

Capital Replacement Program



Planning for Success

FM101 Series – Session 6

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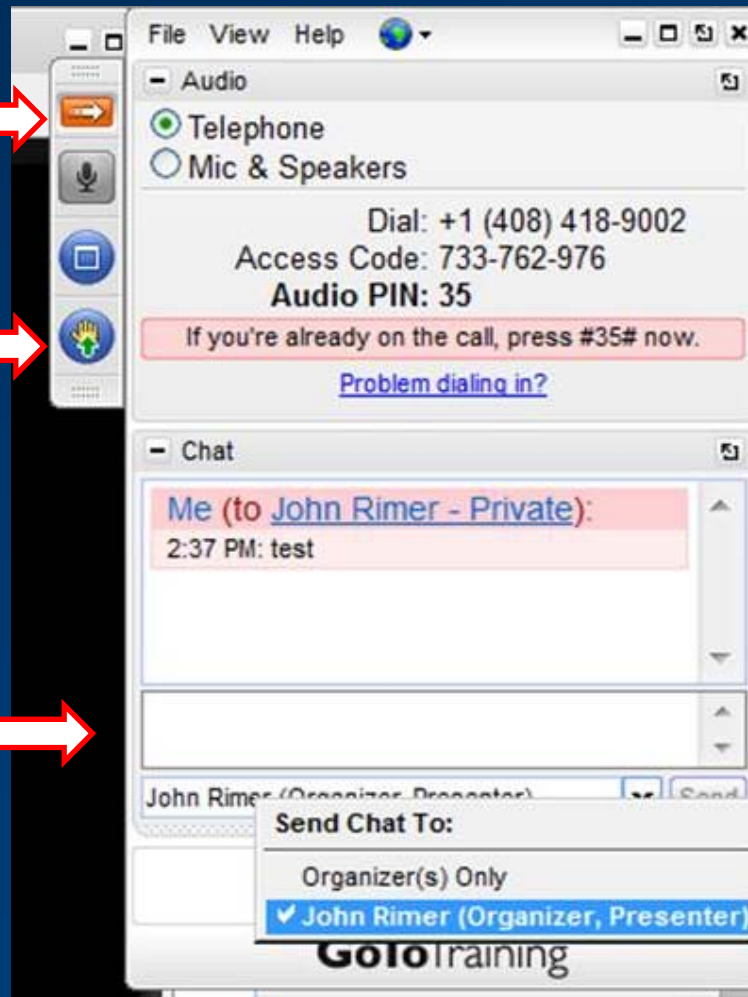


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The Road to Better
Facility Management

Introduction

John Rimer, CFM

- 18 Years Facility Management
- Numerous Industries & Various Roles
- Owner, FM360, LLC
- Certified Facility Manager (CFM) - IFMA
- IFMA & BOC Qualified Instructor

FM360 Online

- Online training & consulting
- Educational articles
- Tools & Resources



Agenda



- Need for Capital Planning
- How to Implement
- Reporting
- Benchmarking
- Homework Assignment
- Q&A
- Upcoming Series & Sessions

Our Own Worst Enemy



- Most maintenance organizations operate between 10% to 40% efficiency (MT-Online)
- Nearly 70% of failures are self-induced (MT-Online)
- Most spend >50% time on emergency work (FacilitiesNet)



No More Firefighting

Cost of Reactive Maintenance

- RM Costs 3X to 5X more than PM (MT-Online)
- DOT Study found 8X higher costs
- Downtime/Business Loss
- Customer Satisfaction
- Employee Retention/Burn-Out



Value of a Robust Program



- Increase Production by 28% (IFMA)
- Double Productivity of Staff (IFMA)
- Reduce Maintenance Costs by as much as 50% (Piper/FacilitiesNet)
- Reduce Energy Use by 15% - 20% (Piper/FacilitiesNet)

In the Hole and Digging Deeper...

- Equipment "EOL"
 - At or Beyond End of Life
- Insufficient Capital Funding
- Lack of Maintenance
 - Due to Firefighting
- No Long-Range Planning
- Decisions vs. Consequences



Capital Planning = Band-Aid Fixes

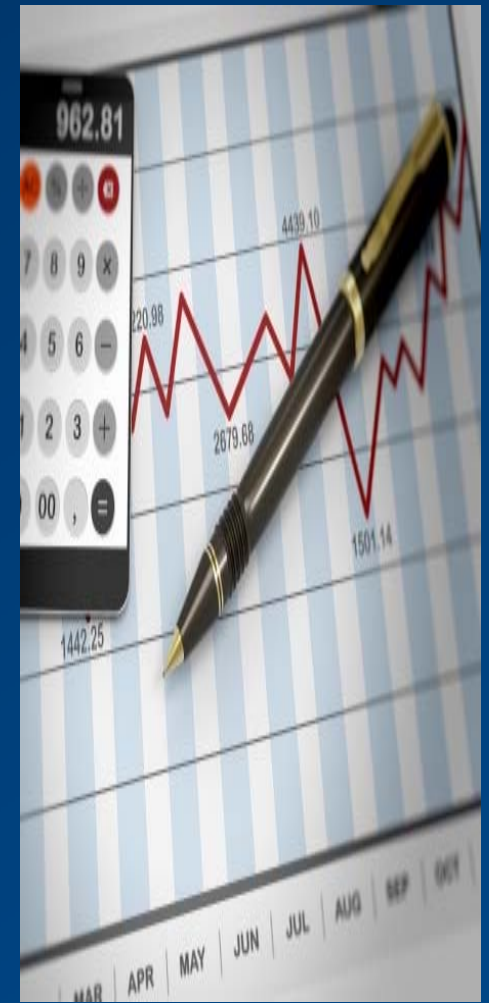


- “Oliver Twist” Approach
- Growing Laundry List
- Fraction of List Funded
- Top-Down Budgeting
 - Last Year +/- 10%



