

## **The F Word - Why Facilities Matter**

**By Martin Pickard**

Leaders of businesses and organisations don't want to talk about Facilities. It's a dirty word associated with cleaning, maintenance and other “non-core” activities. The common view seems to be that facility managers should be neither seen nor heard. In this series of articles originally published in PFM Magazine Martin Pickard highlights six reasons why this should not be the case. Each article provides sound arguments demonstrating the contribution that good facilities management can make to assist the achievement of organisational goals.

This month the focus is on the FM contribution to the efficiency challenge.

### **About Efficiency**

Any review of the facility managers role in business is going to include a discussion on efficiency. My dictionary has several good definitions of efficiency but my favourite is “The production of the desired effects or results with the minimum waste of time, effort or skill”.

It is interesting to note that few definitions of efficiency refer directly to cost, focussing instead on results, effort and effectiveness. Strange then that when we hear the word used in a business context we always assume that some kind of cost cutting initiative is in mind.

Even the Government contribute to this deviation. The Office of Government Commerce website has many pages dedicated to “efficiency”, by which they mean the £21.5 billion cost reduction target being forced across the public sector.

All organisations, public or private would like to be more efficient. To spend less money while increasing output or income; to make better use of resources or increase the value of assets without impacting on operations; and to eliminate all forms of waste.

This is exactly what Facilities Management is designed to do. The whole point of integrating built environment multidisciplinary activities is to achieve an improved performance over that achieved by a disintegrated approach. Effective FM will have a positive effect upon cost but also the better use of space and energy, and the reduction of waste.

### **Lean Management**

Muda is a Japanese word for things that add no value. The Lean Manufacturing philosophy developed by Toyota is focussed on the identification of Muda and the elimination of such waste through continuous improvement processes like Kaizen and Total Quality Management. This

approach is credited with Toyotas remarkable performance in the years since the Second World War.

These concepts have been embraced by many other business sectors under the general term Lean Management and are very appropriate to the facilities mode of operation. The philosophy focuses on eight kinds of waste:

1. *Defects.* All quality errors are effectively waste. The development of robust systems and processes that will improve consistency, instill learning and capture these in a Quality Management System will improve the performance of any FM operation and ultimately its contribution to the organisation itself.
2. *Overproduction.* In FM terms this relates to the production or acquisition of more than is needed. Much of the actual waste being hauled off to landfill didn't need to be purchased in the first place. Stationery cupboards, furniture stores and janitors closets are often brimming with such waste.
3. *Transportation.* Every time something is moved there is wasted fuel, time and effort along with the risk of loss or damage. Smart FMs reduce this problem by getting items like stationery or furniture delivered straight to the desk.
4. *Waiting.* Whether it's waiting for something to be fixed, delays in supply delivery or a queue in the restaurant, waiting is wasted time and time is money!
5. *Inventory.* Work-in-Progress, stores and parts all represent financial outlay that is making no return. Just-in-time processes can reduce inventory significantly and are closely related to regimes like Condition Based Maintenance.
6. *Motion.* Whereas transportation relates to moving things, motion refers to the movement of the workers themselves. Facility managers and their teams inevitably spend a great deal of time travelling between sites. Use of new technologies to permit remote monitoring and adjustment can reduce travel time greatly.
7. *Overprocessing.* In production terms this refers to the use of a more valuable resource than is needed for the task. In the FM environment this can most often be seen in our deployment of people. Too often our highly skilled engineers are used to change light bulbs or similar low level tasks.
8. *Skill.* This was not one of the original pillars of Lean but has been added in recent years and is another very real issue in FM. We recruit people into specific roles because they have the necessary skills. What we rarely do is to identify and exploit the other skills that people have developed from previous experience or from activity in their private lives. That is truly a waste of resources.

## **Space**

Of all the costs affecting the workplace, real estate is by far the greatest with costs representing around 75% of total occupation expenditure. Although rent, or equivalent capital charging, and local taxes account for most of this, many

other FM costs like cleaning and heating are directly related to the amount of space occupied. The facility manager who can achieve just a small percentage reduction in footprint may be able to deliver cost savings or avoidance well in excess of softer targets like catering subsidies or stationery.

