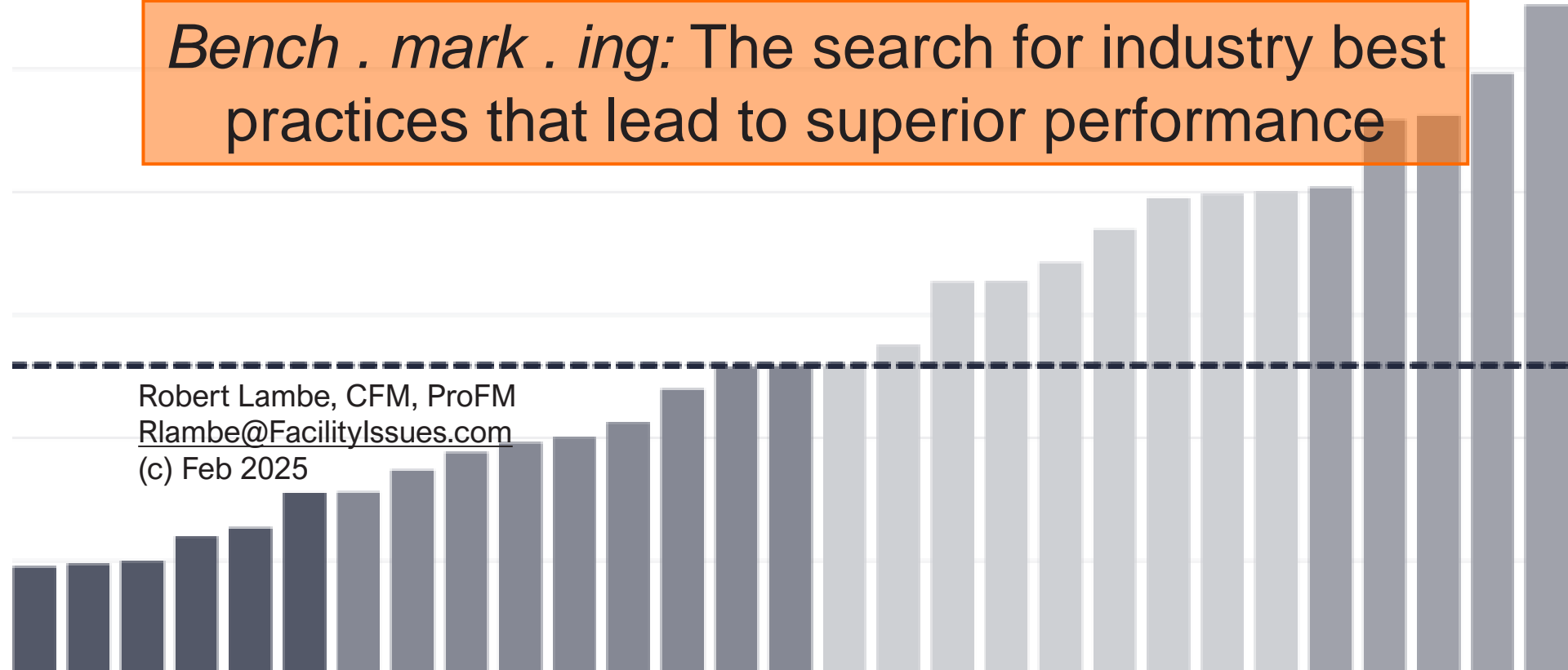# FACILITY ISSUES

The Value of Facility Benchmarking

Bench . mark . ing: The search for industry best practices that lead to superior performance

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Context for Facility Benchmarking

1. The **organization has a mission**, and business operations with a strategy to accomplish that mission.

2. The **facilities enable and support** the activities to accomplish **this mission**. The CRE/FM operation is to establish (CRE) and operate (FM) these facility assets.
    - To **effectively** support the mission.
    - To provide and operate them **efficiently**.

3. The **strategic facility plan** (whether explicit or not) guides investment in the facility assets and the nature of the facility operations.

4. **Benchmarking** is one type of strategic facility assessment used to develop the strategic facility plan, by evaluating the performance of both the assets and their operation.

The Benchmarking Process

Benchmarking is a continuous improvement practice.

Facilities managers use this technique to identify potential opportunities and proven practices.

