

# Construction Clients' Protocols Best Practice Guide 5: Facilities Management

Written by clients for clients



# Facilities Management

Facilities Management (FM). FM is a relatively new profession in New Zealand, despite it being a well developed discipline in the UK and US. The definition of FM is continually being debated given the breadth that it can cover.

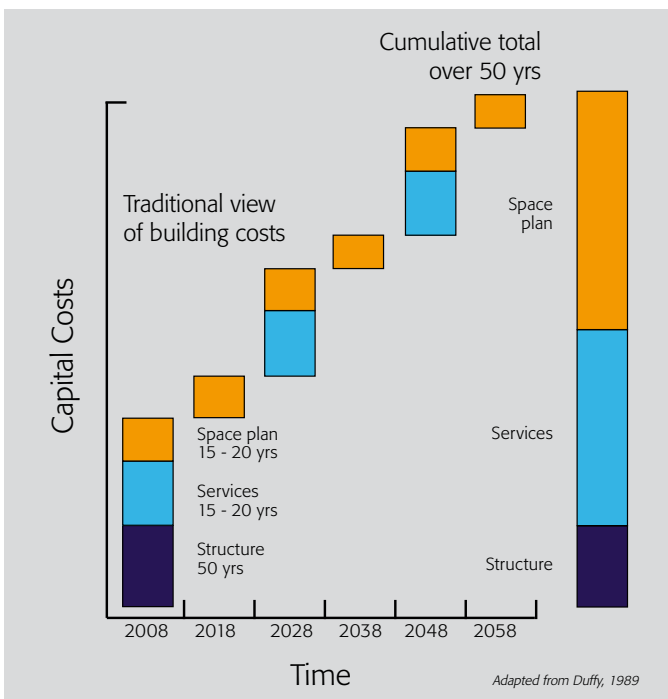
The Construction Clients' Group (CCG) has adopted the following definition that incorporates notions from two leading references.

**“FM integrates the operation, maintenance, improvement and adaptation of buildings and infrastructure with the people, place, processes and technology to create a built environment that strongly supports the primary objectives of an organisation.”**

Derived from definitions provided by Barrett and Baldry, *Facilities Management - Towards Best Practice*, 2nd Ed, 2003 and IFMA

There has been a lot of intellectual rigour and industry effort applied to designing facilities and constructing them, however these phases are only part of a facility's lifecycle.

**Whole-of Life Thinking.** It was Frank Duffy and Alex Henney<sup>1</sup> that helped explain the importance of moving beyond the traditional view of building costs as simply the initial capital investment, and instead consider the cumulative costs of the facility over its full lifecycle as illustrated in the diagram below.



For example, this cost relationship has been well documented by others including a study conducted by the UK Royal Academy of Engineering on the long-term costs of owning and using buildings. They found that for a typical office building, over a thirty-year life span for each unit of capital cost there was an associated 5 units of through-life cost and 200 units of business operating cost<sup>2</sup>.

This ratio will vary for different types of facilities and circumstances; however the implication is clear – a large part of the action and the cost associated with a facility occurs after they are built. The role of the professional facility manager is therefore pivotal in understanding the whole life and business operating costs of a development and informing the design and construction process as a key member of the project team.

**Integrated Design.** The involvement of facility management and whole of life cost thinking is very much part of the integrated design process (IDP); a key aim of which is to achieve better designs and better buildings. Engagement in this process requires that the modern facility manager achieves new levels of professionalism and that they are able to fully comprehend and lead on strategic and technical issues as well as having the 'soft' managerial skills to maintain long term working relationships with end-users of the facilities and contractors.

The CCG encourages its membership to seek early engagement of such professionals, to adopt a whole-of-life approach to the design and construction of building developments, and to place through-life end-user functionality at the centre of the design process. Such an approach will produce higher rates of satisfaction with building developments and enable improved levels of performance and productivity to be realised from our building stock.

## Aim of this Best Practice Guide

This Guide provides the progressive facility manager with a description of the key competencies that facility management practice now demands. It also provides the design and construction community with an understanding of the key skills and areas of contribution they can expect of the FM professional. The guide is intended to be a useful stepping stone to allow the profession to transition from a reactive and short-term cost focus, to a proactive and long-term business enabling paradigm, and with it bring forth a new era where design intent meets realised user expectations for the full life of the facility.

