



Performance Management in FM Contracts



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Agenda

- Course Objectives
- Definitions
- Tender Management Process
- Contract Management
- Evaluating Service Provider Performance
- Performance Reporting and Management
- Facilities Management Metrics and Dashboards
- Conflict Resolution Approach
- Balanced Score Cards in FM
- Latest Trends in Performance Management

Course Objectives

- Understand the concept of performance management
- Explain the importance of performance evaluation in FM contracts
- Identify the tools needed to evaluate SP performance
- Learn how to conduct the actual performance audit
- Learn how to utilize the results of performance audits and the corrective actions needed



Middle East Facility Management Association (MEFMA)

- The Middle East Facility Management Association MEFMA is a professional non-profit body aimed at unifying the facility management industry in the Middle East
- MEFMA operates under  as a not-for-profit professional association
- MEFMA is a registered member of 

MEFMA Mission

Promoting the strategic value, progress and best practice of the Facility Management profession in the Middle East by engaging and leveraging the association members' strengths, knowledge and experience

MEFMA Vision

Be the voice of the Middle East Facility Management industry, by enhancing awareness and recognition of the Facility Management Industry in the Middle East

Definitions



What is Facility Management?



Facility Management - Definition

“Organizational function which integrates people, place, and process within the built environment with the purpose of improving the quality of life of people and the productivity of the core business”^[1].

What is Contract Management?



Contract Management- Definition

“The process of monitoring, measuring, and managing the performance of a contract to ensure that both parties fulfil their obligations to achieve pre-agreed objectives”



What is Performance Management?



Performance Management- Definition

“A strategic approach to creating and sustaining improved service provider performance which leads to an increase in the efficiency of the service delivery”



Discussion
Time

Definitions

How familiar are you with the previously mentioned terminologies?

The Journey Starts with a Tender



What is a Tender ?

A formal process in which organizations invite suppliers or service providers to submit offers for the supply of goods, services, or the execution of a project



What is the Goal of a Tender ?

Goal:

- To select the most qualified and cost-effective supplier for a specific project or contract

Benefits:

- Fair competition and transparency
- Forms the foundation for future relationships with the supplier
- Outlines responsibilities and expectations
- Defines how service provider performance will be evaluated

Tender Process



Tenders go through the following steps



Tender Process include the following steps:

- Tender initiation
- Tender documents development
- Floating the tender
- Negotiation and collaboration
- Review and approval

Once awarded the following activities take place:

- Administration and execution
- Tracking and Auditing
- Reporting
- Renewal or Termination

Step 1: Preparing Tender Documents

- Prepare a formal tender document that outlines the terms and conditions of the engagement and the scope of work
- This document includes details such as deliverables, payment terms, timelines, scope of work, and any other relevant contractual obligations

Step 1: Preparing Tender Documents

- Clarity of the scope of work is important to:
 - The success of the tender exercise in achieving its goals
 - Enable smooth and accurate delivery of the required scope
- Legal and procurement teams often collaborate to ensure that the contract is legally binding and protects the interests of both parties



Step 2: Pre-Qualification of Vendors

- Identify and assess potential vendors before the formal tender process begins
- Evaluation criteria include financial stability, experience, technical capabilities, and legal compliance
- Shortlist the qualified vendors to be invited to participate in the formal tender process



Step 3: Floating the Tender

- Formally invite suppliers to bid on a specific project or contract
- Issue a Request for Proposal (RFP) to the pre-qualified vendors

Step 4: Evaluating and Awarding the Tender

- This is a very important stage and FM professionals should focus on:
 - Detailed review of the tender submittals
 - Evaluation of tender submittals compliance with scope requirements
 - Clarification from bidders about unclear or missing information
- Award of contract should not be based on price only, it should be based on a techno-commercial score



Tender Exercise is designed to

A	Make Design Changes in Projects
B	Procure Services or Materials
C	Identify New Business Opportunities
D	Test the Market with New Products



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Importance of the Scope of Work



What is a Scope of Work?

Scope of Work (SOW): is a critical document that serves as a foundational guide in various professional services. It is a comprehensive outline that explicitly defines the parameters, expectations, and detailed aspects of the work that needs to be performed



Key Components of a Scope of Work Document

- **Tender Title and Description:** Identifies the project clearly and provides a brief overview of its objectives
- **Tasks and Activities:** Breaks down the scope into specific and actionable steps
- **Deliverables:** Outlines the tangible outcomes expected from the tender
- **Change Management:** Defines the process for handling unforeseen changes or modifications to the scope



Discussion
Time

Scope of Work Development

Who drafts the scope of work at your organization?

