

METRICS

EVERY FACILITY MANAGER
SHOULD TRACK

INTRODUCTION

Today's facilities managers need to track data about all processes and operations to be certain they are making the best determinations, based on the most accurate information. Real-time decision-making has become possible as new technology solutions, such as integrated workplace management systems (IWMS), have emerged that allow them to access up-to-the-minute data from:

- *space management software*
- *move tracking software*
- *facility maintenance software*
- *asset tracking software*
- *security and visitor tracking programs*
- *mailroom management systems*

Unlike spreadsheets or programs that offered limited access to this time sensitive information, IWMS applications enable facilities managers to get the information they need when they need it.

There are 8 metrics in particular that every FM must track, including real estate costs and terms, space utilization, real estate costs, everything about every asset, the facilities team's performance, sustainability goals, optimal space use and the quality of space.



1 REAL ESTATE COSTS & TERMS

Many companies are still recovering from the recent economic downturn, and are being forced to do more with less. These constraints are then passed along to facilities managers, who have since realized that efficiency should be penultimate and costs should be minimal. To achieve both of these goals, facilities managers are looking to reduce real estate costs, which have come under intense scrutiny as decision-makers look to trim the fat wherever possible (1). In order to respond to queries from the C-suite about how much space is needed and where expenses can be reduced, FMs need to be able to answer the following questions:

- 1. What space do I lease/own?*
- 2. What are the costs?*
- 3. What are the terms of the contract for leased space?*

For instance, health insurance company Aetna pays \$29 per square foot in each of its facilities. By cutting back 2.7 million feet of office space, the corporation brought its total real estate costs down \$78.3 million (25).

RECOGNIZE SAVINGS OPPORTUNITIES

Another global insurance company audited its real estate obligations and discovered that it had facilities around the world on real estate worth more than \$1 billion. However, the company did not have a single view across operations and decision-makers did not know key data points, such as the total value of its facilities, the terms of leases or the actual square footage figures, making it difficult to assess costs, let alone manage them (2). Having access to accurate data empowers FMs to provide fact-driven reports to executives about whether the company should start looking for facilities that are less expensive, smaller or larger to keep up with operations.

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2 SPACE UTILIZATION

To make educated decisions about the workplace and its real estate needs, FMs must also understand how occupants are using the space that's available. When some FMs want to get a picture of space utilization, they turn to antiquated methods known as bed checks. Manual head counts are time consuming because they require that an individual physically walks through facilities, making notations for every person present, but perhaps worse - they are often inaccurate (1).

- 1. Do auditors have a way to determine if a person is actually absent, or has just stepped out of the office to grab lunch or visit the restroom?*
- 2. Are PTO records taken in account, sick leave or half days for emergency circumstances?*
- 3. The answer is usually no, which means decisions are grounded on figures that do not demonstrate the real picture.*

That's why tech-savvy facilities maintenance teams are turning to occupancy data. With space utilization software, FMs have accurate and detailed information at their fingertips about each room or space across the locations they manage, including the name of the room, the square footage, the number and location on floor plans as well as occupants' names and contact information.

SQUARE FOOTAGE IS SHRINKING

Once FMs have valid insight into their organizations' space needs, they can determine whether it's appropriate to downsize.

Square footage is shrinking in today's workplaces. Workstations used to be between 80 and 100 sq. feet, but are now around 40 to 50 sq. feet as PCs are replaced with laptops or tablets and employees' preferences change. Workers don't necessarily want a corner office anymore; they want dynamic environments that offer freedom and stimulate creativity (8).

As companies downsize, they can also slice their furniture costs. A company that replaced cubicles with shared desk spaces cut office furniture expenses down from \$8,000 to \$4,000 per employee (26).