The typical occupation pattern of British offices is inherently wasteful with buildings lying unoccupied for more time than they are actually in use. Even during the working day the traditional allocation of one desk per person means that upwards of 40% of workstations are empty at any given moment in time.

With an average workstation in the UK costing around £10,000 per annum and much higher in cities like London this underutilisation represents a huge opportunity for the efficient facility manager. Space saving initiatives like hot-desking, hotelling and so on are all based around that simple opportunity and can produce huge savings.

The use of new technology, the introduction of home working and the creation of flexible access sites called iWork Cafes by Sun Microsystems led to an enormous reduction in their demand for space. Globally they claim a saving of nearly £40 million in property costs as a direct result.

Despite media gossip about a slow down in the flexible working trend such numbers are hard to avoid. No self respecting facility manager can afford to ignore the opportunity that even simple desk sharing has to offer. If a team of ten can share 9 desks that is a 10% saving in property costs and money all the way to the bank.

### **Cost & Energy**

Good facilities management can reduce costs in the same way that doing anything properly is more efficient than not doing so. Smarter systems and processes, the application of expert knowledge, robust procurement and well cared for assets will reduce costs.

The achievement of cost reduction targets beyond this basic step means that big questions have to be asked. Obviously the easiest way to cut costs is to stop doing things. Do you really need the rear staircase cleaned every night? Does the reception have to have fresh flowers every day? Should the whole workforce be allowed an endless supply of free coffee?

While this kind of cost cutting may not be popular it achieves the desired result immediately and in an organisation where frugality is a cherished value such actions can be symbolic. The cost of the services provided by FM is directly related to their quality. There is no efficiency in providing four star service in a two star environment.

Most facility managers outsource some part of their activities. Faced with a serious cost reduction target it may be a more cost effective option to take services back in-house. If outsourcing occurred some time ago, the gains

from restructuring, retraining and other initiatives introduced by the provider will now be embedded in the service. It may be possible with some services to maintain such savings while insourcing and thus avoid the additional cost of overheads and profit.

Those who decide to maintain an outsourced position should consider carefully the introduction of some sort of cost reduction incentive. Back in 1987, Wandsworth Council is credited with introducing a shared savings scheme to their refuse contract that set a pattern for incentive based contracts which is now widespread but not universally adopted. Carrots are far more effective in changing behaviour than sticks and the process of incentivising the supply chain to find savings for you depends heavily on giving them a fair share of the spoils.

Many facility managers forget that the profit margin being earned by many FM companies is now a low single figure. That means that a bonus which may be just a tiny percentage of the contract value can represent a disproportionately large increase in profit to the supplier. Shared savings schemes linked to appropriate quality performance management processes will yield results.

The Carbon Trust estimates that British business wastes as much as 30% of its energy. It is obvious that saving energy makes an immediate difference to the organisations bottom line. Recent research by Computacenter estimated that the UKs top 200 companies waste over £61 million per annum through running power hungry PCs on idle overnight.

The Facility Manager is at the forefront of the energy efficiency battle. By getting staff or security to turn off PC monitors and non essential equipment at evenings, weekends and bank holidays; By reviewing the lighting arrangements to reduce widespread and unnecessary glare; By good equipment maintenance and by making small adjustments to timers and thermostats; by working in partnership with your maintenance people to optimise performance of your plant.

## **Conclusion**

Facilities Management may have suffered in the past from a poor image as insensitive cost cutters, but there is an important role to be played in creating an efficient and effective workplace. By the proper application of sound management practice coupled with our professional expertise we can and do make a significant contribution to “The production of the desired effects or results with the minimum waste of time, effort or skill”.

Make this your mission and show how good facilities management really does matter.

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*The six areas to be considered in this series are:*

- 1 Talent*
- 2 Compliance*
- 3 Efficiency*
- 4 Reputation*
- 5 Risk*
- 6 Productivity*

*Next Month - Reputation*