Something to Manage

- Need a Plan – Capital Replacement Program (1/3/5/10-Years)
 - No roller coaster budgets
 - No surprises
 - Substantiate Funding
 - Realize consequences of decisions
- Selling your Plan



Real-World Examples



- High-Tech Campus
- University
- Utility Company Portfolio



Digging Out...



- Assess Facility Systems
 - Exterior to Interior
 - Age & Condition
- Define Life Expectancy
- Identify Replacement Date
- Estimate Replacement Costs

Contract Out or In-House?

- Third-Party
 - Expertise & Resources
 - Pennies / SF
 - Software System
 - Templates
 - Reporting



In-House Low Budget Approach



- Prioritize Facilities
- Leverage Contractors
 - Assess Systems
 - Provide Estimates
- Utilize CMMS
 - Install Date
 - Life Expectancy
 - Replacement/Install Cost



Reporting

- 1/3/5/10 Year Forecast
 - 1Yr – Hard Estimates
 - 10Yr – ROM
- Smoothing it out
 - Push/Pull Replacement
 - Consistent Spend
 - Allow for Inflation



Benchmarking



- Facility Condition Index (FCI)
 - Sum of Deferred Maintenance / Replacement Value
- FCI Scale
 - 0 – 0.05 Good
 - 0.05 – 0.10 Fair
 - 0.10 – 0.30 Poor
 - 0.30+ Critical

Benchmarking



- Compare Internally
- Benchmark Industry
- Track & Report Progress
 - Show Return on Investment



Questions?

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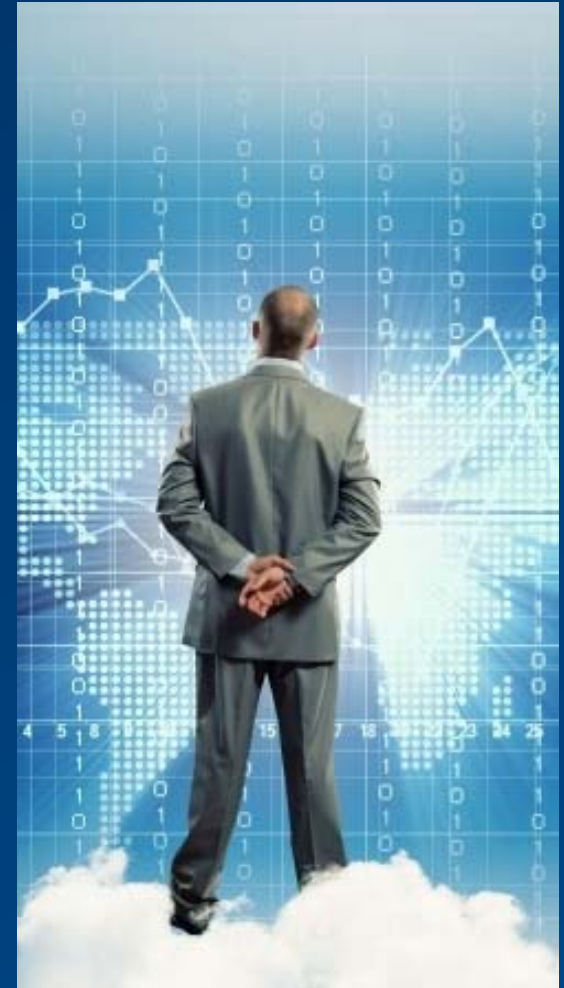
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Leadership Series – Next on Tap

- Setting a Vision & Direction
- Managing Relationships – Up
- ***Managing Relationships – Out***
- Managing Relationships – Down
- Budgeting & Selling FM
- Project Management - Overview



FM101 Series



- Building Blocks of a FM Program
- Maintenance Strategies & Practices
- Leveraging a CMMS
- Emergency Preparedness
- Sustainability & Efficiency
- *Capital Replacement Program*
- **Real Estate & Property Management**



Operations & Maintenance Series



- Exterior
- Interior
- Heating
- Cooling
- Air Distribution
- Electrical
- Building Automation Systems
- New Technology

**Starts August*



On-Going Training “OGT”



- Commissioning/Retro-Cx
- Predictive Maintenance
- Robust Maintenance Program
- Implementing Maintenance Program
- The Rule of 100/10/1
- Smart Buildings – Smart Operations
- Impact of IEQ on Bottom Line





Questions?

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