



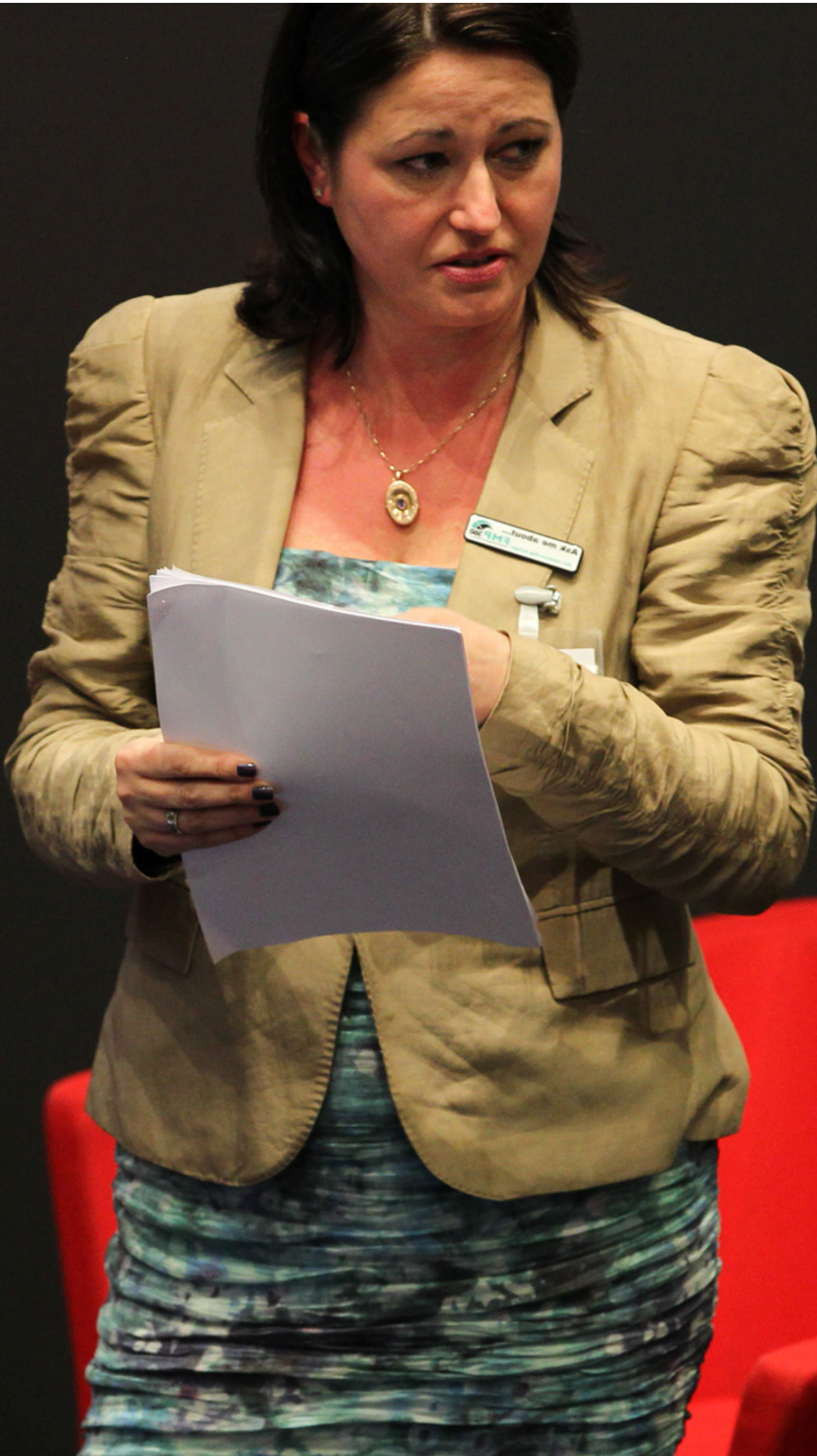
WORKPLACE FUTURES 2015

Convergence in the Workplace

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8 Strategic performance measurement in FM



“We have needed to rethink our contract performance and move the focus to a strategic level to demonstrate the value of FM for some time now.”

Performance measurement in FM is and has been stuck in time, for far too long.

The fundamental performance management of FM services has relied far too heavily on SLAs and KPIs, since the early days of FM which is around 30 years ago. It's time for a more fully rounded appraisal system of what makes truly effective FM. It's time to go from a two-dimensional model to a three-dimensional one - or the equivalent of going from analogue to digital.