Is it reviewed for compliance and quality before releasing it to market?

Precautions While Preparing the Scope of Work

1. Clear Objectives:

- Articulate tender objectives clearly

2. Specificity:

- Provide detailed, specific information to avoid misunderstanding

3. Avoid Ambiguity:

- Use unambiguous language to prevent confusion



Precautions While Preparing the Scope of Work

4. Realistic Expectations:

- Set achievable goals within time, budget, and resource constraints

5. Include Assumptions:

- Clearly state any assumptions made during SOW preparation

6. Define Constraints:

- Identify and communicate project constraints



Precautions While Preparing the Scope of Work

7. Involve Stakeholders:

- Consult key stakeholders to gather input and consider all perspectives

8. Align with Standards:

- Ensure the SOW aligns with organizational standards and policies

9. Include Timeline:

- Define a clear project timeline, milestones, and deadlines

Precautions While Preparing the Scope of Work

10. Address Dependencies:

- Identify and communicate task dependencies and external factors

11. Comply with Legal Standards:

- Adhere to legal and compliance requirements, outlining terms and conditions

12. Document Communication Protocols:

- Clearly document communication mechanisms, frequency, and responsible parties





Clear Scope of Work is required for	
A	Conflict Resolution
B	Legislative Compliance
C	Defining Business Requirements
D	Review of Business Process





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Importance of Asset Register



What is an Asset Register?

- It is a comprehensive record that contains information about the physical assets in a facility
- It includes details such as asset type, location, condition, maintenance history, and value
- It covers all assets within a facility, from equipment and machinery to furniture and technology



Asset Registers Power Up Facilities Management

Your asset registers serve distinct purposes, their integration can provide a comprehensive view of facility operations resulting in the following:

- Efficient resource allocation
- Well-organized Maintenance planning
- Continuous improvement initiatives



Importance of Asset Register

In facility management, an asset register helps in:

- Financial planning
- Resource Optimization
- Maintenance Planning
- Regulatory Compliance

Importance of Asset Register

- Energy Management
- Emergency Preparedness
- Effective Vendor Management
- Lifecycle Planning

Integrating Performance Management and Asset Register

Optimizing Asset Performance: analyzing relevant KPIs, facility managers can identify areas where assets can be better utilized or maintained

Example:

Measuring the Coefficient of Performance (COP) in all HVAC systems in a building: This measures the ratio of cooling output to energy input; a higher COP indicates greater efficiency. The asset register provides a list of all the HVAC components in a building that will be utilized by facilities managers to measure the COP and monitor efficiency



Integrating Performance Management and Asset Register

Budgeting and Resource Allocation: performance management system can help assess the efficiency of resource utilization, while the asset register provides insights into the financial aspects of maintaining and upgrading assets

Example:

Water system in a building: The asset register data helps identify fixture types, age, and maintenance history. With this information, facility managers can pinpoint potential leak sources, schedule repairs, and upgrade inefficient fixtures with newer, water-saving models



Draft Scope of work for MEP maintenance

Step 1	List Three Services under MEP
Step 2	Develop a simple Asset Register
Step 3	Write a scope of work for each service

PQQ: Pre-Qualification Questionnaire

MEP: Mechanical, Electrical, and Plumbing

Exercise Guidance

This is a Group Exercise

- Split class into groups
- Participants are asked to chose a spokesperson who will pad board the results and present to the entire class

Timing:

- Work for 10 Minutes
- Present in 10 Minutes (or less)

Contract Management



What is a Contract Management Plan?

A document that summarizes:

- Contract objectives and milestones that help in managing contracts efficiently
- Details needed to implement and deliver your contract effectively
- Successful management of contracts requires the development of a **contract management plan**



Benefits of Contract Management Plan

- Establishes communication protocol for the contract
- Enables contract monitoring and risk mitigation
- Enables stakeholders to track and address performance issues
- Assists in communicating expectations and progress to stakeholders
- Provides continuity if there are personnel changes or absences

The Key Components of Contract Management Plan are:

Relationship Management

Contracts run for 3 to 5 years. Therefore, relationship management is important to:

- Effectively manage the relationship with service providers
- Identify opportunities for cost savings, quality improvements, and innovation
- Resolve conflicts that might arise during the contract tenure



The Key Components of Contract Management Plan are:

Performance Monitoring

Performance monitoring includes the following tasks:

- Setting goals
- Evaluating performance
- Monitoring progress
- Providing feedback and support

This approach leads to:

