

# Hidden Threats to Facility Operations

*Gaps in operational excellence are linked to hampered productivity, unnecessary repair costs, and retiring staff.*

Author - David Trask

According to industry insights recently revealed by the non-profit organization AIIM Market Research, 50 hours of overtime is being incurred each month by the average facility management team at an average overall cost of \$50,000 per year. And that's just one potential gap in a facility team's operational excellence strategy. Operational excellence is a philosophy of the workplace where problem-solving, teamwork, and leadership result in the ongoing improvement in an organization. Logically, when every employee can see the flow of value to the customer, together they can resolve issues when the flow breaks down.

## Reducing Overtime Costs

Facility executives need to know when and how the flow of value from their services is breaking down, as much as building owners, COOs, and CFOs do. One example of this "value breakdown" is the amount of time the average facility employee spends searching for information, which can also be viewed as the amount of time wasted searching for information. Poor time management directly impacts productivity, motivation, service quality, building safety, and emergency response times.

As found in the AIIM research, the average amount of time spent searching for information is 47 minutes per day, per person, or 19.5 hours per month (see Figure 1).

Reducing the time a facilities team spends searching for information by 45 minutes per day translates into a savings of 18.75 hours per month per employee. In other words, for each employee that spends less time searching for information, there's a reduction of about 37% of monthly overtime spend.

**Figure 1**

Number of Building	Minutes Spent Per Day, Per Person
1 - 10	47
11 - 50	47
51 - 100	30
101 - 250	52
250+	45
<b>Total</b>	<b>47</b>

That reduction in spend is accompanied by an improvement in productivity and a significant gain in service levels. Operational excellence isn't just about providing great service. Providing great service in the most efficient way possible is just as important.

## Avoiding Unnecessary Repair Costs

That reduction in spend is accompanied by an improvement in productivity and a significant gain in service levels. Operational excellence isn't just about providing great service. Providing great service in the most efficient way possible is just as important.

When a pipe burst at one of their stores, the new store manager looked up plumbers and called the first one who answered. The plumber came out, and the minute he started working, the warranty was voided. The store had to pay out tens of thousands of dollars for repairs that could have been performed at no charge.

While the solution appears to be obvious, the store manager only had two imperfect options: search through a stack of documents for the warranty and the original plumber's contact information—with no guarantee that the info was there; or call a plumber and fix the issue before too much damage was done.

Solving this issue for a facility comes down to information access. In this specific case, it turned out that the equipment was under warranty. The facilities team spent an entire day searching for the warranty. Ideally the store manager could have pulled up the warranty as quickly as she found a plumber to repair the pipe.

Reducing the amount of time it takes to find building information brings facilities managers closer to executing on their operational excellence strategies.

## Facilitating Succession Planning

While the ability to access information quickly and easily will affect a facility team's day-to-day operations, there are also more complex challenges to solve. Given the advancing age of the facility management workforce, succession plans must be locked in for facilities teams to continue operating effectively. The chart below shows the prevalence of facility employees that are 55 years or older (see Figure 2).

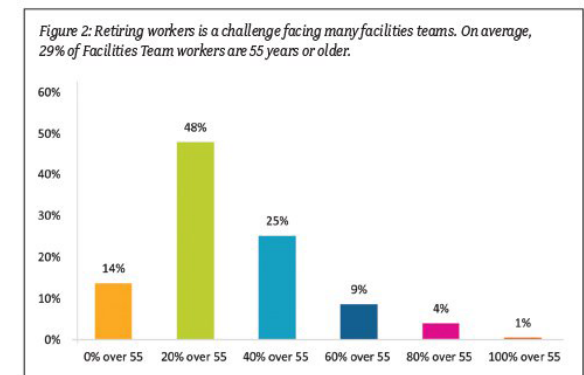
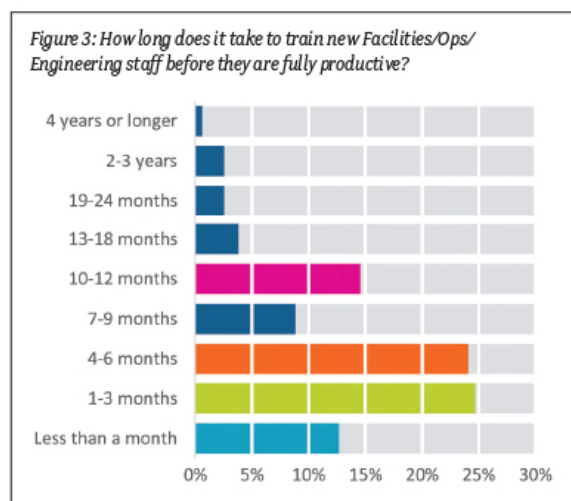