What business processes still exist in the same format three decades on from when they were first implemented? Very few indeed! Moreover, very few FM requirements stay static - even over the duration of a contract, unless it's a one-year term which is a rare thing these days. With the typical term being 3 or 5 years, or even longer, clearly there's a premium on flexibility and responsiveness.

SLAs and KPIs should evolve and change as the requirements do, and if they don't then one really needs to start asking the question why not. One fact that the past decade has reminded us of in no uncertain terms is the need for business strategy flex and change. Thus it is critical that the service delivery reflects organisational and, in turn, FM priorities. It is also critical to remember that the K in KPI stands for 'key': the performance being monitored should reflect the top priorities, perhaps up to a dozen and certainly not a seemingly endless checklist.

Getting to true teamwork

Of course, there are good examples of where SLAs and KPIs have been used effectively. But in the cases where they have led to a tick-box approach the focus is generally on tasks and process rather than alignment to business imperatives. In most cases, this leads to neither client nor contractor satisfaction. Both parties can feel that the contract is not working as successfully as it could. Whilst a service provider could be scoring 99% on its KPIs, the client may still not be content with the service provision - I'm sure that this will resonate with stakeholders on both sides of the fence.

I'm not suggesting that there is not a role for KPIs and SLAs; only that there is a need to change our level of support for and reliance upon them. We need to implement other methods that are more rounded in identifying both the successes and weaknesses of the FM service delivery being provided.

There are of course many tools out there to capture data and report on it in order to measure performance in FM. But we are really looking at what most businesses define as their most important assets - their people. There aren't good pro-active tools that monitor people's fail rates as there are in terms of, say, machinery - so we need to apply a different style of monitoring and measurement, one that ensures the focus of the client and the delivery team come together to support a true one-team approach, working together towards the same objectives.

“Clients have a profound ability to make or mar the service delivery or contract performance through their attitudes and behaviours.”

We have needed to rethink our contract performance and move the focus to a strategic level to demonstrate the value of FM for some time now. If we can achieve goals, measure performance and prove the strategic alignment between business support functions and the organisation they serve, we can demonstrate the true value of FM.

Keeping the channels open

True collaboration requires commitment from all parties and stakeholders. The measuring of the contribution by the service delivery team enables clients to understand perceptions on the delivery side and thus create change and improvement. This is vital to ensuring an essential part of the success path – that the direction of convergence is towards the business imperatives at all times.

Service delivery teams working in any of the FM business models (TFM, best in class, bundled, in-house etc) need to be open with the client and flexible enough to change priorities if the business strategy has to change with either internal or external pressures. Honesty over any constraints within their own business or team which could create barriers to this alignment will enable positive discussions and creative solutions which work for all - and especially the organisation that is served. Regular measurement keeps the direction clear.

So what happens if we continue the way we are? Too many clients will remain dissatisfied with their service delivery. Ultimately, they will seek to find new service providers – typically ones that will deliver cheaper, but perhaps no better, as we aren't clearly articulating and measuring the right attributes. They are equally unlikely to be able to report clearly to other stakeholders in the business on all the benefits and value that FM is providing the organisation. Clients will continually re-tender contracts, or look to another provider that delivers its services through a different model. There are plenty of models out there, and whilst the choice may be important, it is not as important as ensuring that the FM services are aligned to business needs, and measured as such.

A better way

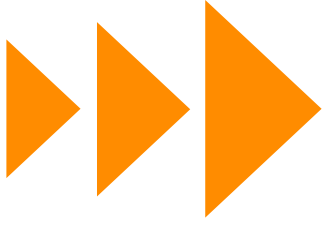
There's a new way to meet this challenge, one that has been carefully developed and implemented successfully in some very high-profile organisations. The system is based upon the human resources model of HR360 – and it's called FMP360. The approach has been developed around three core

elements: people, process and technology. Each is important in creating what we define as the 'relationship bridge' that will empower the contract and stakeholders to view and measure the contract performance in a different way.

In this approach, experienced and independent consultants follow a proven process, working together with stakeholders to identify the success factors that are critical to each organisation. The relevant questions are then embedded into the performance analysis system so that each quarter groups of stakeholders from both the client and supplier are surveyed, measuring each other's perception of performance. A gap analysis is formulated, with qualitative data as well as numeric, so that context can be added to the results.

Identifying and measuring the critical success factors for each contract in this way ensures a dialogue that can remain positive as well as challenging, delivering continuity of quality and innovation. It will help raise the competence of operational FMs to a strategic level. In simple terms, it allows both parties to openly discover and recognise where the specification isn't adequate and to collectively work towards a solution that is aligned with expectations and requirements.

We believe this is a game-changer, which will enhance the professionalism of our industry in the eyes of senior business people and the wider community over time.



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