Facility Management Reporting: The Value of Metrics & KPIs

IFMA Orlando Chapter
November 15, 2018

Meet Our Presenter

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• IFMA Qualified Instructor
• Past chair of IFMA’s Sustainability Facility Credential scheme committee
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.*

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**What is Important to Your Organization?**

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

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

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

Mission
Values

FM Drivers
Community commitments, Sustainability initiatives, Regulatory requirements

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

Facility Management

Drives

Supports

Facilities

Buildings
Grounds
Services

Architectural & Interiors
MEP
Landscaping
Infrastructure
Access Control
Catering & Conferences

Support Services
• HR, IT, Finance
• Service Providers
• Vendors

Customers

Stakeholders
**Metrics vs. KPIs**

A KPI is a core metric that defines top level success.

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**Metrics at Organizational Levels**

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

Desired Outcomes

<table>
<thead>
<tr>
<th>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 |
| 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

Be the best widget producer in our industry

**Popular 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

<table>
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<th>Desired Outcome</th>
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</tr>
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</table>
| High-quality 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 least impact  
- Improve critical system reliability  
- Perform the right amount 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?

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
• Know how your organization makes financial decisions
• Understand how people think
Thinking Fast and Slow

System 1
• Automatic
• Instinctive
• Emotional

System 2
• Slow
• Logical
• Deliberate

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

Organizational Report (Quarterly, Annually)
Management Reports (Weekly, Monthly)
Operations Reports (Daily)
Agenda

• Demonstrating alignment
• Connecting with stakeholders
• Elements of a good report

Purpose of a Report
Sketch it Out

Use Graphics

Mission Criticality & Capital Needs

2008

Invest $24M

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.

Use Trends

Electricity = 75% of energy cost
Annual energy cost ≈ $9.75 - $12/GSF
Include the Future

Energy Consumption (kBtu)

- 3,000,000
- 2,500,000
- 2,000,000
- 1,500,000
- 1,000,000
- 500,000
- 0

Total Elect Usage (kBtu)
Total Gas Usage (kBtu)
Annual Cost/SF

Projected Improvement

2010 2011 2012

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

Thank You!

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