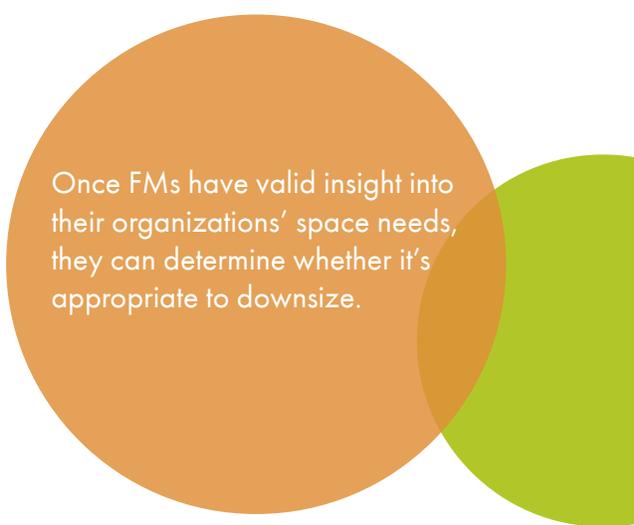
NUMBERS INFORM INTELLIGENT DECISIONS

The good news is that contemporary workspaces save businesses money because they require less square footage per person. The bad news is that FMs will need to supply the numbers to justify a transition or defend the existing arrangement. Generating those answers requires facilities managers to collect data about:

- 1. the number of employees and contractors, as well as their locations*
- 2. the total number of spaces - offices, workstations, desktops, meeting rooms*
- 3. the number of occupied (claimed) spaces*
- 4. the percentage of actual space used*
- 5. the percentage of space used by department or user group*

Looking at these figures can help FMs uncover important information about their actual space use and need. This was the case for one company, which had a meeting room with a 20-person capacity that was frequently reserved and occupied. Upon closer inspection, FMs found the room was only ever used by groups of 10 or fewer, and that the space could be better used if it were divided by a partition into two smaller spaces. Meanwhile, other conference areas could be turned into additional office spaces or work tables to accommodate new hires (1).

Space utilization metrics can help FMs see if they fall above or below average and which areas stand to be improved (3) as well as benchmarks that indicate the ways space should be assigned to particular departments (5).



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3 REAL ESTATE COSTS, DOWN TO THE INCH

It's estimated that real estate costs are one of the greatest expenses for businesses, second only to payroll. So it's essential that FMs know how much each square foot costs and find ways to streamline accordingly.

"With the significant impact real estate and facilities lifecycle management can have on the enterprise, managers of these groups are working more and more with their executives to link their business plans with the strategic goals of the organization," said Andrew Bartolini, research director and practice leader at Aberdeen Group (6).

"The key for continued success will be solutions that provide an enterprise-wide platform for collaboration and for visibility into spend and process," Bartolini added. FMs can use space management software to determine the expenses that are accrued with every square foot of real estate and strategies for downsizing or reconfiguring space by tapping into precise data about:

1. *Costs per square foot*
2. *Costs per person per square foot*
3. *Operational cost per square foot (i.e. utilities, cleaning, security)*

These findings will indicate if popular trends like telecommuting are viable solutions. As mobile technology has improved, businesses have found they can trim costs and energy consumption by allowing workers to telecommute. The Telework Research Network reports that more than 3.1 million companies had already adopted telecommuting policies in 2011 (27). To actually achieve expense reductions and energy savings, businesses rely on accurate data regarding the costs and use of their real estate. For example, the Florida Department of Children and Families introduced a hoteling program during 2007 and 2008, decreasing the amount of space it needed to lease. Through this move, the department shaved \$3.2 million off its budget (24). FMs can deliver those numbers by measuring important metrics and generating reports that show expenses before and after new employee policies are put into place.

