FACILITY MANAGEMENT

Budgeting and Key Performance Indicators

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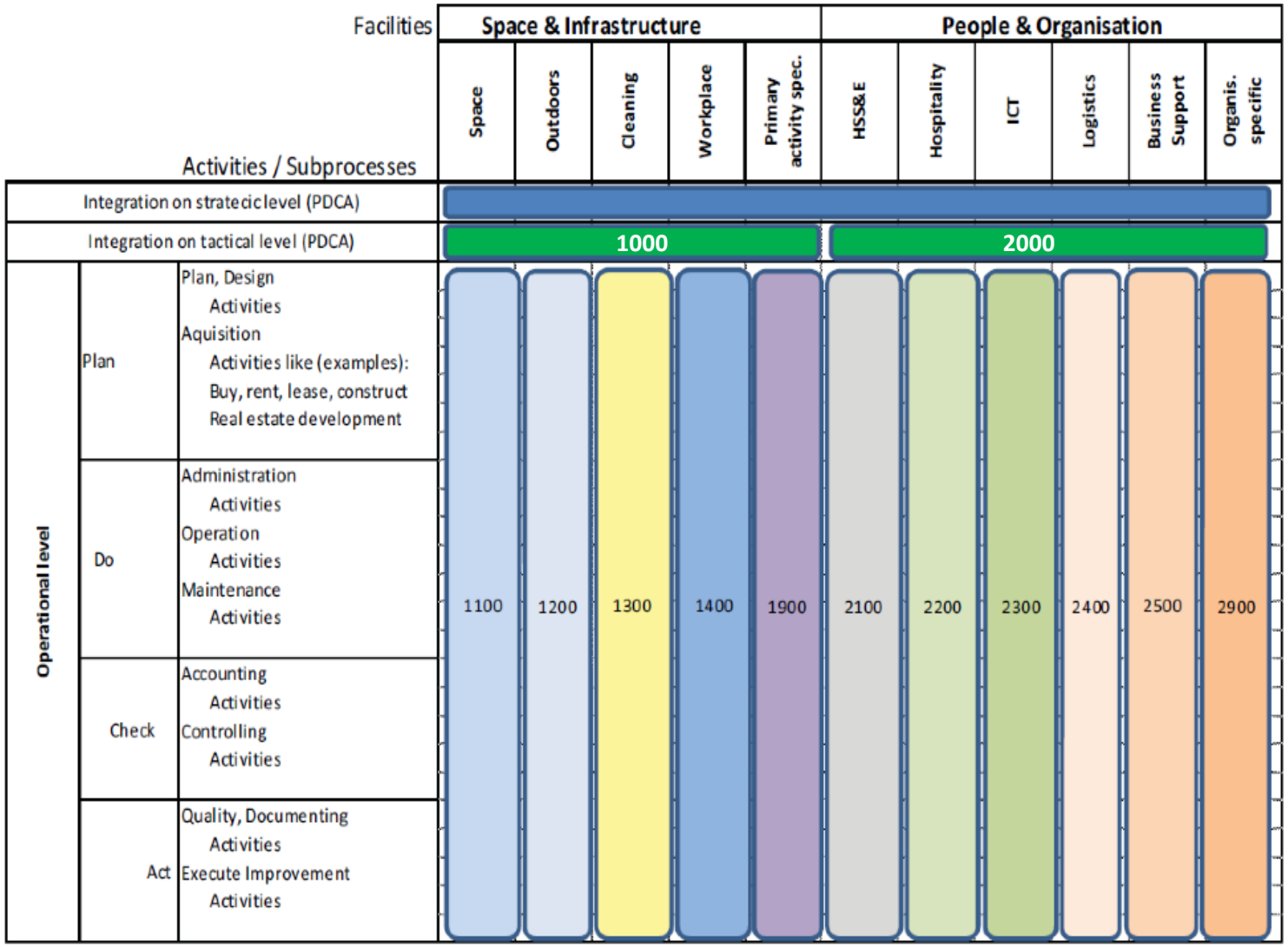
FM STANDARD EN 15221-4



