

Latest Trends in Operations & Maintenance Cost Data 2020



Today's Agenda

- **Review of the Benchmarking Process**
- **Continual Improvement in a Changing World**
 - Predicting facility costs over time
- **Benchmarking over time: The IFMA 2020 O & M Index**
 - Quantifying Competitive Cost Changes
- **2020: The COVID-19 Pandemic and Benchmarking**
 - The outlier year

What is benchmarking?



- People in competition
- Common goal
- Measure performance
- Improve

Benchmarking Culture & Competitive History



- Where did benchmarking come from?
- Idea rooted in competitive history
- Does Everyone Remember Sports?

Benchmarking Culture & Competitive History

- **Competitive environment**
- **Consensus metrics**
- **Consensus goals – continual improvement**
- **Sharing of information**
- **Transparency in performance**
- **Stakeholder involvement:**
 - Athletes
 - Coaches
 - Support Personnel
 - Fans



TEAMWORK!

Benchmarking Culture & Competitive History



End Result = Everyone gets better

The Rise of Business Benchmarking

- **Robert C. Camp – Xerox – 1980s**
- **Part of D.M.A.I.C Process – Lean Logistics movement**
- **Became a readily embraced and popular business technique**



Business Benchmarking

Auto Manufacturing Benchmarking



“Best-in-class” became a widely recognized term

Business Benchmarking: Definition

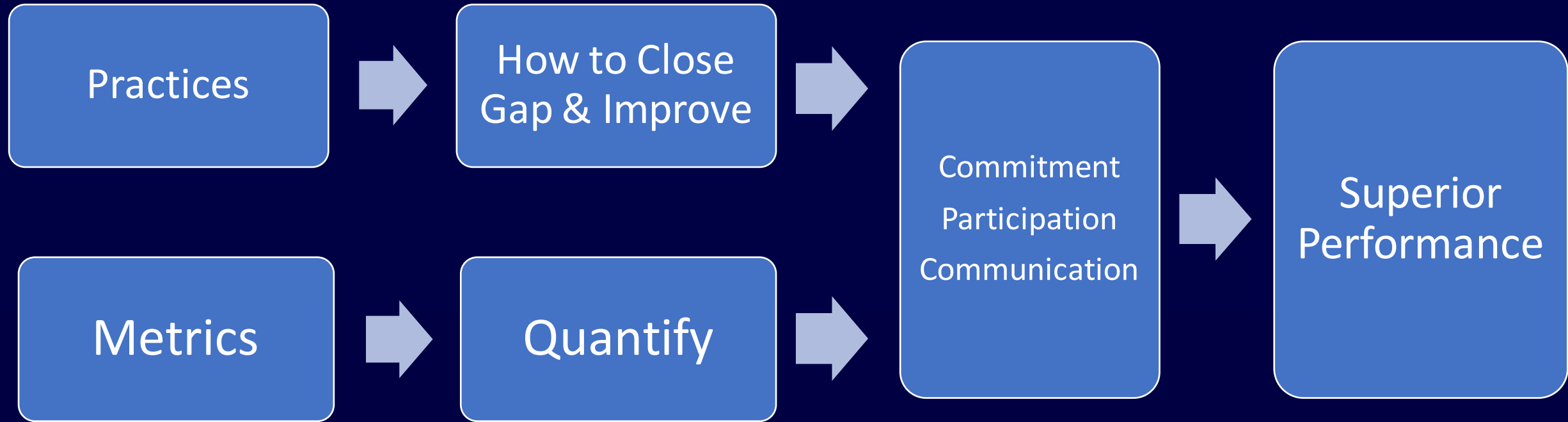
“The search for industry best practices that lead to superior performance”

-Robert Camp

Best Practice – what gets the job done!

The Benchmarking Process

The Benchmarking Process



Types of Benchmarks

- **Internal**

- ✓ Intra-organizational
- ✓ Sub-units vs. other sub-units

- **Competitive**

- ✓ Inter-organizational

- **Generic**

- ✓ Across industries

Benchmarking Methodology

1. Define what to benchmark
2. Form a benchmarking team
3. Identify benchmarking partners
4. Collect and analyze benchmarking information
5. Take Action

There is always room for improvement!

1. What to Benchmark

What are we measuring?

Metrics

“85% of work orders completed on time”
\$3.65/RSF Maintenance Costs

Practices

“We actively use a green recycling program.”