- Client satisfaction
- Optimized financial performance
- Compliance with contract requirements



The Key Components of Contract Management Plan are:

Record keeping

It is important to keep contract files and records:

- All actions taken during the negotiations and award stage
- Critical events that occurred during the life of the contract

Recording keeping leads to:

- Client satisfaction
- Optimized financial performance
- Compliance with contract requirements

The Key Components of Contract Management Plan are:

Contract administration

Contract administration refers to:

- Supervision of the contract lifecycle
- Steps taken to achieve the desired business outcomes

Contract administration is important because

- It ensures that intended business values are realized
- It leads to maximizing operational performance
- It reduces risks associated with service delivery

The Key Components of Contract Management Plan are:

Governance

It is the process and framework by which an organization manages its contractual relationships with the purpose of ensuring that contracts are:

- Properly executed and enforced
- Performance is aligned the goals and objectives of the contract



The Key Components of Contract Management Plan are:

Risk Mitigation

It is a way to identify, evaluate, and mitigate exposure across the entire organization

Risk mitigation is achieved through:

- Avoidance (eliminate the risk or cease the activity)
- Reduction (reduce the likelihood or impact)
- Transfer (shift the risk to a third party)
- Retention (accept the risk as is)

Discussion
Time

Contract Management

How do you manage contracts in your organization?

Evaluating Service Provider Performance



FM service delivery has gone through a major transformation in recent years such as:

- Complexity of operations
 - Challenging designs
 - Increased usage of technology
 - Cost of service delivery
-
- Service delivery shift from in-house to outsourcing
-
- The growth of outsourcing created a new challenge for the industry



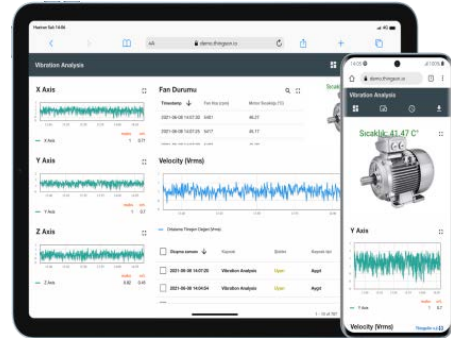
Outsourcing brings with it new challenges:

- Managing suppliers instead of managing individuals
- The need for intelligent client has increased
- New technologies are needed to manage this relationship



Outsourcing brings with it new challenges:

- Service providers' failures can have major financial and reputational consequences for the client
- Service provider performance is now intricately connected with that of their client
- Service providers are increasingly perceived as partners and their performance needs to be measured appropriately



Therefore, It is critical to measure and monitor the service provider's performance

- Performance management systems can be
 - Simple operations and maintenance
 - Complex integrated technology systems
- Performance data is essential to monitor and evaluate service provider performance



Why Manage Service Provider Performance?

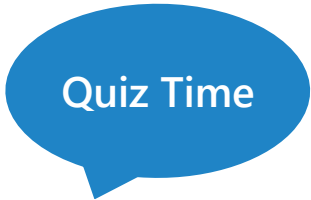
Performance management is essential for the following reasons:

- It helps maintain a healthy vendor-client relationship and reduces the risk of financial losses and disputes
- It ensures that contracts are executed according to the agreed terms and conditions, and compliance with legal and regulatory requirements
- It enables businesses to identify and manage performance issues, anticipate challenges, and take corrective measures

How to Manage Service Provider Performance?

Performance is managed successfully when the following conditions are met:

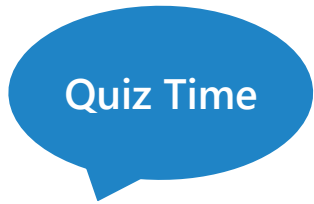
- Contract terms and conditions are clear and outline each party's duties and expectations
- There is an efficient performance monitoring system that tracks the progress of the contract and identifies early any potential issues
- There is a clear mechanism for dispute resolution to address any issues that arise during the contract's execution



Performance Evaluation is needed mainly to

A	Enhance Business Process
B	Identify Ethical Challenges
C	Manage Service Provider Performance
D	Threaten the Service Provider





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Performance Reporting and Management



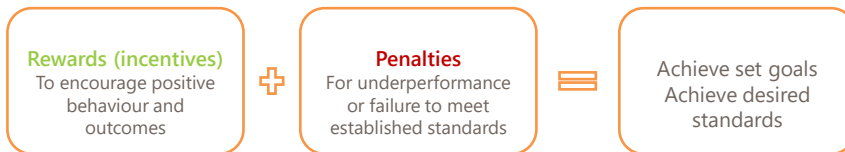
What is Performance Management?