You can get value from each step in the benchmarking process.
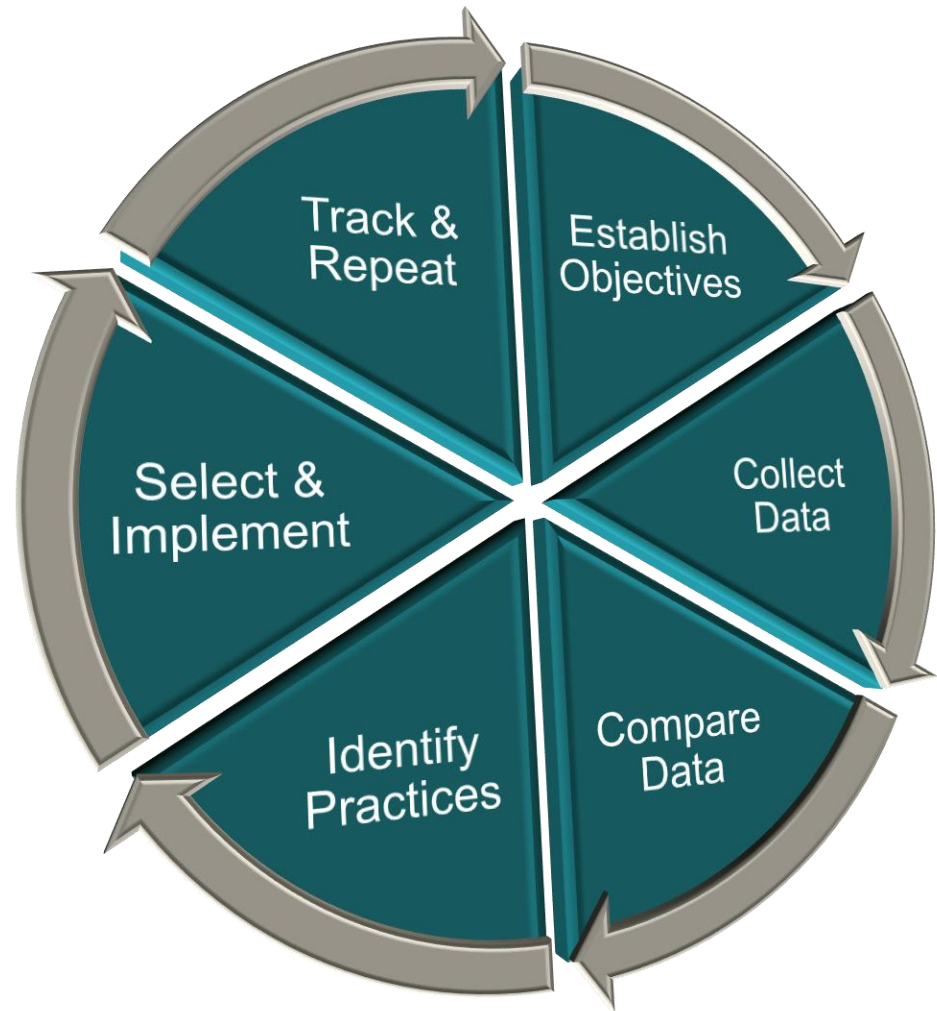
Why Benchmark Our Facilities/Operations?

Answering this question is the first step of benchmarking!

Typical objectives include:
- To provide required reporting (e.g. energy)
- To document/quantify your performance levels
- To learn how you compare (vs peer group)
- To identify areas for near term focus/effort
- To justify proposed initiatives
- To promote change/new thinking
- To learn from others

Base on our objectives, select the type of program:
- Internal (vs. target or across portfolio)
- Selected category (e.g. Energy Star Portfolio Manager)
- Peer / Industry
- Focused – specific in-depth studies

Determine Our Organization's Priorities
(with respect to benchmarking)

Performance Criteria
Space quality & utilization
Space environmental quality
Facility reliability & resiliency
Employee wellness & productivity
Visitor wellness & experience
Facility operating costs
Sustainability
Organization innovation
FM staff expertise & engagement

Performance Priorities

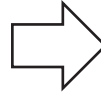| Leader/Best in Class:	Responsible/ Competitive:	Not Current Priority:
Have top percentile performance based on quality, quantity, innovation, or impact.	Have performance that is consistent with others in the industry, prudent, responsible.	Be aware of performance but focused on other aspects so no targeted goals.

Step 1: Establish Objectives

Purpose:

To establish clarity of FM objectives and areas of focus for benchmarking

Results:

Prioritized list of objectives (and maybe associated metrics) *

Challenges:

- Unclear expectations.
- Conflicting expectations.
- Everything is important.

Ways to Overcome:

- Start with organization mission and how FM can enable/support.
- Solicit input from leadership.
- Explicitly describe what is believed to be the FM objectives and share with stakeholders.
- Assign relative priorities to each
- Need to revisit this each cycle due to changing needs and priorities.