**“It is the role of the FM to realise the through-life benefits of a facility that were part of the design.”**

<sup>2</sup> R Evans, R Haryott, N Haste and A Jones. *The Long Term Costs of Owning and Using Buildings*. The Royal Academy of Engineering, Great Peter Street, London, SW1P 3LW. November 1998

<sup>1</sup> Duffy F and Henney A (1989) *The Changing City*. Bulstrode Press, London

# How do you do it?

## FM Organisational Maturity

There are five key areas that demonstrate FM maturity in an organisation<sup>3</sup>. These key result areas (KRA) focus on: ensuring service level setting and then delivery of those services in line with organisational strategy; through life management of assets; the adherence to governing legislation for the built environment; and the management of staff to ensure professionalism and technical knowledge. Each KRA is outlined further below. These statements can be used by readers to gauge their own status of FM maturity in comparison.

### 1 Strategic Performance

- The FM organisation can demonstrate it is being directed and controlled in a manner that promotes ethical and responsible decision making, which includes corporate social responsibility.
- The FM organisation understands its responsibilities in contributing to the higher level organisations' goals, thereby enhancing the organisations reputation and value.
- The FM organisation has a strategic plan, with a vision and a set of values that reinforce the values (ethics) of the wider organisation. The long term strategic plan is supported by an annual business plan.
- There is a process to set the direction of the business, and approve major business initiatives that uses a robust prioritisation process.
- A performance management framework is used to monitor and benchmark performance of the FM organisation and this is reported to key stakeholders.
- There is a robust disaster recovery system in place as a result of business continuity planning that is integrated with the rest of the business.
- A stakeholder engagement strategy exists that ensures that the voice of the stakeholders is taken into account when developing long term and short term facility solutions.
- Procedures and processes are well documented, and subject to regular review to ensure that a consistent organisation-wide approach is taken, and that the service offering is subject to continuous improvement.

### 2 Compliance and Continuity

- The FM organisation ensures internal organisational compliance to procedures and policies as well as compliance with externally driven factors like legislation.
- There are developed plans and contingencies that they exercise and review regularly to ensure interruptions to business continuity are minimised regardless of the size and magnitude of the event.
- The FM organisation has a Risk Management (RM) system that is aligned to the strategic business objectives and covers the diverse range of FM related risks. The system will promote adherence to current key external legislative directives/standards/acts.
- The FM organisation is kept informed of changes and is actively involved in discussions contributing to any development of legislation.

- Areas of significant risk within FM, where separate management plans would be required, include (but are not limited to): asbestos, earthquake prone buildings, fire evacuation, RMA conditions of consent, BWOFF, site inductions, training, communication, HSQE Management system, etc.
- For the management of expenditure, the organisation will have structures, controls, policy, and delegations that allow for good management, and operation of assigned budgets.
- Expenditure will be forecasted and progress will be tracked against that throughout the operating year. Variance reporting will be provided that is concise, and meaningful to stakeholders.
- Internal compliance audits (that on occasion may involve independent third parties) will be conducted regularly to measure adherence to policies, procedures, commitments and regulations. The outcomes of these audits will help to identify opportunities for improvement.
- External/independent accreditation is achieved through engagement with external organisations (e.g. local council, territorial/regulatory authorities) to encourage progress towards best practice FM performance standards.

### 3 Service Delivery Setting

- The FM organisation has set the levels of service that will be provided. This will have been determined by taking into consideration the end-user's and stakeholder's needs as well as balancing the dictates of funding, organisational policy, and legislation. This in turn will enable the FM organisation to provide 'fit for purpose' facilities.
- There will be a good understanding of the physical condition of the facilities (appearance, finishes, fit-out and plant), the functionality and utilisation of the space, financial forecasts, and the criticality and risk to supporting the business objectives.
- The organisation will provide information to its stakeholders on its service level performance along with the current condition of the portfolio (highlighting any risks associated with significant deferred maintenance) as well as forecasting the medium to long-term renewal expenditure requirements.
- There will be a condition assessment programme that ensures that data is kept up-to-date and accurate and provides a framework for identifying high priority work required to address assets that have the highest risk of failure coupled with highest consequence should it fail.
- The organisation will be supported by a robust business support tool that tracks facilities data against assets, which is accessible across the organisation, and able to be interrogated to produce adhoc reports to assist analysis, decision making, and asset management outcomes.