- Performance management involves measuring, reporting and managing progress
- It is a tool that helps in determining whether the service provider has been successful in attaining contractual goals and objectives
- It is an early-warning system that gives an indication for problems and areas for continuous improvement



Performance Management System

The performance management system is based on Incentives and Penalties



Incentives in Facilities Management

- **Definition:** Incentives are positive reinforcements provided to facilities management service providers for:
 - Exceeding performance expectations
 - Delivering exceptional service
 - Achieving specific targets
- **Application:** Incentives are awarded when the service provider:
 - Goes above and beyond the agreed-upon service levels
 - Demonstrates innovation
 - Achieves cost-effectiveness
 - Overall excellence in service delivery

Examples of Incentives in FM:

1. Energy Efficiency Achievements:

Example: Performance bonuses or financial incentives for exceeding energy efficiency targets, reducing utility costs, and implementing innovative green technologies

2. Cost Savings Initiatives:

Example: Incentives for identifying and implementing cost-saving measures without compromising service quality, such as optimizing resource allocation



Examples of Incentives in FM:

3. Customer Satisfaction Excellence:

Example: Performance bonuses or additional contract incentives for achieving consistently high scores in customer satisfaction surveys or positive feedback from facility users

4. Contract Renewal Opportunities:

Example: Opportunities for contract renewals or extensions based on meeting or exceeding key performance indicators and demonstrating a commitment to continuous improvement

5. Innovations and Best Practices:

Example: Recognition and financial rewards for introducing innovative solutions, best practices, or technologies that enhance overall facility management efficiency

Penalties in Facilities Management

- **Definition:** Penalties refer to the financial or contractual consequences imposed on a facilities management service provider for:
 - Failing to meet agreed-upon service levels
 - Failing to meet the required standards
 - Failing to meet contractual key performance indicators (KPIs)
- **Application:** Penalties are applied when there is:
 - Breach of contract
 - No compliance with service specifications
 - Failure to address critical issues within the agreed timeframe

Examples of Penalties in FM:

1. Service Level Agreement (SLA) Violations:

Example: Financial penalties for failing to meet agreed-upon response times for emergency maintenance requests or repairs

2. Quality of Service:

Example: Deductions for consistently low scores in customer satisfaction surveys or audits of facility cleanliness and maintenance



Examples of Penalties in FM:

3. Health and Safety Compliance:

Example: Penalties for non-compliance with health and safety regulations, such as inadequate training of staff or failure to conduct required safety inspections

4. Equipment Downtime:

Example: Financial penalties for prolonged downtime of critical equipment, like heating, ventilation, and air conditioning (HVAC) systems or security systems

5. Environmental Sustainability Targets:

Example: Penalties for not achieving specified targets related to energy efficiency, waste reduction, or other environmental sustainability goals

How to Properly Implement a Penalty System in a Contract?

- **Clear Definition of Penalties:** Clearly outline consequences for underperformance or failure to meet standards
- **Fair Application:** Penalties should be applied consistently and fairly in a project
- **Communication:** Clearly communicate the penalty system to service providers to ensure awareness and understanding.
- **Corrective Measures:** Provide opportunities for improvement before implementing severe penalties

Discussion
Time

Performance Management

How do you make performance management meetings more effective?

4 Stages of Performance Management



To achieve an effective performance management framework, you need to consider the following:

- **Establish Performance Goals**
 - Properly defined in the **Service Level Agreement (SLA)**
 - Monitoring performance using **SMART Key Performance Indicators (KPIs)** and their associated costs implications/rewards
- **Monitor Performance**
 - Regular monitoring of performance metrics is essential to ensure compliance



To achieve an effective performance management framework, you need to consider the following:

- **Establish Clear Communication Channels**
 - Stakeholders need to be informed about responsibilities and expectations
- **Utilize Contract Management Software**
 - Use available CAFM systems to streamline and automate contract management processes, including contract creation, approval, and monitoring



To achieve an effective performance management framework, you need to consider the following:

- **Implement Performance Improvement Plans**
 - Performance improvement plans to address performance weakness
 - It should outline actions taken to improve performance, as well as timelines for completion

- **Manage Contract Risks**
 - Regular risk assessments and contingency planning play an important role in performance management



Performance Management is not all about Penalties

Therefore, you need to **Recognize Successes**

Recognizing successes and achievements can motivate service providers



Challenges in Implementing Performance Management

Ambiguous standards and metrics can lead to:

- Subjective or poorly defined standards
- Inconsistent assessments
- Misinterpretations of performance

Data fragmentation and siloes can lead to

- Difficulty accessing and integrating data from various sources
- Inaccurate performance tracking and reporting

Challenges in Implementing Performance Management

Limited feedback and communication lead to:

- Lack of regular feedback
- Demotivated service providers
- Slow performance improvement

None aligned priorities lead to:

- Performance evaluations focused solely on compliance
- Overlook critical facility management goals like sustainability or occupant well-being



Discussion
Time

Performance Management

Have you faced any challenges while conducting performance management exercise?