This is needed whether you benchmark or not.

What Data Do We Have?

Most organizations have a lot of facility-related data.

Most common data includes:

- Space & Occupancy (From IWMS, CAFM, or CADD)
- Property/Equipment Assets (From RE, IWMS, CMMS, Excel files)
- Operating Costs (From ERP or finance system)
- Work Orders (From CMMS or other work order system)
- Condition information (From FCI system or other assessments)
- Staffing (from HR or ERP system)
- Service Levels (From BAS, dept standards, vendor contracts, etc.)
- Occupant Satisfaction (From employee surveys)
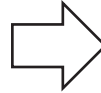- Processes, Practices, & Technology (From FM SOP)

What reporting is already done?

- Monthly/quarterly variance reports
- Annual summary or status reports

Step 2: Data Assembly

Purpose:		Results:
To gather the available information on multiple dimensions of our facilities and FM activities	⇨	Complete data set for FM planning and management *

Challenges:

- Missing or unavailable data.

- Difficulty assembling or aligning data from various systems into timely and useful reporting (too much effort required).

- Conflicting or questionable data.

Ways to Overcome:

- Use what we have to start.

- Select metrics that align with our objectives.

- Identify gaps we would like to fill (type of data and quality of data).

- Establish definitions and streamlined processes for rapid, easy, and consistent integration of data from different systems.

- Apply 80/20 approach to focus first on most important data.

This is needed whether you benchmark or not.

Where Do We Stand?

The most commonly viewed value of benchmarking is to answer this question, typically with respect to our industry peer group.

The value of this comparison is three fold:

- Identify if we are leading, lagging, or in line with peers on specific metrics.
- Understand the range of actual performance within the peer group for various metrics
- Identify the order of magnitude opportunity to be gained by improving our performance on selected metrics.

Benchmarking data is "directional" rather than absolute because of various challenges in data alignment.

Determining causation vs. correlation is a challenge in identifying performance drivers.

Quantitative Metrics Assess Performance
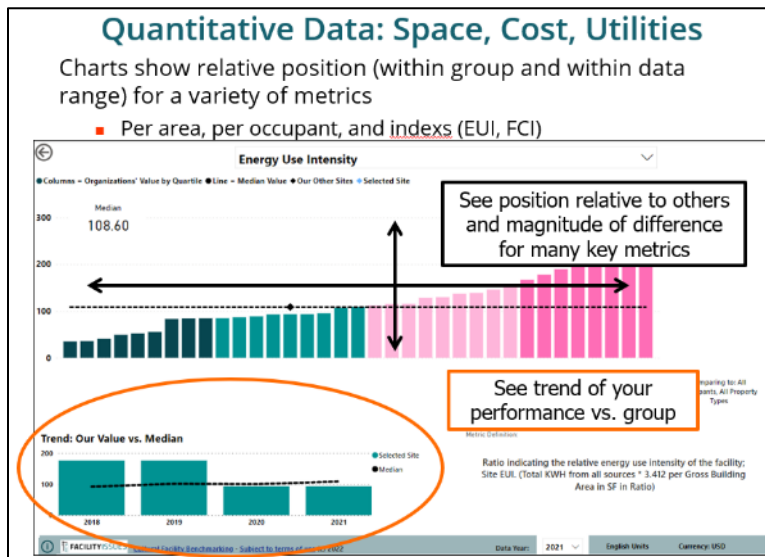
Quantitative performance metrics show your position vs. peers:

- Where do we lead, lag, or fit?

Assess the situation in each area:

- What is the spread across the group?
- What is the range of values (low-high)?
- What is the value of the opportunity if we improve?
- Where might we want to start paying attention?

Use data for specific purposes:

- Confirm our competitiveness
  (to document responsible performance)
- Use group median for forecasts
- Assess industry trends
- Identify weak areas
  (to justify need for investment in property or operations)
- Use as basis for action plan → next steps

Step 3: Comparison of Performance

Purpose:

To determine how our performance compares with the peer group
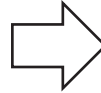
Results:

Identify specific areas where performance is good (leading), good-enough (competitive), or may need attention (lagging)

Challenges:

- Multitude of metrics.
- Need to normalize data.
- Apples to apples comparison.
- Optimization of single metric.

Ways to Overcome:

- Focus on higher priority objectives.
- Use metrics (# per # or ratios) and filters to facilitate comparisons.
- Don't fixate on specific numbers; nuances in data collection, geography, service levels, resources, and staffing among organizations cannot be eliminated without massive effort.
- Compare complementary metrics (cleaning level vs cleaning cost) for context to avoid a "race to the bottom."
- Also look for data "within the averages."