4 OPTIMAL SPACE USE

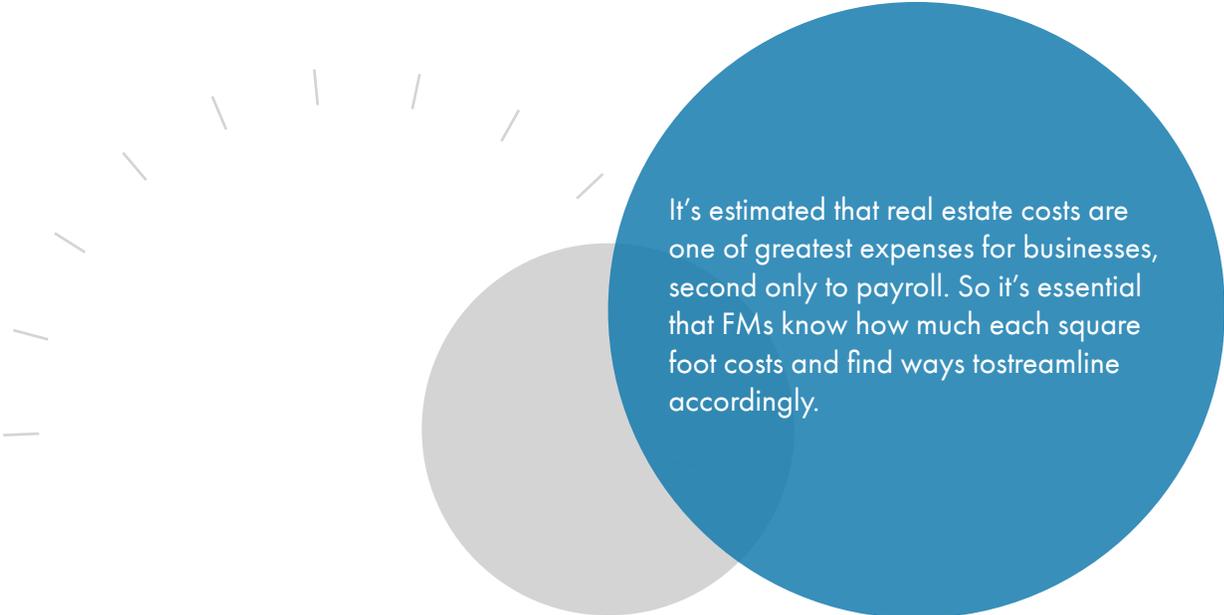
Work environments are changing, and employees are not necessarily happier with cubicles than open-air offices, even if the latter means less privacy. Workplaces that Baby Boomers and members of Generation X dominated will soon have populations comprised 70 percent of Millennials (28).

Those born between the 1980s and start of the 2000s grew up with technology, team sports and guidance from authority figures - these are all things they more or less expect in their professional lives, too. Individual or collective?

There is currently a major push for collaborative workspaces (7). Businesses want creative, shared spaces that allow for spontaneous meetings and innovation. This shift in workplace "wish lists" calls for FMs to drastically rethink traditional office designs by:

- *Creating casual meeting spaces, shared desks and private work areas*
- *Demolishing cubicles and lowering partitions (8)*
- *Offering meeting room reservation systems instead*

"One way to enhance interaction is to create 'group space'. Group space is common nonterritorial workspace shared by a group or work unit. In some facilities, companies have reduced the size of individual offices to a single work surface with storage and contributed the remainder of the traditional office space allotment to the group area," said Tom Allen of MIT (9).