Figure 3 below gives this chart more context as it shows how long it takes for the average new facility employee to become fully productive. There's a more significant and urgent hurdle if the retiring facility team member only gives a month's notice. At that point it's highly unlikely a replacement will be hired before the position is vacated.

When considering the numbers, facilities managers must take into account all the extra costs their organization has to cover until new employees reach full productivity. Assuming the retiring employee stays on long enough to train a new employee, it's likely the organization will be paying two people to do one job for the duration of the training period—as a new hire shadows the retiree. If the employee leaves prior to a new hire starting in the role, the quality of service delivered may suffer and deferred maintenance may be left undone. In this scenario, the “flow of value” to the facility team's customer will break down causing a gap in the team's execution of its operational excellence strategy.

With easier access to building information, new facility employees won't be so heavily reliant on an existing facility



manager to fill in the blanks. While certain nuances come only through experience, having access to accurate as-builts, complete maintenance logs, and more will help new hires get up to speed quickly.

### Reducing Cost of Catastrophes

When AIIM asked facility teams about the frequency and cost of catastrophes they'd faced, the responses indicated that a catastrophe occurs, on average, every two years and costs \$506,000 (see Figure 4).

While all catastrophes are not life-threatening, there are other “catastrophes” that result from a small issue spiraling out of control. Consider the case of another facilities team for a university in the Midwest. A student left his dorm room window open while out on winter break. A pipe ended up freezing and bursting, spilling thousands of gallons of water which spread out over to several floors.

The facility manager was out on vacation and no one else knew where to find the water shut-off. The people on site spent two hours searching before they found the shut-off valve. This “catastrophe” ended up costing the university a half million dollars.

While it's impossible to put a precise number on how much they would have saved with quicker access to the information they needed, that number would likely be in the hundreds of thousands of dollars.

### Pursuit of Operational Excellence

There's a domino effect in reducing time spent searching for information and how it impacts facility management operations.

**Figure 4**

Types of Catastrophes in past 10 years	# of buildings owned/managed			Average Cost /Catastrophe
	1-20	20	Overall	
Power Equipment Failure (Breakers, Boiler, HVAC, etc.)	57%	61%	59%	\$372,754
Water (Floods, Tsunamis, etc.)	42%	66%	55%	\$599,130
Wind related (Hurricanes, Tornadoes, etc.)	27%	43%	36%	\$634,302
Human incurred (Vandalism, etc.)	19%	43%	33%	\$208,214
Medical (Accidents, Health, Violence, Materials, etc.)	14%	35%	26%	\$347,322
Fires	5%	40%	25%	\$806,205
Gas/Electrical (Gas leaks, Explosions, HazMat, etc.)	8%	23%	16%	\$481,621
Safety (Active Shooter, Lockdown, Hostage, Bomb Threat, etc.)	1%	9%	6%	\$384,354
Earthquakes and Avalanche	4%	2%	3%	\$742,272
<b>Weighted Average Cost/Catastrophe --&gt;</b>				<b>\$506,906</b>

From improving productivity to mitigating catastrophes, facilities managers and their teams stand to gain significant efficiencies.

Modern facilities teams are adopting technology to improve collaboration and communications, optimize productivity, and respond faster when emergencies arise. That's how operational excellence works. Rather than wait for it to present itself, facility executives must seek it out. When it is found, the results are exponential, and in many cases, self-sustaining.

*Trask is a national director for ARC, a company providing facilities teams with cloud-based technology solutions. Trask advises facilities professionals on how they can use technology to streamline building information management and prepare for emergencies. Download ARC's eBook, "Knowing Your Gaps is Key to Catastrophe Preparedness" at [www.e-arc.com](http://www.e-arc.com).*