How Are Others Doing Better?

It is important not to stop at the comparison.

The real value in benchmarking is understanding how other organizations are doing similar activities for less cost, better quality, or both:

- Processes
- Practices
- Technology

Best practices identified through benchmarking have some practical advantages over other approaches:
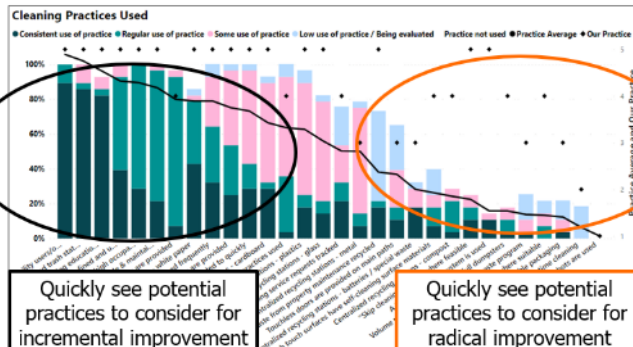
- You can see the magnitude of potential benefit they offer in the results.
- They are proven, by virtue of someone already having done them.

# Qualitative "Metrics" Identify Opportunities

Qualitative metrics identify potential options for performance improvements.

- Identify how widespread a practice is within the peer group.

Review and rate potential actions as candidates to:

- Defer
- Explore
- Consider
- Test
- Implement

Shared practice and networking meetings let you ask others about lessons learned in use of practices
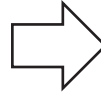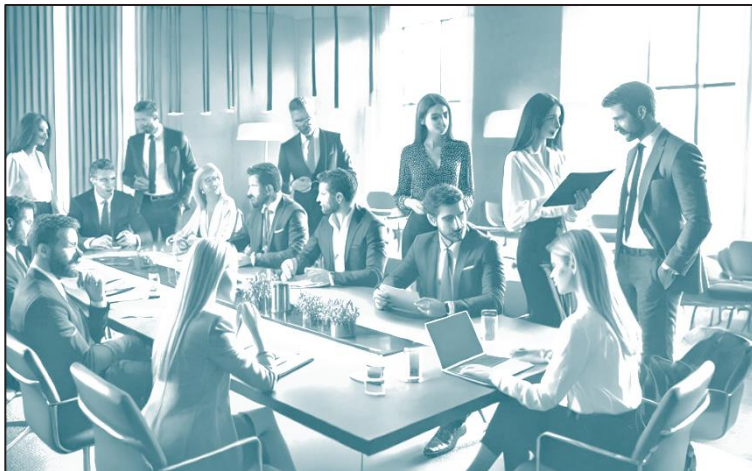
Step 4: Identify Alternative Practices

Purpose:

To identify potential alternative processes, practices, and technology to improve performance.

Results:

List of candidate actions to consider, and qualitative information about them from others.

Challenges:

- How to sort through an overwhelming list of potential practices and technologies.

- How to evaluate what a specific practice or technology entails.

Ways to Overcome:

- Quickly rate each with respect to our likely action plan.

- Find someone who uses that practice or technology and see how they are doing it. The more likely it is to be a candidate, the more examples we should see to identify potential challenges and lessons learned.

What Changes Should We Make?

What might we do differently that will improve performance:

- On priority objectives
- On other opportunities of convenience

Triage and Select Practices to Apply

- Those with good ROI
- Those that align with other department objectives
- Those feasible in our organization
- Those that can be accomplished in reasonable time
- Those within our control or with organization champion
- Those that offer long-term sustainable value, or build over time

Evaluate Performance Goals

- Alternative standards, service levels, or objectives to consider
- Alternatives to traditional facility assets

Action Matrix: Performance vs. Objectives

Action Plan: Specific actions (policy change, investment of $, effort...)
- to achieve ___ performance improvement (or addressing ___ deficiency)
- over ___ time period.

Want to be → / Are ↓	Leader	Competitive	Not Priority
Leader	Document & Celebrate	Document & Celebrate	Evaluate Resource Allocation
Competitive	Incremental Improvements & Evaluate	Document & Celebrate	Manage by Exception
Struggling	Evaluate Radical Changes	Incremental Improvements & Evaluate	Manage by Exception

Categories of Actions in Action Matrix

A. Document & Celebrate

- Validate data and performance, then document and share with leadership and stakeholders, publicly acknowledge contributors and have them share lessons learned. (Then Manage by Exception)

B. Manage by Exception

- Practice benign neglect and save attention for when the performance or trend deteriorate; delegate these areas to grow staff capabilities.

