td>18. Develop job descriptions</td>
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<td>19. Develop employee training for maintenance activities</td>
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<td>20. Provide periodic CMMS program training</td>
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<td>21. Reduce parts inventory time to allow project closure in a timely fashion</td>
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<td>22. Utilize training web portal</td>
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Regulatory Drivers

“...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
Energy: Voluntary and Mandatory Disclosure
Sustainability as a Driver

Reporting Protocol: GRI

Sustainability Reporting guidelines (G4 Guidelines)

Environmental Performance Aspects
- Materials
- Energy
- Water
- Biodiversity
- Emissions
- Effluents, Waste
- Products and Services
- Compliance
- Transport
- Overall
- Supplier Environmental Assessment
- Environmental Grievance Mechanisms
Financial Drivers

- How much money do we need?
- Where should it be directed?
- How do we know we are using our resources wisely?
## Defining Outcomes

<table>
<thead>
<tr>
<th>Success Looks Like...</th>
<th>How Will We Know?</th>
</tr>
</thead>
</table>
| We have great customer service                           | • Timeliness of response  
                                                        • Reliability of services  
                                                        • Work quality  
                                                        • Positive interactions |
| We manage our finances well                              | • Improve capital budgeting process for long term needs  
                                                        • Cost effectiveness of work performed  
                                                        • Cost of facilities |
| We have very limited down-time                           | • Manage scheduled down-time for lowest impact  
                                                        • Improve critical system reliability  
                                                        • Perform the right about of maintenance at the right time |
Prioritize

Evaluate Drivers and Define Outcomes

Prioritize

Implement

Measure & Monitor

Effort/Benefit

[Graph showing a scatter plot with points representing different categories on a grid with axes labeled Effort and Benefit.]
We like to think that more information drives smarter decisions; that the more details we absorb, the better off we'll be.

-Ron Friedman

Why Too Much Data Disables Your Decision Making
Metrics Can Be Driven By...

1. Financial performance requirements
2. Mandatory reporting requirements (resource use, pollution)
3. Voluntary reporting requirements (corporate citizenship)
A KPI is a core metric that defines top level success.
Choosing Metrics

Desired Outcome | How Will You Know?
--- | ---
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 amount of maintenance at the right time

Be the best widget producer in our industry

The Right Metrics?
1. Customer Satisfaction
2. Top Ten WO Trouble Codes
3. Workforce Productivity - Process
4. WOs Initiated by Staff as Result of Inspections/RCM
5. PM to CM Ratio
6. PM Schedule Completion Rate
7. Workforce Productivity
8. Work Distribution by Type
9. Open Work Orders (WO) by Type
10. WO Completion Targets
11. Change in Facility Condition Index
Information Sources

- FM Information System
- Staff
- Internal Surveys
- Utility Companies
- Service Companies
- Vendors
- Building Automation System
- Energy Management System
- Other Internal Systems
Evaluate Drivers and Define Outcomes
Prioritize
Implement
Measure & Monitor

Implementation & Monitoring
Implementing a Performance Management System

Organizational Level

Facility Management Level

Mission
Vision
Values

Strategy Map

1. Improve customer service and engagement
2. Be a team leader
3. Attract and retain qualified staff by providing appropriate training
4. Understand the cost of performing work

Performance Management System

BSC
Management Plan
Metrics
Performance Management with a Balanced Scorecard

• A carefully selected set of quantifiable measures derived from an organization’s strategy
The Balanced Scorecard as a Performance Management Tool

- **Customer (survey-based) metrics**
  - Customer satisfaction
  - Workplace comfort & productivity
  - Work downtime

- **Physical performance metrics**
  - Energy consumption
  - Water consumption
  - Building condition

- **Functional (process) metrics**
  - Work management (work orders)
  - Workforce effectiveness
  - Labor efficiency
  - FM learning (Learning & Growth)

- **Financial performance metrics**
  - Space cost
  - Operational cost (Custodial, O&M, etc.)
  - Capital Budget (% of Replacement Cost)
  - Total Cost of Ownership (TCO)

In BSC format:
- Customer
- Physical
- Functional (including L&G)
- Financial
### The Balanced Scorecard as a Performance Management Tool

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<td>Confirm quality of service, ID trends</td>
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<td>&lt;15 min.</td>
<td>Measure of time to respond to emergencies</td>
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<td>Percent of Rework (call backs)</td>
<td>&lt;3%</td>
<td>Work quality. Repeat call on closed WO</td>
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<td>&gt;65%</td>
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<td>Annual Customer Expectations Calibration</td>
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<td>Measurement of APPA level of service</td>
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Measuring and Monitoring

Building (physical) data

Process level

Building Data

Building (physical) metrics dashboard
Measuring and Monitoring

Functional metrics

Management level

Workforce Data

Functional metrics
Agenda

• The Building Blocks of a Strategic Approach
• Facility Operations Overview
• Demonstrating Alignment
We Started Here…

Vision

What is Important to Your Organization?

Mission

Values

Now, tell the story!
Demonstrating Alignment: The FM Story

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
Know Your Audience

Cost Center?

An Investment in Organizational Success
Use Graphics

Condition Index
- Green: Excellent
- Blue: Good
- Yellow: Fair
- Orange: Below Average
- Red: Poor

Mission Criticality & Capital Needs

Invest $24M

2008 2013

IFMA™ City & Country Clubs Council
International Facility Management Association
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
Reporting

- Targeted to your audience
- Reports progress using selected metrics
- Paints a picture for future success
Case Study: Golden Gate National Parks Conservancy
Addressing Alignment & Drivers: A Strategic Facilities Plan as a reporting tool
Addressing Alignment & Drivers: A Strategic Facilities Plan as a reporting tool

Align with:
- Mission
- Values

State:
- FM goals
- FM drivers
Answers the questions:

- Who are we
- What do we do
- Where do we fit
Answers the questions:

- What do we manage
- How do we manage our resources
- How do we accomplish our work
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!