EXPENDITURE KPI

FM Costs sqm/employee

Capital Expenditures Costs of space provision	Operating Expenditures Space & Infrastructure	Operating Expenditures Consumptions	Operating Expenditures People & Organization
Interest rates	Workplace	Water	Info center, reception & helpdesk
Rent	Cleaning	Heating	ICT
Leasing rate	Open grounds	Electricity	Catering
Depreciation	Operation & Maintenance		Logistics & Fleet management
Taxes	Sustainability		HSS&E
Insurances	Waste Management		Other services

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

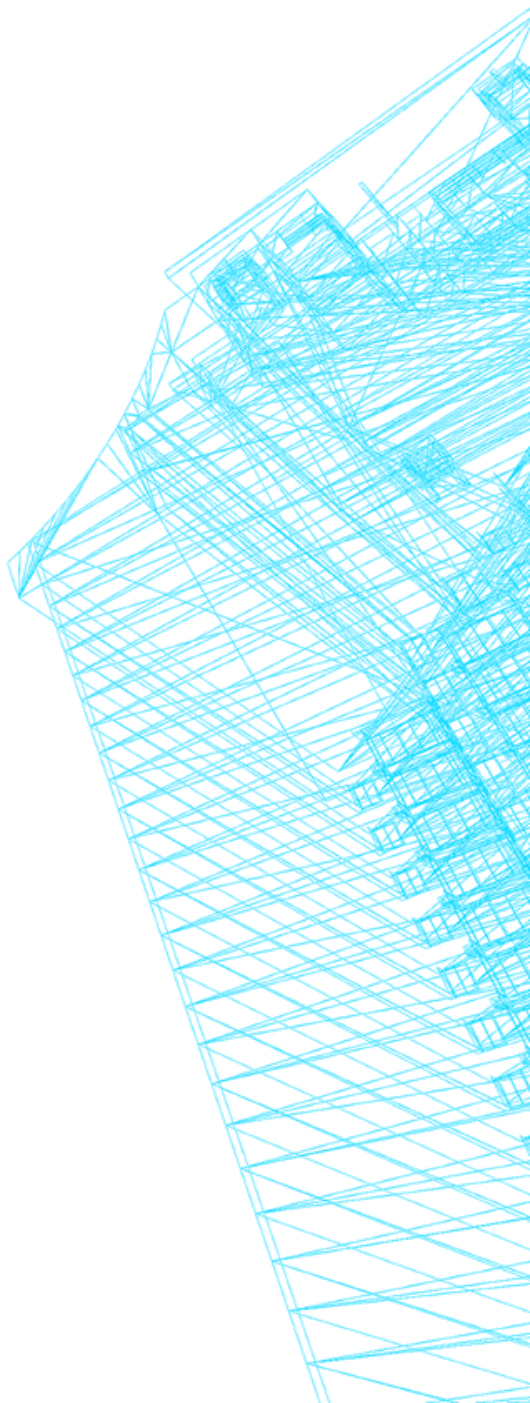
- Life cycle costing (LCC) - TCO, CRV
- Term
  - Mid-term – 2-3 years
  - Long-term – 3 до 10 years

- 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

Cost centers	Total costs in €	Percentage of Budget %
Property costs		
Interest rates, rent, taxes, insurance, amortization	655570	31.7
Premises and facilities service cost		
Bulding maintenance	141433	6.85
Technical maintenance	20050	0.99
Open grounds maintenance	13100	0.64
Alterations and fit out	109500	5.3
Cleaning	150000	7.26
Security	97900	4.74
Utilities	193510	9.36
Internal decoration	8950	0.43
Business support service costs		
Archiving	3590	0.17
Reprograhics	199200	9.64
Stationary	48820	2.36
Mail room	50100	2.42
Transport and fleet	15460	0.75
Reception & porterage	15130	0.73
Business travel	14000	0.07
Furniture	24430	0.13
Business equipment	37430	0.19
Staff support service costs		
Catering	317000	15.35
Gym	4500	0.22
Occupational health service	8130	0.39
FM helpdesk	6510	0.31
Total	**2,134,313 €**	100