### 4 Service Delivery Performance

- The FM organisation actively measures and reports its performance against the pre determined service levels.
- Metrics have been developed that are predominantly drawn from 'real time' data making the results objective and factual. Some subjective performance metrics will be used (e.g. satisfaction levels) to help complete the performance picture.

<sup>3</sup> Facilities Management Best Practice Group – FMBP Group 2013 – as presented to the Wellington CCG 15th May 2013.

Following the management adage of 'what gets measured gets done', the organisation will have metrics for a number of result areas.

- Resources will be dedicated to ensure the efficient and safe delivery of projects, maintenance and other FM related activity.
- A whole-of-life approach will be taken when delivering projects so that they meet the desired outcomes and not go on to create legacy problems.
- There will be streams of activity to reduce cost in the areas of energy efficiency, waste minimisation, water conservation, and space utilisation.
- The FM organisation will undertake effort to optimise its economies scale, and its buying power, and considers the benefits that come from competitive tendering of contracts and the stabilising of costs through clever contracting.

#### 5 Workforce Capability

- The FM organisation will have job roles that are linked to the organisation's outputs and accurately reflect what the employee actually does on a daily basis.
- There will be a suitable management structure that enables the balancing of work loads along with providing adequate support, and supervision.
- The organisation will have a robust recruitment process and be resourced to ensure that the required work force roles are populated and appropriately remunerated so that they are competitive with the market.
- There will be a means for rewarding exceptional performance.
- The organisation will have a detailed understanding of the employees' qualifications, training levels, competencies, and personal strengths and weaknesses.
- There will be regular performance appraisals against job requirement competencies. Any gaps in knowledge and proficiency will be actively addressed through a tailored training programme agreed with the employee. Goals and objectives for employees to meet are collaboratively developed and actively monitored to ensure that they are achieved.
- The staff will be predominantly proactive in their approach to their work and less impacted by reactive demands.
- Regular staff meetings are held so that there is a good flow of work related information between employees and superiors. This demonstrates good communications and situational awareness by employees and thereby fulfils the needs of employees staying informed and engaged.
- Employees are actively encouraged to maintain their professionalism by having access to a range of FM related periodicals, attendance at relevant conferences, opportunities for networking within the FM industry, and possibly a requirement to meet Continuous Professional Development credits.

## Clients' Action Plan

The Clients' Action Plan brings together 6 steps to help drive your organisation to achieving FM best practice.

**Step 1:** Read the above key result areas for FM maturity and carry out a mental appraisal as to how your organisation compares.

**Step 2:** If there is room for improvement or you want to know how you compare to other FM organisations, consider conducting the FM Best Practice Questionnaire to help identify your organisation's strengths and weakness areas. This is available from Constructing Excellence website.

**Step 3:** Analyse your results and identify an improvement programme to address those areas of weakness and enhance your organisation's strengths (e.g. good to great).

**Step 4:** Contact other organisations with FM outputs and start a benchmarking club to help drive performance in your organisation by sharing approaches and making improvement undertakings to the group. Have each member organisation provide their questionnaire results to provide a group average. Contact the CCG for assistance in setting up/joining benchmarking clubs.

**Step 5:** Meet every six months to check up on each other's progress and complete the Questionnaire on an annual basis to gauge improvement.

**Step 6:** Have your Benchmarking Club results added to the overall database and gain feedback on where your organisation sits in comparison to the national database.

### About the Construction Clients' Group

The Construction Clients' Group (CCG) is a New Zealand group dedicated to learning and sharing knowledge about building better, faster, safer and achieving better value for money from your construction procurement. CCG supports both private and public sector customers of construction as well as organisations throughout the delivery supply chain. We recognise that our members need to work collaboratively to achieve the key CCG objectives. Our members from both the public (central and local government) and private sectors represent a significant proportion of New Zealand construction clients. CCG supports all clients, regardless of their core business activity, by promoting best practice that will provide better value for their construction procurement and ultimately an improved built asset. Of equal importance, alongside our best practice role, the CCG provides its members with a credible voice to key industry stakeholder groups and Government agencies.

As an organisation we:

- are a voice for all construction clients and our members
- provide opportunities for clients and supply chain companies to network and share best practice
- provide regional events in Auckland, Wellington and Christchurch
- influence government policy and industry improvement programmes
- offer opportunities for training and development
- publish guidance and disseminate best practice
- further information can be found on the CCG website ([www.constructing.co.nz](http://www.constructing.co.nz))

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