Annual Compliance Review (ACR) Goals

- Identify and address compliance risks: By proactively assessing compliance, it can minimize the likelihood of facing penalties, and legal action
- Improve performance: Effective compliance often leads to better overall performance, as it ensures resources are used efficiently and ethically
- Demonstrate transparency and accountability: A well-documented ACR shows stakeholders that the organization takes compliance seriously and is committed to operating with integrity

Annual Compliance Review (ACR) Procedure

- Review of performance standards and metrics: Assessing whether standards are clearly defined, aligned with compliance requirements, and measurable through available data
- Data gathering and analysis: Collecting data from various sources and analyzing it against predetermined metrics to evaluate performance levels
- Feedback and evaluation: Providing feedback to service providers, identifying areas for improvement, and assessing compliance with regulations

Annual Compliance Review (ACR) Procedure

- Corrective action plan development: Collaborating with teams to develop actionable plans to address identified issues and improve performance
- Reporting and recommendations: Documenting findings, recommendations for improvement, and potential non-compliance issues in a comprehensive ACR report
- Compliance assessment: Determining whether facilities management practices comply with relevant regulations and best practices



Annual Compliance Review (ACR) Outcomes

- Performance evaluation: Identifying areas of strength and weakness in facilities management across various aspects
- Improvement recommendations: Providing actionable steps for facilities management teams and service providers to improve performance over time
- Documentation and transparency: Maintaining a record of service providers' performance and compliance



Facilities Management Metrics



Key Performance Indicators

- A KPI is a measurement that helps track performance against a specific goal, by providing up-to-date data that gives decision-makers key information about what progress they are making
- KPIs are often related to a SMART (specific, measurable, attainable, realistic and time-bound) target
- For example, “Reducing the number of reactive maintenance tickets by x% by 31 March 2025” would be an example of a SMART target



Having a detailed level of insight into your daily operations enables you to manage your service provider successfully

What to measure?

- Work order KPIs
- Preventive maintenance KPIs
- Customer satisfaction
- Cost efficiency
- Environmental impact
- Compliance
- Safety and quality



Benefits and Strengths of Using KPIs

The use of KPIs will allow achievement of the following:

- Immediate feedback to operations staff
- Information for preventive and corrective actions
- Ongoing process and performance improvement
- Identification of trends and alarms
- Link to organizational strategy and contribute to continuous improvement



Disadvantages and Weaknesses of Using KPIs

The rigidity and inflexibility of performance measures are generally in conflict with continuous improvement. They could create the following problems

- Outdated financial measures
- Sometimes difficult, confusing and misleading
- Fixed format which does not change over time
- Easy to lose dynamics and hinder continuous improvement.

Work Order Report

A Work Order report aggregates data to show you:

- Volume of requests over time
- Where these requests are coming from
- Spend by category, contractor, or site

This represents a rich source of commercial information, a way of understanding trends that may be signaling wider issues

- Equipment degradation
- Problems at specific locations
- Equipment misuse



Work Order KPIs

One of the most important facilities management performance metrics are the ones related to your various work orders

- **Active work orders**
 - Measure the volume and types of calls you receive across your operations to identify recurring issues
- **Completed work orders**
 - Measuring the number of work orders completed over certain periods of time can help in manpower utilization and planning

Work Order KPIs

- **Time to complete work order**
 - This helps in prioritizing requests that impact the experience and safety of staff and, where appropriate, customers
- **Engineer workload monitoring**
 - Staff analysis enables you to evenly distribute tasks across your workforce.
 - By monitoring the estimated time of outstanding jobs by engineers, you can ensure you distribute all new work orders to under-used staff

Maintenance Related KPIs

- **PPM work orders**
 - Planned Preventative Maintenance (PPM) work orders ensure the completion of maintenance tasks on time
- **Equipment downtime**
 - Downtime can be an expensive situation for all businesses, especially in the case where an office or residence becomes inhabitable



Maintenance Related KPIs

- **Job completion**
 - Reporting on the performance and completion of jobs by measuring CMMS KPIs will ensure you achieve your key business objectives
- **Total time spent on reactive maintenance**
 - Getting a clear understanding of just how much time this is eating up will give you perspective on whether a change is required

Discussion
Time

KPI

How to develop SMART KPIs?