PERFORMANCE MANAGEMENT

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
- # CO_2 emissions, ton, annually
- % Utilization rate

EUROPEAN FM BENCHMARKS

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

- Benelux
- Germany
- Ireland
- Italy
- France
- Poland
- Spain
- Switzerland
- UK

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KPI INFOGRAPHICS

FACILITY MANAGEMENT KEY PERFORMANCE INDICATORS

Terminology

KPI

Definition:
A measurable expression for the achievement of a desired level of results in facility management.

Objectives (SMART)

Objective =

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

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

%

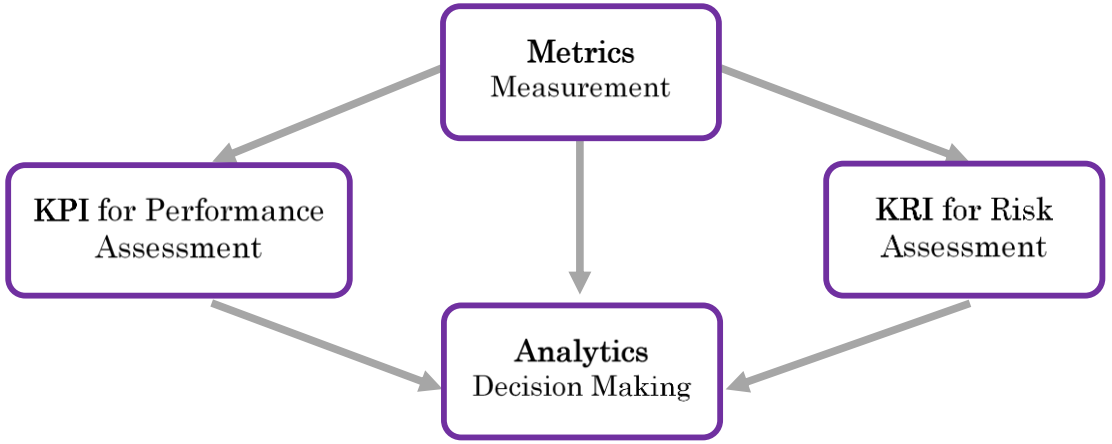
Value added by KPIs

Clarity
Provides a clear picture of strategy

Focus
Focus on what matters, requires attention

Improvement
Monitor progress towards the desired state

Metrics – KPI – KRI – Analytics



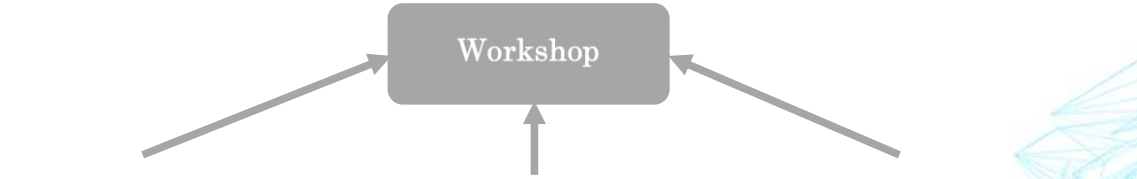
KPI selection criteria

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

Do	Don't
Bar Charts	Pie Charts
Waterfall Chart Line graphs Bullet graphs	Dark backgrounds Non-zero baseline 3-D graphs Gridlines

KPI selection technique: Value flow analysis

Objective: Continuously improve maintenance skills through learning experience.

Input	Process	Output	Outcome
€ Training budget	# Training hours per employee	% Employees trained	% Maintenance complaints
# Training support staff	# Training courses	% Participant satisfaction with training experience	# Skill level

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 = # sq. meters of Net floor area that are occupied by tenants/end users

B = # total sq. meters of Net floor area

Calculation formula (A/B)*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

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