This article originally appeared in the March/April 2018 issue of FMJ.

GETTING AN A-GRADE AT THE C-LEVEL

The most prominent struggle for facility organizations is soliciting the resources needed to advance the FM program and to improve aging buildings. To assist with this endeavor, it's useful for facility managers to remember the mnemonic C-SUITE to help sell the value of improvements.

BY **JOHN RIMER**

collect data

The first step in promoting the facility department is to assemble the necessary data upon which the case can be built. Unfortunately, facility programs are often light on metrics; with the shortage of firm numbers, FMs are remanded to rely on their guts and not hard facts. This leaves them little ground to stand on in front of math-minded bean counters. Thus, some homework is required upfront to gather general financials for the organization, such as the following:

Average Burdened Rate per Employee per Year. *This number will prove important later when we get to "I." This information is available and should be easily acquired from the Finance or Human Resources Departments. In a worst case, US$100,000 per employee per year is a good rule-of-thumb.*

Average Revenue Generated per Employee per Year. *While the annual employee burdened rate is important, the average annual revenue generation per employee is a much larger number and thus frames up a more eye-catching argument. For example, this allows FMs to shift the conversation from saving US$250,000 per year to earning US$1 million. If an FM informs management that the proposed FM program process improvements could drive US$1 million in revenue, it would perk their ears. Again, this will be revisited later in the pneumonic.*

Cost of Downtime and/or Rework. *Most in the manufacturing industry or in critical environments, such as data centers, know the cost of downtime. However, that cost can also extend to those that are answering phones or pounding keyboards in the office; there is a loss to them not being able to efficiently do their work. As facility organizations, the end-goal is to keep occupants healthy, happy and productive. Something as simple as indoor environmental quality can have a significant impact on worker productivity. For specific examples and references of their effect, see Facilities Department Not a Profit Center — But Can It Be?*

Profit Margin. *Depending upon your organization, profit margin could return a much stronger fiscal argument, especially in tight margin industries like healthcare. For example, assume a US$2 million upgrade to the building's HVAC system is estimated to increase worker productivity by US$800,000 per year (to calculate that figure, let's assume 200 employees at $100,000 per employee per year multiplied by four percent productivity increase; that equals $800,000). While that benefit is likely to garner attention, it may still fall short of justifying the investment, especially if it is competing against other budget requests. Rather, flip the numbers from cost savings to revenue. Assuming an eight percent profit margin, the proposed project would generate an equivalent of US$10 million in sales/revenue (US$800,000 divided by eight percent); thus, the organization would need to earn US$10 million to realize that same US$800,000 at the bottom line — you have their attention now.*

Next, evaluate internal FM operations with key performance indicators, or KPIs. The intent of this assessment is to measure the department's stewardship of resources and to benchmark results; this also will establish a baseline for future reporting. Some examples of key performance indicators to track include:

O&M cost per square foot

O&M cost per occupant

PM/CM ratio (Planned/Scheduled Maintenance versus Corrective Maintenance)

PM completion percentage (by priority)

Work order backlog

Downtime and/or near-misses

Customer satisfaction scores

Facility condition index

The bulk, if not all, of these KPIs should be readily available in the computerized maintenance management system (CMMS) or the like. It is also important to note that IFMA provides useful benchmarking resources via its Benchmark Exchange (BEX) and benchmark reports.

study players

After gathering the above information, identify the key stakeholders, internal and external, to whom the data will be presented and approvals garnered. Their position power and magnitude of personal influence must be determined. Do not forget groups, such as the Safety Committee or Sustainability Team, in your assessment, as they, too, can carry substantial sway. Once the stakeholders have been determined, get to know them by researching the following:

Business goals and drivers. *What are they trying to accomplish?*

Political motivators, causes and passions. *Expand your assessment to include their social media postings and online profiles.*

Inhibitor or Enabler. *Is the stakeholder one that would work with or against your program?*

Current challenges. *Especially if facilities can help minimize or mitigate them*

Existing FM relationship. *Survey their view of facilities, its team and services provided*

This step cannot be overstated. As managers, the primary duty is to build and maintain relationships at all levels of the organization. By studying the stakeholders, FMs can determine how and when to leverage the forged relationships to achieve their objectives and that of the organization.

understand

At this point, it is time to take a step back and discern the bigger picture for the organization, including their vision, mission, goals and core values. Look outside the walls and survey the business and political climate, industry trends and current market drivers. News, journals, trade organizations, and conferences are good resources to acquire such perspective. This information is essential as it establishes the environment in which the FM needs will be presented.

interpret

In this step, translate what facilities does into business terms management cares about and understands. For example, those that control the purse strings do not need to know how a chiller works; rather, they need to realize the impact of the chiller not working. Leveraging the Rule of 100/10/1 and Triple Bottom Line, the above collected data is interpreted to build a solid business case and aid in the day-to-day promotion of facilities.The Rule of 100/10/1 is a simple means to communicate cost magnitude to staff and management.