Common FM Metrics

- Space
- Occupancy
- Staffing
- Operating Costs
 - Maintenance
 - Janitorial
 - Utility
 - Security
- Sustainability
- Energy Management & Consumption
- Occupant Satisfaction

Facility O & M Practices: 2017

- Task Frequencies
- Task Usage

Janitorial Practices

In an effort to keep costs down, the frequency of certain tasks has decreased. Compared to IFMA's 2009 measurements, the daily task of trash removal, restroom cleaning and recyclable collections has increased while other tasks remain about the same.

JANITORIAL PRACTICE	MORE THAN ONCE A DAY	ONCE A DAY	SEMI-WEEKLY	WEEKLY	BI-MONTHLY	MONTHLY	QUARTERLY	SEMI-ANNUALLY	ANNUALLY	AS REQUIRED	NOT PERFORMED
Trash removal	30%	53%	8%	5%	1%	0%	0%	0%	0%	1%	0%
Low dusting	2%	17%	9%	33%	7%	11%	5%	1%	1%	10%	3%
High dusting	1%	2%	2%	11%	5%	17%	16%	7%	9%	22%	8%
Carpet vacuuming	6%	48%	18%	17%	3%	2%	0%	0%	0%	2%	3%
Upholstery vacuuming	2%	14%	9%	19%	7%	13%	8%	4%	2%	16%	6%
Recyclables collected	14%	49%	10%	15%	3%	2%	0%	0%	0%	4%	3%
Spot carpet cleaning	5%	21%	9%	13%	3%	10%	4%	2%	1%	28%	3%
Entire carpet cleaning	1%	4%	2%	7%	2%	10%	22%	18%	18%	14%	4%
Kitchen/break room and/or workroom cleaning	23%	54%	5%	6%	1%	2%	1%	1%	0%	4%	4%
Restroom cleaning	54%	39%	2%	2%	1%	0%	1%	0%	1%	1%	0%
Steam cleaning of ceramic walls	0%	1%	1%	2%	1%	3%	6%	5%	7%	23%	50%
Sweep/mop tile or composition flooring	15%	58%	10%	11%	1%	1%	0%	0%	0%	2%	1%
Clean light fixture/ventilation grilles	0%	2%	0%	4%	2%	13%	16%	10%	14%	33%	6%
Spot clean walls/switchplates	3%	18%	9%	19%	4%	9%	5%	2%	2%	26%	3%
Spot clean glass/entrance doors	15%	43%	11%	14%	2%	4%	2%	0%	0%	7%	2%
Interior window/window blind cleaning	1%	5%	2%	7%	3%	14%	14%	18%	18%	13%	4%
Exterior window washing	1%	2%	1%	2%	1%	6%	15%	26%	23%	10%	14%
Dust & clean desk equipment	1%	16%	9%	21%	5%	7%	2%	1%	1%	19%	18%
Data center cleaning	1%	8%	3%	7%	2%	6%	8%	5%	4%	20%	36%
Sanitize telephones and/or keyboards	1%	9%	3%	12%	3%	6%	3%	2%	2%	25%	34%

Facility Demographics

What are factors affect benchmarking comparisons?

- Facility Use
- Facility Size
- Facility Age
- Industry
- Single facilities vs. Campus Groups
- Region/Area

2. Form a Benchmarking Team

Facility Benchmarking Teams

- How do we find the people?
- Recruit a representative team
 - All Levels and educational backgrounds
 - Facility Manager
 - Upper level management
 - IT (Data Analyst)
 - Staff managers
 - Technicians
 - Custodians



Champions

Facility Benchmarking Teams

- **When do we meet and what do we do?**
- **Regular meetings**
- **Foster your Champions**
- **Have an agenda**

Benchmarking Team Agenda

1. Review of initiatives
2. Departmental Progress Reports/Updates
3. Review of audits of collection process
4. Review of data
5. Discussion of upcoming events
6. Report on organizational benchmarking awareness
7. Setting of new goals

Facility Benchmarking Teams

- **How do we implement the plan?**
- **Have a written action plan**
- **Corporate commitment to act upon the results**
- **Follow a Benchmarking Model (Methodology)**
- **Settle-in for a long and iterative process**

3. Identify Benchmarking Partners

Benchmarking Partners

Persons or organizations who supply you with information

Partners can include:

- Industry Associations
- Database Developers (Sources of info)
- Other units within an organization
- Other organizations

Competitive Partnerships

Competitive Partnerships (Organizations working together)

- Can be the most rewarding partnerships
- Unique insights into long-term benchmarking process
- Examples of industries improved using competitive partnerships:
 - Professional Sports
 - Auto Manufacturing Industry
 - Manufacturing & Logistics Industries
 - Electric Utilities
 - Transportation Infrastructure (DOTs)





IFMA

FM Research & Benchmarking
Institute

Participate in the next O&M Survey!!!