Service Level Agreements

The use of SLA will allow the achievement of the following:

- An SLA defines what level of service you would expect from your service provider
- It outlines the metrics by which the service is measured, responsibilities, and expectations
- The SLA will also include penalties and remedies should the agreed service levels not be achieved

In summary, an SLA defines the overall agreement and service standards.

While KPI measurements demonstrate the performance of the service provider



Benchmarking

- Benchmarking is a comparative tool that allows you to reference your performance against the performance of others
- It can be conducted both internally or externally to uncover gaps in performance and identify opportunities to improve

	Project 1	Project 2	Project 3	Project 4	Project 5
Project 1	✓	✓	✗	✗	✓
Project 2	✓	✓	✗	✗	✗
Project 3	✓	✓	✗	✗	✗
Project 4	✓	✓	✗	✗	✗

In summary, an SLA defines the overall agreement and service standards. While KPI measurements demonstrate the performance of the service provider

Facilities Management Dashboards



Benefits of Service Performance Dashboard

This dashboard provides the tools to analyze performance and trends over time:

- Visualize how you and your suppliers are performing against targets
- Aggregate SLA and KPI performance to identify strengths and weaknesses
- Ability to benchmark performance across suppliers
- Recognize underperforming suppliers or resources
- Analyze total spending by contractor



1. Service Performance Dashboard

Key data that needs to be collected and aggregated by the service provider including:

- Time to Respond
- Time to Attend
- Time to Fix
- First time fixes
- Spend-per supplier



2. Spend Report Dashboard

Insight is gained through granular reporting features and user-friendly presentation

- Breakdown of work order accruals, committed and approved spend
- Variance vs budget
- Breakdown of spend by Category, Contractor and Site
- Visual in graph format by financial period



Benefits of Spend Report Dashboard

Spend reports give you:

- The ability to control all your costs and manage your budgets effectively
- Visualize how much you are spending vs your budget
- Breakdown spend by work order type or cost code
- Ability to make conscious decisions to manage your budget such as deferring non-essential work for later months




Discussion
Time

Performance Dashboards

How often do you look at different performance dashboards?

Examples of Facilities Management Metrics



Facilities Management Metrics

Here is an example of Management KPI

#	KEY ACTIVITIES	KPI
1	Attend senior management meetings and provide relevant management information in an agreed format	The right individuals attend the right meetings as required by the Employer
		All relevant information required by the Employer for each meeting is supplied in agreed format to agreed timescale
2	Develop, implement, review and regularly update policies and procedures to cover all aspects of FM services, ensuring policies and procedures are kept under review in consultation with Employer, are integrated with Company policies and operations and are communicated and available to all members of staff	All policies and procedures are integrated with Company policy and are available to all members of staff

Facilities Management Metrics

Here is an example of Health and Safety KPI

#	KEY ACTIVITIES	KPI
1	Provide and manage environment health and safety policy and procedures to ensure the maintenance of a safe and healthy environment for all staff and visitors	HSE manual on site and no instances of failure against policy
		Full and effective arrangements for safety in and around the buildings, including risk assessments and written procedures
2	Provide a risk management strategy to enhance the sense of safety and security at the site, mitigate risks of non-delivery of services, and mitigate risks to all personnel in the buildings	Risk management strategy reviewed and all risk assessments are agreed with the Employer.
		Actions arising are forwarded with appropriate priority within agreed timescales



Facilities Management Metrics

Here is an example of Maintenance KPI

#	KEY ACTIVITIES	KPI
1	Provide, manage and undertake either planned preventative maintenance, including producing and managing an appropriate PPM programme for the site, completed to programme for the contract duration. All maintenance work is carried out in accordance with HSE requirements	Asset Register and PPM program is current and available at all times
		Maintenance records are current and logged on the CAFM system
		95% of PPM activity is completed to program, except for maintenance relating to health and safety or legislative requirements, which must be 100% complete to program unless there are exceptional circumstances.
		All PPM activity from previous month must be completed, within the following month
2	Manage and record all reactive requests on the CAFM system, and ensure all reactive maintenance response and rectification times are met in accordance with the stated priorities	100% of 'Emergency' issues are attended and are rectified within the agreed timescales
		100% of 'Urgent' issues are attended and are rectified within the agreed timescales
		100% of 'Routine' issues, are attended and are rectified within the agreed timescales