C. Incremental Improvements & Evaluate

- Look for immediate incremental improvements (e.g. Lean approach; solicit ideas from staff and internal stakeholders; evaluate radical changes if insufficient progress.

D. Evaluate Radical Changes

- Need to look at doing things significantly differently; look outside the organization and maybe hire a study.
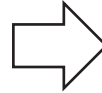
E. Evaluate Resource Allocation

- Look at whether there are resources to re-allocate to other areas.

Step 5: Select Practices & Draft Action Plan

Purpose:

To make improvements in performance.

Results:

Prioritized action plan to obtain resources and work within those made available.

Challenges:

- Not sure how to use the benchmarking results.

- Too many things to do vs. available resources.

Ways to Overcome:

- Use action matrix as outline.

- Triage the potential actions and select no more than 1-2 major changes actions or 3-5 smaller ones at a time.

What Is Our Progress?

Monitor the progress achieved to determine how effective the changes were:

- The easiest way to measure the changes is to re-benchmark the same data set.
- An advantage of an ongoing benchmarking program is that each cycle will let you build on the prior one.

Celebrate good results

- Post & publish annotated materials
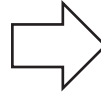
Continuous Improvement is Ongoing
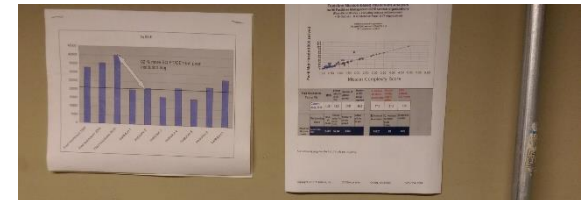
Step 6: Track Progress

Purpose:

To monitor the impact of changes made (or not made) as part of continuous improvement.

Results:

Quantification of the action plan and trend analysis on selected metrics.

Challenges:

- Takes effort (data, tools, analyst, time) to track.

- Facilities move slowly.

- CTA (cost-to-achieve) impacts benefits of action plan in the short term.

- Not able to isolate impact of specific actions.

Ways to Overcome:

- Need to incorporate in regular reporting.

- FM is a long game, measured in Q and years so watch 1, 3, 5 year trends.

- Need to anticipate the CTA in the forecast and be mindful (reminder) in reporting.

- Practices are accretive so many do not have an isolated impact; view composite effect on trend.

- May be helpful to track vs. no-action plan to ID opportunity costs/benefits.

Conclusion: Why Benchmark Your Facilities?

Part of a continuous improvement program

- Document your situation quantitatively
- Measure progress
- Promote mindset of positive change
- Identify specific opportunities
- Support your competitiveness

As a general assessment

- One type of strategic assessment akin to medical checkup for FM
- Complementary to emerging AI (to provide context)
- Learn proven practices/technologies and lessons learned in their use

AI identifies what is normal/not for THAT SITUATION (and ~ real time)

Benchmarking identifies the context for that situation

Summary: Using Benchmarking Checklist

❑ **Document Objectives**
- ❑ Identify performance areas of interest
- ❑ Prioritize list/objectives
- ❑ Confirm with key stakeholders as nec.

❑ **Assemble Data**
- ❑ List current FM data/systems regularly used
- ❑ Determine "system of record" for each type of data (space, cost, staffing...)
- ❑ Identify contact to extract data needed or readily available source (annual report?)
- ❑ Enter data in benchmarking system/template

❑ **Compare Performance**
- ❑ Review performance by area in benchmark results (focus on priority objectives and scan others)
- ❑ Classify performance vs. objective (matrix)
- ❑ Identify areas where improvement is desired
- ❑ Estimate RoM value of improvements
- ❑ Perform ad-hoc queries/review to respond to emerging issues/questions

❑ **Identify Alternative Practices**
- ❑ Identify practices/technologies of interest
- ❑ Rate as potential candidates or not
- ❑ Review candidates with peers to determine suitability for implementation

❑ **Draft Action Plan**
- ❑ Outline general conclusions/actions (matrix)
- ❑ Triage areas of desired improvement and candidate practices/technologies (ROI)
- ❑ Draft 2-3 specific actions for improvements as appropriate
- ❑ Report overall performance and action plan to leadership.

❑ **Track Progress**
- ❑ Communicate key metrics and action plan with staff & reasons for any initiatives
- ❑ Monitor key metrics to measure progress
- ❑ Share lessons learned from your initiatives & continue to learn from others