EFS Facilities Services Group

Performance Management

IFMA & RICS collaboration

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Contents

As part of the strategic performance management lifecycle we need to:

- Establish the delivery goals

- Define the desired outcomes

- Set the SLAs and implement strategies to achieve the KPIs

- Measure the actual achievement (Scorecards) against the objectives

Therefore, the role of defining & measuring the desired outcome is critical to evaluate the strategic performance management lifecycle plan

How can we improve?

Goal
(as per contract)

Where do we want to go ?

Results
(Scorecards)

Mission –
Project
Sustainability

Desired Outcomes
(SLAs and end user expectations)

How did we do?

How do we get there ?

Measures &
Targets
(KPIs)

Strategies
(Service delivery framework)

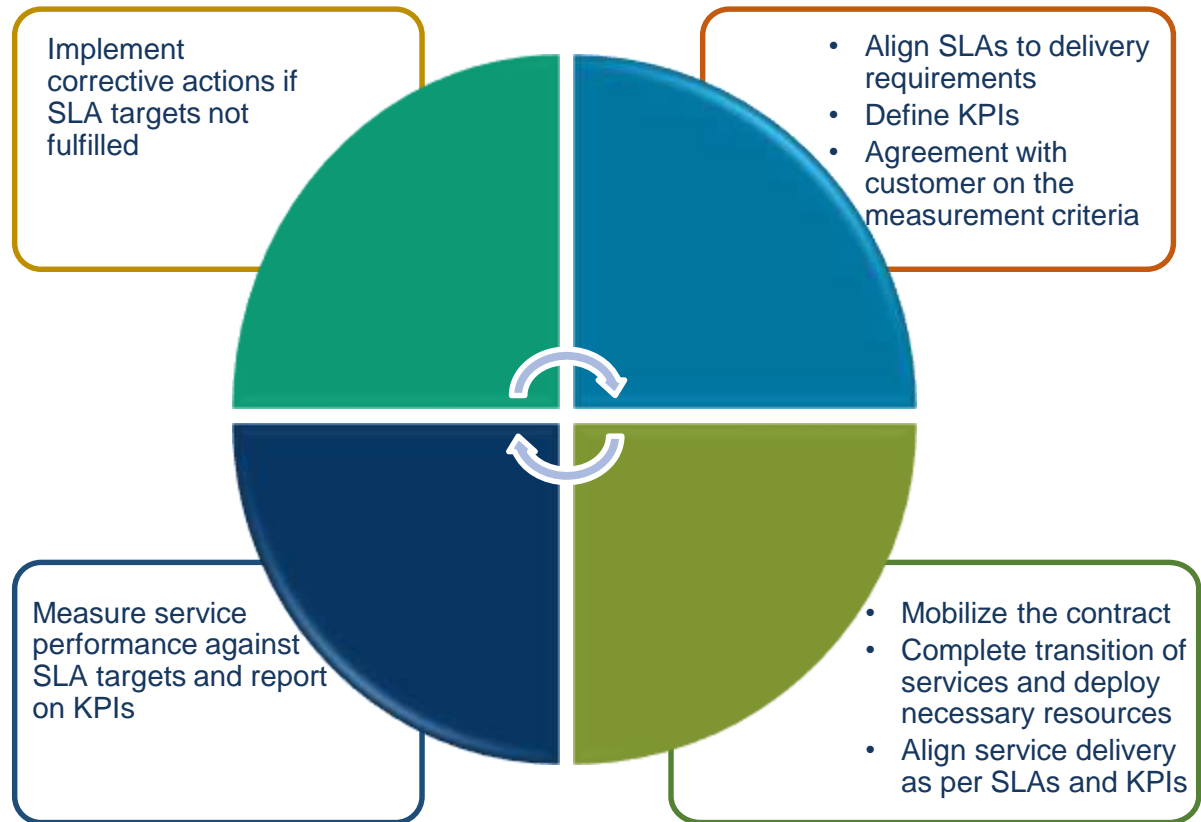How do we measure success?

The Questions to be addressed

- The key challenge is how do we achieve a successful performance management process?

- How do we measure success and against which criteria?

- Are the measures holistic?

- Are we measuring the impact on all stakeholders?

- Do these measures provide an outlook into how we did yesterday or how we will do tomorrow?