Facilities Management Metrics

Here is an example of Cleaning KPI

#	KEY ACTIVITIES	KPI
1	External: Provide a cleaning service to all the roads, footpaths, and landscaped areas, including external furniture and structures covering all roads, footpaths, which must be sound secure safe and free from damage, and free from graffiti	95% of spot quality checks meet required standards
		Written evidence of daily inspections
		Joint inspection with the Employer upon request
		Visible evidence of checks and frequencies
2	Internal: Provide cleaning services to appropriate standard categories as detailed below – prestige, hygiene, normal and basic	95% of spot quality checks meet required standards
		Written evidence of daily inspections
		Joint inspection with the Employer upon request
		Visible evidence of checks and frequencies

Facilities Management Metrics

Here is an example of pest control KPI

#	KEY ACTIVITIES	KPI
1	Provide a Comprehensive Pest Control Regime (carried out in accordance with local guidelines), that delivers a Pest Free Environment, and that infestation are managed before any outbreak with a minimum of 90% of the Planned schedule being carried out on time.	Number of Infestations recorded and with action taken and timeframes to resolve
		Number of outstanding planned activities exceeding 10% of all scheduled tasks within one period.
2	Provide reactive spraying if pests are reported and routine checks carried out and recorded appropriately	Response from time of initial request, as per Service Agreement

Discussion
Time

KPI

Can you list few KPIs for cleaning contracts?

Conflict Resolution



Conflict Resolution

1. Communicate clearly and respectfully

To resolve any conflict between you and your service provider, you need to:

- Communicate clearly and respectfully with all the parties involved
- Listen to your service providers and understand their perspectives and concerns
- Avoid blaming, accusing, or criticizing your service provider
- Focus on finding common ground and mutual benefits

Conflict Resolution

2. Apply problem-solving and negotiation skills

- Use your problem-solving and negotiation skills to find a satisfactory resolution
- Analyze the root causes of the conflict and identify possible solutions
- Propose a solution that meets the needs and interests of all the parties or at least the most important ones
- Negotiate the proposed solution and get the buy-in from your service provider

Conflict Resolution

3. Document and implement the resolution

Once you have agreed on a solution:

- Document the details of the resolution, such as the actions, deadlines, and costs
- Share the document with all stakeholders and get their confirmation and approval
- Monitor the implementation of the resolution and ensure that it is executed as planned
- Report any deviations, challenges, or feedback, and make any necessary adjustments

Conflict Resolution

4. Learn from the experience

In FM operation it is important to:

- Reflect on what went well and what went wrong, and what you can do better next time
- Analyze available data and identify lessons learned and best practices
- Share your findings with your stakeholders and incorporate them into your future contracts



Imagine you are sitting with your client, and you have a major conflict

Step 1	Identify the conflict
Step 2	Develop your arguments to support your position
Step 3	Report findings

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MEP: Mechanical, Electrical, and Plumbing

Exercise Guidance

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Timing:

- Work for 10 Minutes
- Present in 10 Minutes (or less)

Balanced Score Card in Facilities Management



Balanced Score Card in Facilities Management

The balanced scorecard process for FM service providers can be used to measure performance

- Performance is monitored and discussed throughout the year, corrective measures are implemented, and performance is formally documented
- A balanced scorecard enables organizations to perform a comprehensive assessment of their FM service providers' performance

It is not essential that the balanced scorecard use weighted averages, but it is useful to assign weights when the different evaluation criteria are not of equal importance

Balanced Scorecard



Balanced Score Card in Facilities Management

When to use a balanced scorecard?

- A balanced scorecard should be prepared for each FM service provider only when:
 - It makes good business sense to do so
 - When the amount of FM spent is significant
 - Services are frequently performed or
 - When the provider works on-site full-time.
- The balanced scorecard approach works extremely well for integrated facilities management (IFM) contracts because of the multiple service lines and the breadth of the provider's responsibilities
- To view year-on-year balanced scorecard trends and determine if performance is improving or not

Balanced Score Card in Facilities Management

Evaluation criteria – areas measured

- Financial, customer satisfaction, service delivery, safety performance

Weight placed on each criterion

- Different % for each criterion, totaling 100%

Evaluation comments

- Favorable as well as areas for improvement
- Evaluation Score
- For each criterion and a total weighted score for example 1-5 scale