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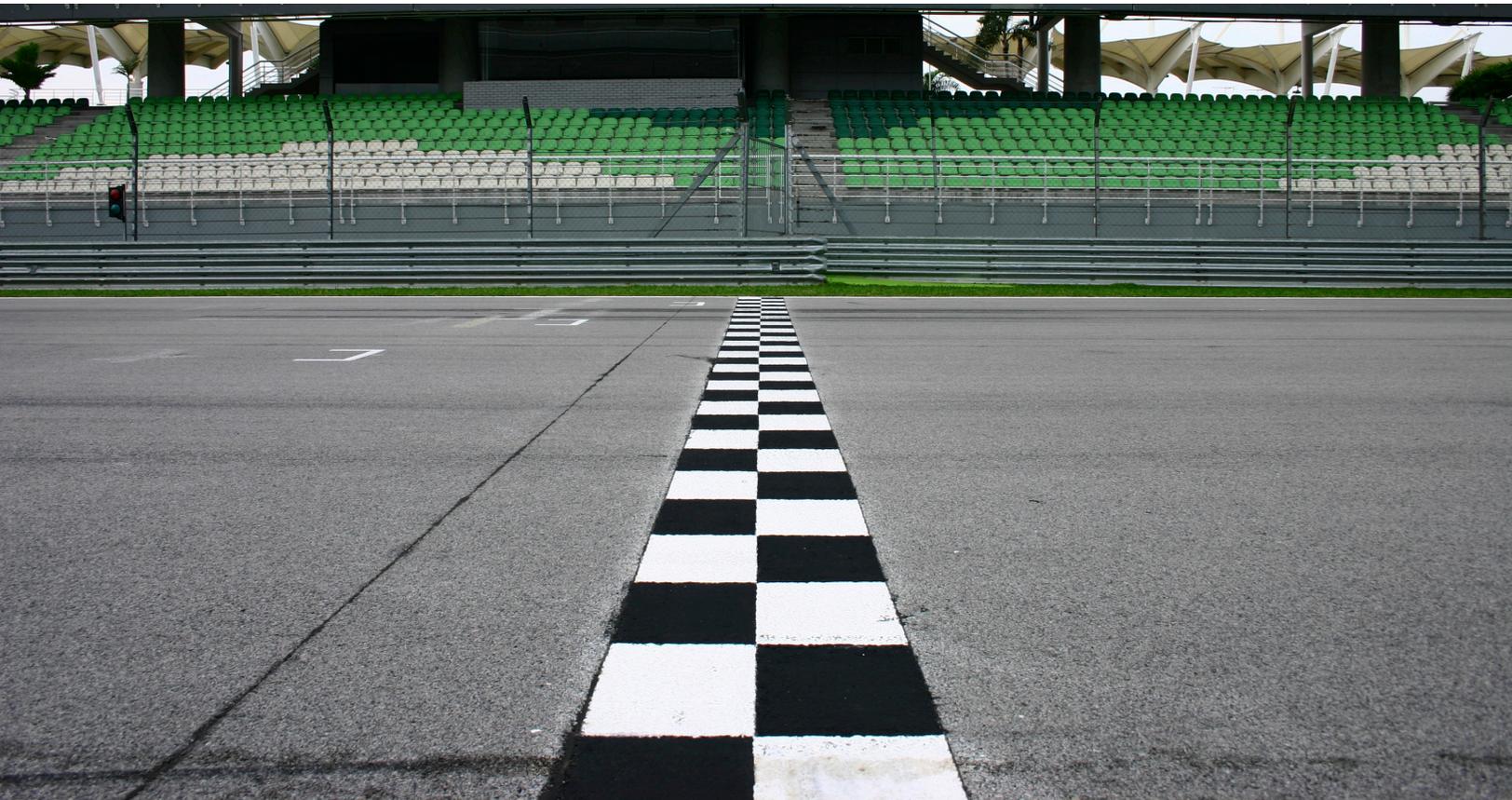
WHAT'S GOOD FOR THE GOOSE ISN'T ALWAYS GOOD FOR THE GANDER

While collaborative work environments might be a great fit for employees in creative fields like marketing and advertising, or positions that require collaboration such as architecture or reporting, they may not be as effective for those who need private, quiet areas to focus, such as accountants or auditors (7).

It's often left up to FMs to determine which environments are most appropriate for each company and profession and ask themselves, "Do employee engage in-"

1. *Focused work?*
2. *Collaborative work?*
3. *Learning?*
4. *Social?*

Once facilities managers collect data to answer these questions, they must then find ways to maximize available space to optimally meet those needs.



5 THE QUALITY OF SPACE

More often than ever before, companies are finding they can recruit more competitively when they have great facilities to offer prospective employees. Clean buildings with organized floor plans are not considered differentiators when there are companies striving to create workplaces that embody their brand messages and corporate values.

Rapidly growing payment processing company Square tops Inc. Magazine's list for the coolest workspaces with crisp-modern lines and creative cubbies that allow employees to work alone or together, while Google has gained notoriety for its offices that feature free breakfast bars and game rooms for taking breaks. (10)

Perks like entertainment consoles and free snacks aren't the only considerations that are gaining traction with today's best and brightest. Quality of light, sound and atmosphere are becoming more important in today's work environments, especially in companies that are considering collaborative workspaces.

"Physical location issues are neither plain nor vanilla. In fact, space management may well be the most ignored - and most powerful - tool for inducing cultural change, speeding up innovative projects and enhancing the learning process in far-flung organizations," said Tom Peters (from his book, *Liberation Management*) (13).

