FACILITY MANAGEMENT
Budgeting and Key Performance Indicators
**FM STANDARD EN 15221-4**

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Space &amp; Infrastructure</th>
<th>People &amp; Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Space</td>
<td>HSE</td>
</tr>
<tr>
<td></td>
<td>Outdoor</td>
<td>Management</td>
</tr>
<tr>
<td></td>
<td>Cleaning</td>
<td>ICT</td>
</tr>
<tr>
<td></td>
<td>Workplace</td>
<td>Logistics</td>
</tr>
<tr>
<td></td>
<td>Primary activity spec.</td>
<td>Business Support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organic specific</td>
</tr>
</tbody>
</table>

### Integration on strategic level (PDCA)

**Operational level**

<table>
<thead>
<tr>
<th>Plan</th>
<th>Do</th>
<th>Check</th>
<th>Act</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1000</strong></td>
<td><strong>1200</strong></td>
<td><strong>1300</strong></td>
<td><strong>1400</strong></td>
</tr>
<tr>
<td>Plan</td>
<td>Design Activities</td>
<td>Acquisition Activities</td>
<td><strong>Activities like (examples):</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Buy, rent, lease, construct, Real estate development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Maintenance Activities</td>
</tr>
<tr>
<td></td>
<td>Administration Activities</td>
<td>Operation Activities</td>
<td><strong>Activities</strong></td>
</tr>
<tr>
<td></td>
<td>Accounting Activities</td>
<td>Controlling Activities</td>
<td><strong>Activities</strong></td>
</tr>
<tr>
<td></td>
<td>Quality, Documenting Activities</td>
<td>Execute Improvement Activities</td>
<td><strong>Activities</strong></td>
</tr>
</tbody>
</table>
OPERATIONAL FM BUDGET

✓ Term
  ✓ Short-term - 1 year
  ✓ Midterm – 2-3 years

✓ Allocation
  ✓ Personnel
  ✓ Other Operational expenditures

✓ Budget process
  ✓ Program Budgeting
  ✓ Zero Based Budgeting
  ✓ Incremental Budgeting
CAPITAL FM BUDGET

- Life cycle costing (LCC) - TCO, CRV

- Term
  - Mid-term – 2-3 years
  - Long-term – 3 до 10 years

- Budget process
  - Total capital expenditures pool
  - Allocation among various projects competing for corporate funds – ROI, IRR, NPV
  - Priorities
    - HSS & E
    - Protect corporate financial integrity
    - Completion of ongoing projects
    - Maintenance or replacement of worn-out equipment
    - Modernization of work processes
    - New capacity with high expected ROI
    - New capacity with average expected ROI
    - Other projects
## FACILITY MANAGEMENT BUDGET COST CENTERS

<table>
<thead>
<tr>
<th>Cost centers</th>
<th>Total costs in €</th>
<th>Percentage of Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rates, rent, taxes, insurance, amortization</td>
<td>655570</td>
<td>31.7</td>
</tr>
<tr>
<td><strong>Premises and facilities service cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building maintenance</td>
<td>141433</td>
<td>6.85</td>
</tr>
<tr>
<td>Technical maintenance</td>
<td>20050</td>
<td>0.99</td>
</tr>
<tr>
<td>Open grounds maintenance</td>
<td>13100</td>
<td>0.64</td>
</tr>
<tr>
<td>Alterations and fit out</td>
<td>109500</td>
<td>5.3</td>
</tr>
<tr>
<td>Cleaning</td>
<td>150000</td>
<td>7.26</td>
</tr>
<tr>
<td>Security</td>
<td>97900</td>
<td>4.74</td>
</tr>
<tr>
<td>Utilities</td>
<td>193510</td>
<td>9.36</td>
</tr>
<tr>
<td>Internal decoration</td>
<td>8950</td>
<td>0.43</td>
</tr>
<tr>
<td><strong>Business support service costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Archiving</td>
<td>3590</td>
<td>0.17</td>
</tr>
<tr>
<td>Reprograhics</td>
<td>199200</td>
<td>9.64</td>
</tr>
<tr>
<td>Stationary</td>
<td>48820</td>
<td>2.36</td>
</tr>
<tr>
<td>Mail room</td>
<td>50100</td>
<td>2.42</td>
</tr>
<tr>
<td>Transport and fleet</td>
<td>15460</td>
<td>0.75</td>
</tr>
<tr>
<td>Reception &amp; porterage</td>
<td>15130</td>
<td>0.73</td>
</tr>
<tr>
<td>Business travel</td>
<td>14000</td>
<td>0.07</td>
</tr>
<tr>
<td>Furniture</td>
<td>24430</td>
<td>0.13</td>
</tr>
<tr>
<td>Business equipment</td>
<td>37430</td>
<td>0.19</td>
</tr>
<tr>
<td><strong>Staff support service costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering</td>
<td>317000</td>
<td>15.35</td>
</tr>
<tr>
<td>Gym</td>
<td>4500</td>
<td>0.22</td>
</tr>
<tr>
<td>Occupational health service</td>
<td>8130</td>
<td>0.39</td>
</tr>
<tr>
<td>FM helpdesk</td>
<td>6510</td>
<td>0.31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,134,313 €</td>
<td>100</td>
</tr>
</tbody>
</table>
IF YOU CAN’T MEASURE IT, YOU CAN’T MANAGE IT.