Specific Evaluation Criteria

1. Financial

- This includes tracking performance cost at a more detailed level with weights and scoring definitions assigned to each sub-category to ensure cost-effective service delivery.
- This enables you to zoom in on specific expenses such as utilities and have meaningful discussions with the provider about their performance



Specific Evaluation Criteria

2. Customer satisfaction

- Measuring the satisfaction level of those receiving FM services is another critical part of the process.
- Organizations should use a variety of methods to obtain input directly from their internal customers, including periodic email surveys, online or paper suggestion boxes, administrative assistant feedback sessions and number of complaints received



Specific Evaluation Criteria

3. Internal Business Prospective

A. Service delivery

- Organizations should implement a detailed scorecard to assess service delivery performance for each service line such as janitorial services, call center and mailroom

B. Compliance

- Compliance with laws and regulations, and with internal policies and industry standards
- This includes fines, violations, regulatory inspection results, assessment/audit results, compliance with internal policies and industry standards, and peer review results



Specific Evaluation Criteria

C. Environmental, Health, and Safety (EHS) Performance

Examples of evaluation criteria for this category in the balanced scorecard include:

- OSHA recordable incident rate
- OSHA lost time incident rate
- Number of incidents
- Completion of incident investigations, including root cause analysis and implementation of corrective measures
- EHS assessment/audit results
- Waste generated/recycled
- Conservation improvements (e.g., energy, water)
- CO2 footprint

Specific Evaluation Criteria

4. Innovation/continuous improvement

The balanced scorecard should include evaluation criteria such as:

- Number of new ideas
- Leading practices and thought leadership introduced
- Number of implemented initiatives in the pipeline
- Cost savings, process, technology, and operational efficiency improvements

For all the above criteria, an organization should prepare a detailed scorecard and feed the results into the overall balanced scorecard

Discussion
Time

Balanced Score Cards

Have you used Balanced Score Cards in your organization for performance management?

Latest Trends in Performance Management



Latest Trends in Performance Management

IoT and sensor technology: Facilities are becoming increasingly intelligent, with sensors collecting data on everything from energy consumption to equipment performance

This data is being used to:

- track progress towards goals
- identify areas for improvement
- make data-driven decisions about resource allocation and maintenance schedules



Latest Trends in Performance Management

Building information modelling (BIM): BIM creates a digital 3D model of a facility, which can be used to track performance metrics and simulate different scenarios

This can help facility managers identify potential problems before they occur and optimize operations



Latest Trends in Performance Management

Technology-enabled feedback: Tools like mobile apps and surveys are being used to gather real-time feedback from occupants about their experience

This feedback can be used to make adjustments to operations and improve occupant satisfaction



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CASE STUDIES

PERFORMANCE MANAGEMENT IN FM CONTRACTS



CASE STUDY 1

Business Growth and Customer Satisfaction

A facility management company in Dubai wants to grow its business. They want to grow the sale of home maintenance services packages by 25% in one year and improve customer satisfaction with the services provided to them from 60% to 80%. To do this, they need help in setting clear KPIs.

They have appointed you as a consultant to assist them in drafting a number of KPIs and develop a mechanism to track the performance of the business development team.

The KPI need to be SMART KPI. In other words, help them develop specific, measurable by numbers, achievable with their resources, relevant to their growth aim, and time-bound within the year KPI.





CASE STUDY 2

Cleaning Services KPI

Clean Agent is a facilities management company that provides cleaning services for various assets. They have won a contract for 50 million dirhams and the client wants them to develop KPI for the services delivered.

The client is very particular about office cleaning, toilets, marble floors and staff canteen. They want to make sure that those areas are always kept clean. In addition, the client wants to make sure cleaners go through regular trainings. In addition, the contract mandates BICS training for 50% of the cleaning supervisors. The main goal of those KPIs is to reduce customer complaints by 10% as the previous service provider didn't deliver a good job and was terminated for poor performance. In fact all the service levels set for complaints were not met.

What KPIs can be developed for this service? What is a good monitoring tool for the service delivery.





CASE STUDY 3

When KPIs Mislead

Let's look at a company we'll call "Maintain-It-Right," facility management firm that wants to improve its performance in the Dubai Mall. They thought the best KPI to track their success would be the number of PPM completed in the month.

At first, this KPI made sense, but they didn't think about factors such reactive maintenance calls, closure of service requests, customer satisfaction scores.

The company received a heavy penalty for missing PPM cycles and poor performance in service request closures. The Dubai Mall team asked them to buy a CAFM system, but the team in Maintain-it-Right refused and said that this was not mandated in the RFP.

As an expert in Facilities Management, what would you do to help them? What sort of analysis will you do?