LIGHTING UP THE WORKPLACE

While it might seem that installing skylights or swapping out incandescents for less offensive LED bulbs is a frill companies can't afford, studies are surfacing that show just how important lighting can be to the success of a company's workforce. Reports have revealed that lighting has an immense effect on workplace productivity and satisfaction. The American Society of Interior Design (ASID) found that among 200 surveyed business decision makers,

- *68 percent believe office design needs to be reviewed once every five years, if they want to be competitive in the market.*
- *36 percent say office design should be reviewed at least once a year.*
- *62.5 hours of productivity are lost for every employee who works with computers due to poor lighting that causes eye strain (14).*

By upgrading lighting, one facility managed to lower its energy costs \$50,000 each year, but recognized \$500,000 in savings through productivity gains. Through operations, employees became more efficient and less error-prone following the change - even its mail sorters earned the accolade of the most productive team in the Western U.S. (12).

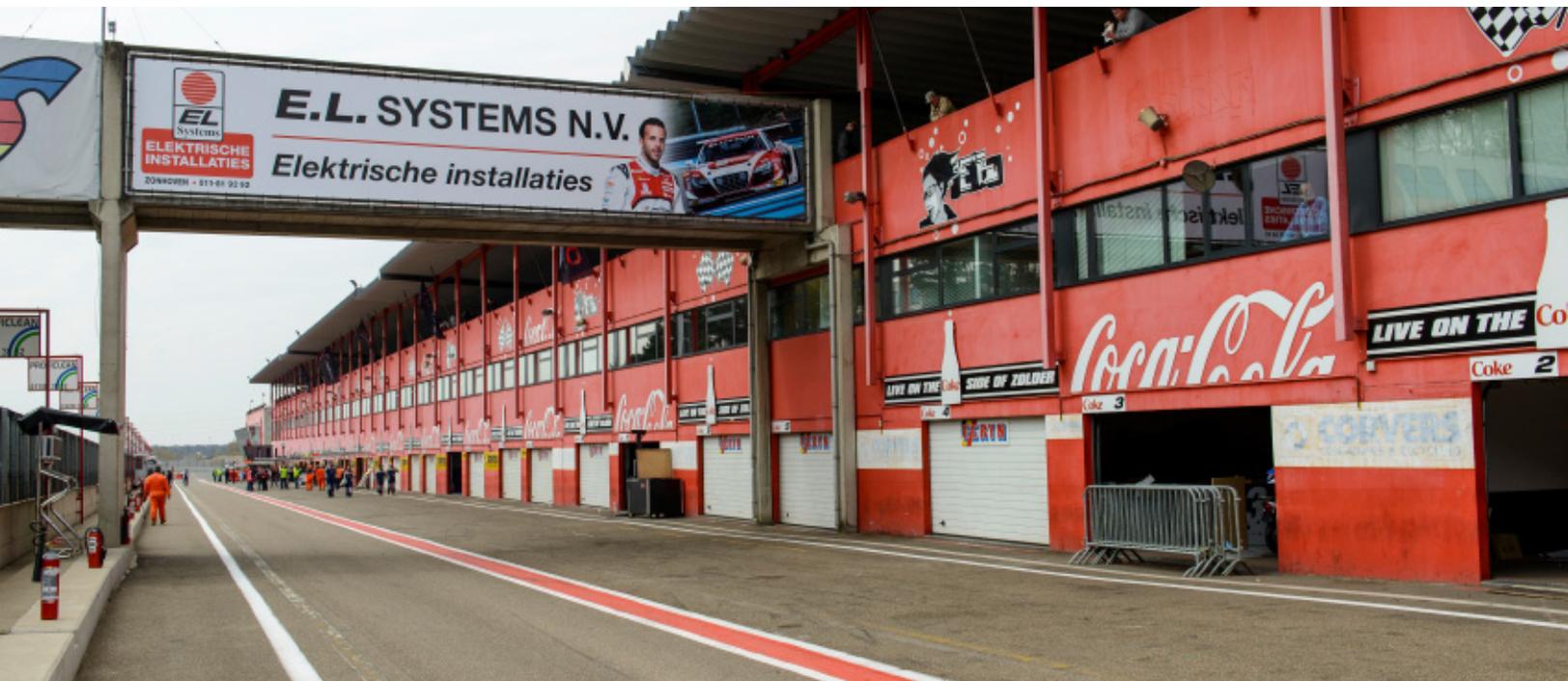
COLLABORATION ISN'T QUIET

If businesses are considering the transition to collaborative work spaces, they must consider the potential impacts on sound and atmosphere.