4. Collect and Analyze Benchmarking Data

COLLECTING DATA

Check & Recheck

- Benchmarking is only as good as your metrics
- Train your team on collection
- Use Automated data collection as much as possible
- Have set intervals for collecting the data
- Use Checklists
- Audit the collection process



ANALYZING DATA

Comparing Metrics

How are we performing?

- “Apples to Apples”
- Compare data from similar facilities & industry
- Means, Medians, Quartiles
- Technical Reports & Databases

Comparing Practices

Who is doing what?

- “Apples to Apples”
- “Apples to Oranges”
- Practices can be adopted from any industry
- Who or % using
- Reports, Inquiries

Linking Metrics to Practices

What are the best-in-class doing?

- Specific Database queries
- Direct analysis of raw data
- Ex. 68% of FM Staff Energy trainings result in decreased consumption

5. Take Action



- ✓ Implement new practices
 - ✓ Measure
 - ✓ Regulate & Audit
- ✓ Develop into your own best practice

Continual Improvement In A Changing World

Continual Improvement

- **Completed the benchmarking cycle: Now What?**
- **Goal is to Keep Getting Better**
 - In FM, this means driving down costs!
- **Costs keep changing!**
 - Inflation
 - Changing Contracts/Services
 - Changing Practices/Regulations
- **How to set benchmarking standards?**

Operating Costs

Competitive Benchmarking Surveys are a snapshot in time

- **Ex. IFMA 2017 O & M Benchmarking Study**
- **How do Operating Costs and Benchmarks change over time?**



Predicting Facility Operating Cost Changes

1. Take time to truly understand each specific building

- *Specific Building Profile*
- *5 years cost history*
- *Project out 1-2 years of project costs & needs*
- *Develop a linear equation*
- *Energy use and cost will be the most difficult to predict*

Predicting Facility Operating Cost Changes

2. Validate the current year predictions

- *Then Look ahead one year*
- *Investigate “key categories of interest”*

3. Use the linear equation

- *Project Costs for 5 years*
- *Establish a +/- percentage*
- *Detail is important but don't get lost in it!*

Predicting Operating Costs: Other Strategies

- **Industry Models**
- **Asset Registries**
- **Don't Recommend:**
 - **Last Year's Reactive Cost + Fixed Contingency Amount**

Putting It All Together

Quantifying Competitive Cost Changes

What We Know:

- Surveys represent a snapshot in time
- Costs keep changing for each facility
- These costs can be predicted reasonably well

Quantifying Competitive Cost Changes

What We Wanted to Find Out:

- **How much do costs change on a yearly basis?**
 - **What is the standard change experienced by the FM industry?**
 - **How do my cost changes compare to my competitors?**
 - **How do we factor in inflation and costs changes to dated benchmarks?**

Quantifying Competitive Cost Changes

What We Did:

1. Contacted Group of SMEs

- *Consensus: $\leq 4\%$ each year*
- *Job Requirement $< 4\%$*
- *Large budget cuts may be more common*
- *Increases $> 5\%$ would be difficult to handle*

Quantifying Competitive Cost Changes

What We Did:

2. Created a targeted benchmarking study

- *Same facilities in 2017 O & M Study*
- *Small group representative of all participants*
- *Asked about the percent change in costs experienced by these facilities and why these changes occurred.*

Cost Changes in Past 2 years

- **Janitorial: +1%**
- **Maintenance: +2%**
- **Utility: +3%**

Distribution of Cost Changes

	Janitorial	Maintenance	Utility
Costs Decreased	35%	23%	18%
Costs Remained the same	6%	13%	11%
Costs Increased	58%	65%	71%

Why Do Costs Change?

Janitorial Costs

	%
Renegotiated contracts w/ provider	37%
Changes in salaries	34%
Changes in the costs of goods/supplies	31%
Change in square footage	11%
Budget Cuts	3%
Other:	17%

The COVID-19 Pandemic & Benchmarking

2020: The outlier year

- For many 2020, won't fit their cost prediction lines
- Keep this in mind while benchmarking as well

COVID-19 FM Survey

Facilities have experienced:

- Full & Partial Shut-Downs
- Telecommuting Work Force
- Impacted Project Schedules
- Blown Budgets
- Material Supply Shortages:
 - Disinfectant, Hand Sanitizer, Cleaning Supplies, PPE, TP

Key Action Points

1. Understand “Metrics” vs. “Practices”
2. Commit to following the “5 Step Process”... YOU can do this!
3. Leverage IFMA’s Benchmarking Resources
4. Having the data helps you save money & improve