Measurement is the first step that leads to control and eventually to improvement. If you can’t measure something, you can’t understand it. If you can’t understand it, you can’t control it. If you can’t control it, you can’t improve it.
FACILITY MANAGEMENT KPI

Financial
Condition
Maintenance
Accessibility
Utilization

Quality
Space
Sustainability
Satisfaction
Productivity

TOP FM KPI

- € Gross FM Expenditure / 1 m² of Gross Built Area (Total Cost of Ownership)
- % Return on Investment
- € Operational Expenditures / 1 m² of GFA / tenant or user
- € Capital Expenditures / 1 m² of GFA
- % Maintenance Expenditures / Replacement Expenditures
- € Utility Consumption Expenditures / 1 m² of GFA
- € Cleaning Costs / 1 m² of GFA

- % Occupancy rate (Net Floor Area)
- # Net Floor Area in m² / 1 working place / 1 user
- % Percentage of Planned maintenance vs. Reactive maintenance
- # Energy consumption – kWh / 1 m² of GFA
- % Net Floor Area from Gross Floor Area
- # CO₂ emissions, ton, annually
- % Utilization rate
EUROPEAN FM BENCHMARKS

Pan Europe
€7581
17 m²
€449

Cost per person, annum
m²  Space per person
Cost per m², annum

Benelux
Germany
Ireland
Italy
France
Poland
Spain
Switzerland
UK
KPI INFOGRAPHICS

FACILITY MANAGEMENT KEY PERFORMANCE INDICATORS

Objectives (SMART)

- Task: Reduce TCO
- KPI: % of annual TCO
- Target: 10%
- Timeframe: By Financial Year End
- Responsible: Facility Manager

**Objective** = Reduce Total Cost of Ownership by the end of FY under the leadership of the Chief Facility Manager.

**KPI naming standards**

KPIs – start with symbol

- Value of € TCO
- Number of # failures
- Percentage of % budget variance

**Terminology**

**Definition:**
A measurable expression for the achievement of a desired level of results in facility management.
Value added by KPIs

Clarity
Provides a clear picture of strategy

Focus
Focus on what matters, requires attention

Improvement
Monitor progress towards the desired state

KPI selection criteria

Relevant
Aligned with corporate strategy; Significant for the specific service domain.

Clear definition
KPIs should be described by using clear and intelligible terms. Avoid the use of management jargon.

Quality / Quantity
Effectiveness / Efficiency
Objectivity / Subjectivity

KPI selection input

Primary Sources
- Employees
- Managers
- Board
- Clients
- Customers
- Suppliers

Internal Secondary Sources
- Strategic development plan
- Annual plan/budget
- Operational plan

External Secondary Sources
- KPI consultants
- Competitor reports
Data Visualization

<table>
<thead>
<tr>
<th>Do</th>
<th>Don’t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar Charts</td>
<td></td>
</tr>
<tr>
<td>Pie Charts</td>
<td></td>
</tr>
<tr>
<td>Waterfall Chart</td>
<td>Dark backgrounds</td>
</tr>
<tr>
<td>Line graphs</td>
<td>Non-zero baseline</td>
</tr>
<tr>
<td>Bullet graphs</td>
<td>3-D graphs</td>
</tr>
<tr>
<td>Gridlines</td>
<td></td>
</tr>
</tbody>
</table>

KPI selection technique: Value flow analysis

Objective: Continuously improve maintenance skills through learning experience.

<table>
<thead>
<tr>
<th>Input</th>
<th>Process</th>
<th>Output</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ Training budget</td>
<td># Training hours per employee</td>
<td>% Employees trained</td>
<td>% Maintenance complaints</td>
</tr>
<tr>
<td># Training support staff</td>
<td># Training courses</td>
<td>% Participant satisfaction with training experience</td>
<td># Skill level</td>
</tr>
</tbody>
</table>

KPI documentation

Name: % occupancy rate

Definition

Measures the percentage of Net floor area that are occupied by tenants/end users, from overall Net floor area.

Calculation

\[ A = \# \text{ sq. meters of Net floor area that are occupied by tenants/end users} \]

\[ B = \# \text{ total sq. meters of Net floor area} \]

Calculation formula \((A/B)\times 100\)

Type of KPI

Rate

Trend is negative, when: \(< 85\% ; 95\% >\)

Target: 90\% to 95\%
FM BUDGETING AND KPI TRENDS

- Financial Management and Facility Management – CFO and CFM
- Performance Management
- Technologies and software – CMMS, IWMS
- Sustainability - EMS