Without cubicle walls, there are no barriers to block the noise as other employees take client phone calls or discuss their plans for the next weekend, let alone the constant whir coming from nearby copiers or fax machines. FMs must anticipate these problems and ask themselves:

- *Are there places to go that are less noisy?*
- *Is it possible to invest in furniture that could downplay white noise?*

Once FMs fully assess the changes that are associated with collaborative work environments and factor in budgetary limitations, they can implement plans to counter negative environmental influences. For instance, facilities managers can include provisions that set aside square footage for private work areas or create shared spaces that can be used by anyone who needs a little peace and quiet.



6 EVERYTHING ABOUT EVERY ASSET

FMs must know about every available asset, from IT equipment to specialized tools and coffee filters. Detailed knowledge about every resource is critical if FMs are expected to calculate the costs, minimize the downtime and maximize the utility of assets (16).

This can be difficult to track without a panoramic view of the facilities that allows FMs to quickly retrieve data about the date when laptops were last checked out, the number of chairs that are currently unoccupied and if there are devices that are still waiting for maintenance.

With asset tracking software, facilities managers can easily answer action-critical questions that include:

1. *What physical assets do I own/lease?*
2. *Where are they?*
3. *How are they utilized and performing?*
4. *What do they cost?*

Possessing data about assets improves operational efficiency and boosts productivity because it means employees will spend less time searching the building for the tools they need to do their jobs - laptops, chairs, working printers, etc. - and more time completing their work.

This also assists FMs in their goals of cutting down costs and maximizing utility. Asset management software helps them track maintenance schedules and view records to determine if equipment has been properly serviced on time or still requires repairs. With ready access to supply lists, up-to-the-minute metrics and order forms, facilities managers are able to submit requests to suppliers in real time to avoid shortages or outages.



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7 THE FACILITIES TEAM'S PERFORMANCE

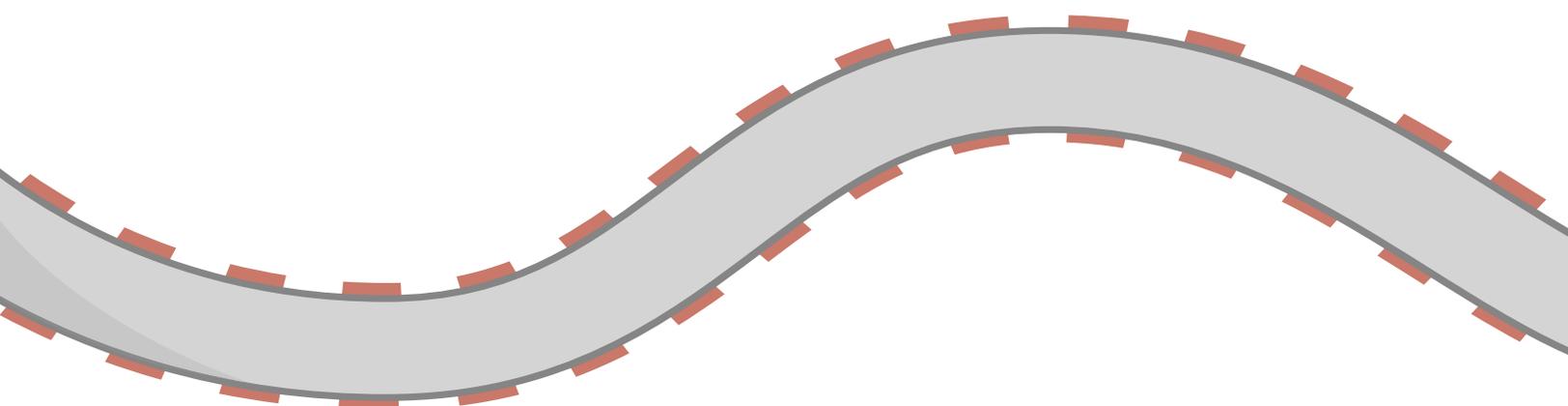
Today's facilities managers are being selected not only based on their previous experience and training, but also on their soft skills like customer service and work ethic. Commercial real estate companies that are still recovering from the recent recession are looking for FM teams that will improve occupant retention rates, which means prioritizing service and maintenance orders, so FMs need to know:

1. *What are response times, both internal and vendor provided?*
2. *Are our vendors responsive?*
3. *What is our service and preventative maintenance process and expenses?*

Understanding these metrics can help FMs find workflow leakages and create solutions to minimize downtime, which is may be more than tenants can afford. For example, maintenance productivity takes a hit by 25 and 35 percent if companies have reactive policies in place. This includes the time maintenance teams spend waiting for equipment to be powered off, parts to be delivered or for information, instructions and rental equipment to arrive, etc (17).

In addition to raw resources like time, businesses also absorb direct costs when they suffer from downtime. These expenses vary based on the frequency and severity of repairs, the number of replacement parts that are required for fixes and the policies they hold (17). Even software or database downtime can debilitate a Fortune 500 company. Costs range from around \$90,000 per hour all the way up to \$6.48 million per hour, depending on the size of the operation. (16).

“With better management of assets and monitoring of staff members, facilities managers can ensure maintenance requests are addressed promptly to avoid circumstance involving downtime.”



Sustainability is a top priority for 48 percent of companies and facilities managers (21). While it may have been set aside during the recession to focus on cutting costs, many companies are renewing their efforts to reduce their carbon footprints (20).

In order to determine whether or not these plans have been effective, FMs must gather data about applicable metrics based on the sustainability goals established by C-suite executives. There are number of approaches to reducing a company's carbon footprint that can include:

1. *Reducing electricity consumption*
2. *Cutting back on heating/cooling*
3. *Conserving paper products*
4. *Recycling more*
5. *Choosing environmentally friendly products*

Once the goals are established, FMs must find ways to monitor and measure progress toward those goals using tools like asset management software and space utilization software.

CASE STUDY ON ENERGY SAVINGS

For instance, McGill University, a research institution in Montreal, noted that it saved 2,600 tons of greenhouse gas emissions in 2002-2003 by transforming its facilities into a "living lab." This enabled the university to test its sustainability initiatives. A five-year energy plan involved installing 400 real-time meters in 70 buildings throughout campus and providing access through a virtual web-based system. The program has continued to achieve success, reducing the school's emissions by 20 percent as of the 2010-2011 reporting year (22).

Even small changes can have significant impacts, McGill University leaders discovered.

"On the surface, the lighting retrofits seem like a small, common-sense change, maybe something you've already done in your home. But it makes a big difference. These retrofits result in energy savings of about 80 percent compared to the amount used with the old fixtures," said Denis Mondou, McGill's director of utilities and energy management.

NUMBERS DRIVING POSITIVE CHANGE

What FMs will find is that the key to success is through tracking. Facilities managers that have webbased portals can give occupants access to progress records as a way to encourage participation in “greening initiatives.” Those same numbers are needed to generate reports for executives, which can prove which initiatives are most effective so they can be scaled up, while less-effective options are phased out.

CONCLUSION

Today’s facilities managers have more responsibilities than ever before. The development of specialized facility software technology, such as integrated workplace management systems (IWMS) from companies like iOffice, have empowered FMs and their teams with real-time data across facilities. By harnessing this information, they can make the best decisions whether they’re on site or working remotely, using data to preemptively take steps that will improve performances and maximize resources in the future. Whats next? By implementing a facilities management software, like iOffice, you can easily track all 8 metrics (and more) discussed in this ebook.

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The upgrade resulted in energy savings of about \$50,000 per year, but the real improvements came in the form of employee productivity. Mail sorters in the facility became the most productive sorters in the western half of the country, machine operators boasted the lowest error rates, and the financial impact of the productivity increase was expected to boost revenue by approximately \$500,000 per year. And this wasn't an isolated incident. Countless other companies across the country have also noted productivity increases as the result of lighting renovations.
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