What Is Facility Management and When Should a Business Start Thinking About It?

Maintenance cost escalating? Trouble tracking assets? Who ya gonna call? Maybe facility management is for you.

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When you're running a business so small it fits into one tiny office, facility management is not something worth losing sleep over. But as your business grows, that one office of yours may turn into a building and a single machine transform into a production line.

Before you know it, you'll have a bunch of assets that need to be taken care of on an ongoing basis.

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This is where facility management enters the scene: It ensures you a well-organized environment in which both your business and employees can thrive.

Facility management: the basics

At its core, facility management is a profession that focuses on the efficient maintenance of an organization's buildings and equipment in a way that offers the best value to the building owner and users alike.

It’s also a multi-disciplinary support service that can be applied in any niche or industry. Among its many applications is that it can ensure safety, functionality and comfort in the built environment as well as compliance with existing legal requirements.

In North America, the facility management market is experiencing increased patronage from a wide variety of businesses: The *Transparency Market Research 2017* report estimated a compound annual growth rate of 13.6 percent between 2017 and 2024.

Still, if you have never used professional facility management services before, you may be wondering if, or when, it should become the next step for your business. Here are the signs that it’s time for a business to start thinking about adopting facility management:

1.Your maintenance cost is escalating.

It’s an accepted fact that maintenance costs money, but these costs should not run down your business.

When you notice that repairs and servicing costs are rising inexplicably every year, some common money-wasters to check include abuse or under-utilization of existing equipment, wasteful stocking of inventory and spare parts and unused office space. *Wired* reported in 2013 that over the previous 30 years, the United States had added about 2 billion square feet of office space to its existing stock, which is not something today’s highly mobile workforce needs. Having more space to maintain automatically increases your maintenance costs.

Another factor that quickly adds to your bottom line is poorly managed maintenance personnel and other staffing expenses. Over a 30-year period, while the operating and maintenance

costs of a building account for 6 percent of total costs, personnel costs alone account for a staggering 92 percent, according to a British study reported on by Researchgate.

If you're running a system where you frequently call on independent plumbers, electricians, heating engineers and other technicians, the costs quickly pile up. Not to mention the fact that engaging these contractors also carries the risk of quality control issues, especially if:

- You have a very large facility.
- You are managing multiple locations.
- You have no real way to track whether tasks are being carried out properly.

One of our clients, Joe Romero from Myriad Genetics, had this exact problem. He had been hired as a facility manager and noticed that his predecessor had been tracking everything manually, which meant the company had no clue whether maintenance tasks were actually being completed.

When Romero implemented facility management software, he could see whether outside contractors were doing the work they were billing for. Long story short, he had to replace his primary maintenance vendor because he found out that that vendor was not doing the work he had been contracted to do.

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Because of these problems, some businesses form an internal team or look for a single vendor to take over their back-office responsibilities. A good example is GoDaddy, which was able to realize 10 percent cost savings by employing integrated facility services. Another interesting note in that success story was how one reason GoDaddy went with integrated facilities services provider ISS was because ISS was already operating in all geographical regions GoDaddy was planning to expand to.

2. You’re having difficulties in asset management and tracking.

Knowing that over 40 percent of small business track their assets manually or don’t track them at all is concerning. While this practice causes minimal problems early on, real issues will start popping up as soon as you start to scale.

Facility management can help you manage and track assets and inventory better if you are experiencing any of the following:

- Asset register is inadequate or doesn’t exist at all.
- It’s becoming increasingly difficult to track the assets owned by the company.
- The organization cannot confidently declare its asset position.
- The current condition of any asset and its location is unknown.
- If any equipment, machine or tool were to go missing, no one would notice.
- You keep buying replacements for equipment only to find out later that you already had them.

Stanley Healthcare reported that a mobile solution for inventory tracking can reduce search times for needed equipment by 90 percent, as well as help a company realize significant cost savings by avoiding unnecessary inventory purchases (improving inventory invisibility) and equipment loss (shrinkage control).

3. You’re seeing a rising backlog of uncompleted maintenance tasks.

Multiple research sources, like this one from Steelcase Global, confirm how employee engagement positively correlates with workplace satisfaction. In other words, happy employees

are productive employees. Without a designated facility management service, however, it is only a matter of time before they become frustrated and distracted because of leaking taps, broken light bulbs or an air conditioning unit in the staff canteen that isn’t working properly.

Even if these tasks are instructed to call appropriate services, these tasks are often put off untll later – so they start piling up. Soon, the business is faced with a considerable deferred maintenance list and very little hope of resolving everything. Research from Rick Biedenweg and his colleagues at Pacific Partners Consulting Group discovered that every $1 deferred in maintenance costs results in $4 of capital renewal needs in the future, so this is something you definitely want to avoid.

Preventing the creation of a backlog of uncompleted maintenance tasks is just one of many responsibilities of a facilities manager.

4. Recurring safety issues

Recurring safety issues are an indication that you are operating in a potentially dangerous environment. The simple truth is that improving safety at your facility is not a matter of choice – it is required by law. Every year, OSHA issues over 40 000 citations, with the most common repeated offenses being:

- lack of personal protective equipment (PPE)
- absence of a hazard-communication program for chemicals
- failure to maintain logs of accidents and injuries
- lack of safety training

Facility management takes these factors into accounts and can help you reach and maintain the highest levels of operational safety using a combination of technology and human expertise and following these extensive Environmental, Health,

and Safety Guidelines.

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When it’s time for a change

If any of the above situations describes the current situation in your business, it’s clear that time and valuable resources are being wasted. It doesn’t matter if you are going to form an in-house facility management team or outsource everything to an independent contractor. The point is that you understand how facility management can result in significant cost savings, improved safety performance and better overall service delivery for your company.

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