Performance management is a quantification of how well the defined service level requirements or the outputs of a process achieve the goal under a specific measuring criteria

There are four potential benefits that can arise as a result of having an appropriate performance measurement system:

- Satisfying a customer

- Monitoring progress

- Benchmarking processes and activities

- Driving change

Implement corrective actions if SLA targets not fulfilled

- Align SLAs to delivery requirements
- Define KPIs
- Agreement with customer on the measurement criteria

Measure service performance against SLA targets and report on KPIs

- Mobilize the contract
- Complete transition of services and deploy necessary resources
- Align service delivery as per SLAs and KPIs

Current Challenges

Operational challenges

Financial challenges

Sustainability challenges

MIND THE GAP
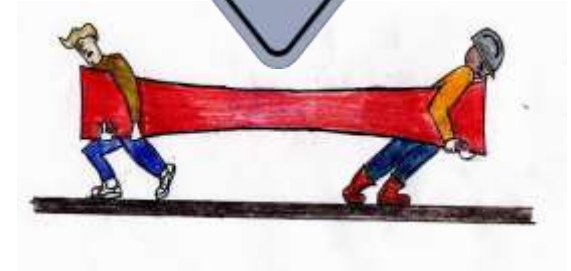
All create expectation gaps & tension
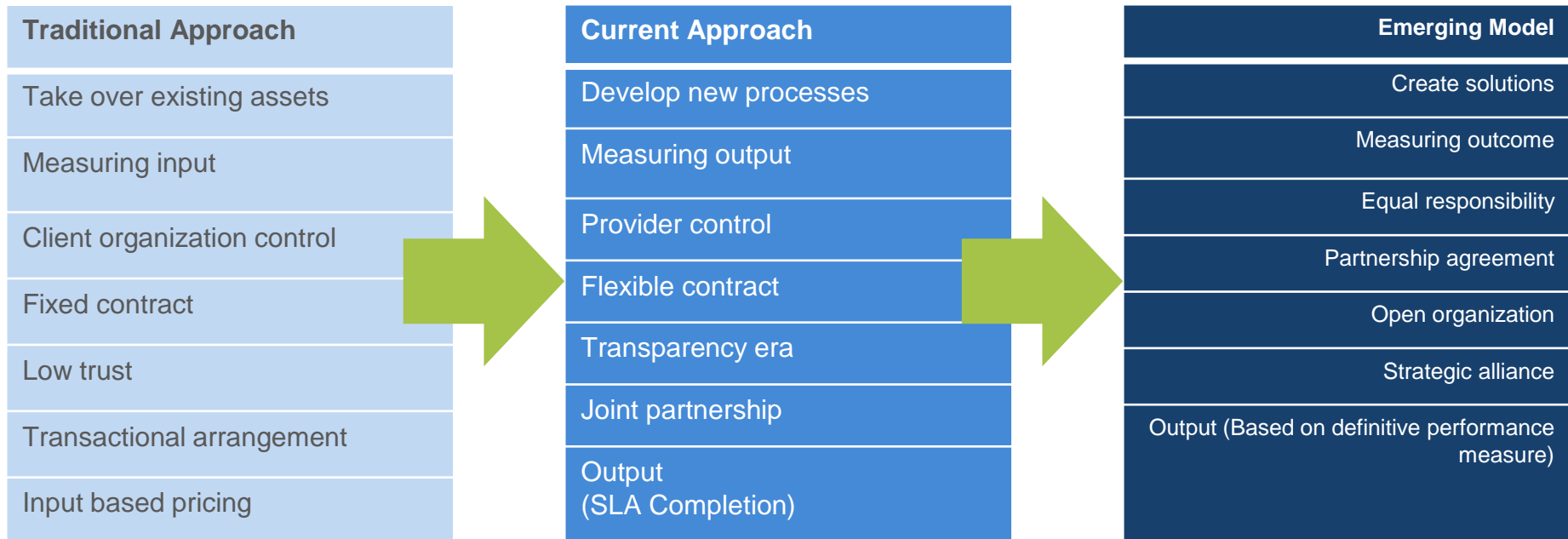
Current Challenges

Operational Challenges	Impact	Outcome
Inferior RFP Quality, limited timeline for response	No defined SLAs & rushed timelines impacting quality of RFP response	Lack of KPI alignment
Misalignment between procurement goals, operational expectations and end user needs	Sourcing fixation with price with reduced consideration of operational needs	Sub-standard service delivery model
No comprehensive technical bid evaluation. Price and not quality as key driver	Disregard to technical rating leading to sub-standard bid selection	Service delivery gaps impacting SLAs and KPIs
Contract interpretations differences between client and service provider	Finalization of KPIs and Scorecards left to post-contract award with delays/conflicts in definitions	Contract conflicts on service requirements, measuring criteria and KPI enforcement
No defined performance measurement criteria as part of the RFP and/or contract	Laxity of service provider in pre-bid review of contract requirements or subjective reviews	Disputes on measuring criteria to be used to measure performance
Subjective management of performance criteria (input driven approach)	Disregard to contract and high handy approach by client representative	Low morale leading to deviation from contract requirements
Convenience based measuring of outcome and escalation	Forging of alliances of convenience and moving away from contract terms	Contract governance issues
Manual / Lack of technology integration	Manual record and work order keeping	Delayed and inaccurate reporting as well as additional resource requirements
Scorecard and measuring criteria	Measuring criteria do not objectively reflect SLA and KPI compliance	Inability to identify and correct inefficiencies or unavailability of service delivery