100. *People are typically the largest asset and expense for organizations, thus is represented here as the $100. Facilities is a primary enabler and support for promoting worker safety and productivity.*

10. *Facilities, the $10, is the second largest asset and expense for most organizations. Given it is not easy or popular to reduce staff, facility departments' already tight budgets are often the first target for cutbacks.*

1. *Utilities, while not the third largest expense, is often a significant, easily measured cost savings opportunity for facilities. However, it is important to note that, except for low-hanging green fruit, most improvements will not satisfy payback requirements on conservation alone. Thus, the importance to leverage the "10" and the "100" to justify investment.*

Unfortunately, facilities are often viewed solely as overhead or a necessary evil. While facility departments are a cost center, it is incumbent upon them to clearly demonstrate how their staff and services enable the organization to provide its services and products. We must expand the purview of management beyond short-sighted, cost-centric decisions to recognize the strategic business value facility departments deliver to the bottom line.

Do not be surprised if the financial folks push back on numbers, claiming them to be soft money and that facilities will not truly increase revenue. To counter this rebuttal, identify some benefit your organization provides to the occupants, such as a cafeteria, gymnasium, or daycare. Then consider why they provide such benefit.

For example, a company sees the provision of a cafeteria as an investment, because they know if the employees stay on-site for lunch they will roughly gain 20 minutes in productivity from each employee versus leaving campus. That's valuable real estate set aside, risk incurred (we normally do not like fire in buildings...), and possibly additional expense, if the cost is subsidized. That can be a chunk of change, and for what? Roughly 20 minutes, which equates to a four percent increase in productivity (note, this is the same increase postulated in the Profit Margin example). Isn't that soft money? Can't the same argument be used to justify facility program improvements? What's good for the goose is good for the gander.

In case the fiscal validity of your argument is not firm enough, incorporate the Triple Bottom Line, as it accounts for the indirect benefits of the social and environmental perspectives. The Rule of 100/10/1 and Triple Bottom Line are discussed further in the May/June 2017 issue of FMJ, *Making Green Equal Green*.

tout

All the above efforts and preparation culminate with a packaging and preaching of the department's value proposition. The first truism that must be accepted is that FMs and their staff are always selling. The question is, how well or poorly is the message being communicated and perceived? The facility department continuously interacts with customers throughout the day. These interactions, or touchpoints, need to be identified and leveraged to market FM's value. Example touchpoints include facility webpage, service desk, request portal, and, of course, face-to-face. Each should be evaluated to determine how to passively and actively market facility staff and services.

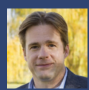
As previously stated, facilities are the second largest asset and expense for most organizations. That said, FMs should act and be viewed as business managers; thus, they must dress the part. This next tip can be tough for many, so brace yourself — put down the tools. A facility manager's value is far greater to the team and organization driving strategic initiatives and soliciting resources rather than turning wrenches. This, of course, means that managers must be managing by walking around (MBWA) building and maintaining relationships. Politics is like the lottery: Wanna win? Gotta play.

Lastly, given the whole facility team sells, soft skills training is strongly recommended for the department's education repertoire. Educating and equipping staff is discussed in the January/February 2016 issue of the FMJ, *From the Grounds Up — Selling the Value of Facilities*.

execute

Now that we have wooed the stakeholders and preached the value of FM, it is imperative that promises and services are delivered with excellence. Monitor and manage execution, report progress and celebrate successes via the aforementioned touchpoints. Again, a CMMS is a key tool to leverage for such purposes.

C-SUITE is not a one-time event, but an on-going process that, if adopted across the department, should result in continued progress. However, a reality check must be stated — changes will not happen overnight. We are trying to curb and correct a long-standing perception and misunderstanding of the value facilities can deliver. Be diligent. Set the vision and get your team on-board. Then keep raising the bar for your department and the industry. FMJ



John Rimer, *CFM is president of FM360 Consulting and has over 20 years' FM experience. He is an IFMA Qualified Instructor and presents regularly at industry events. Visit www.fm360consulting.com to view John's other articles and useful resources.*