Current Challenges

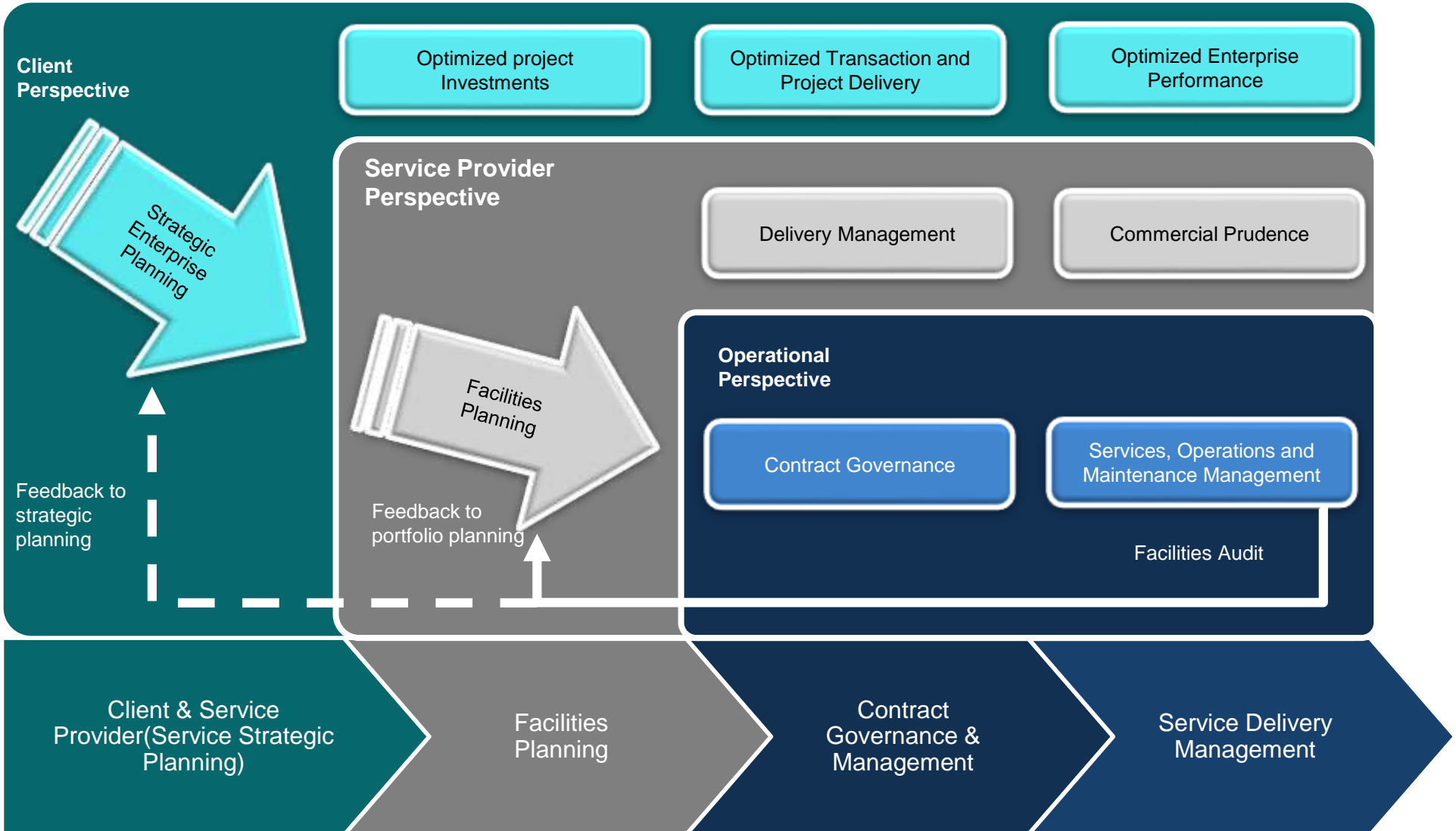| Financial Challenges	Impact	Outcome
Low cost as the driver - Short term view of the performance obligations	No strategic approach to desired change and needed impact for total cost ownership over asset lifecycle due to price reduction	Reactive approach
Limited overview of risk management or divided responsibility over multiple stakeholders in tandem	Multiple client reporting lines leading to confusion and conflicts	Low morale affecting contract performance
Under-stated cost of RFP leading to over-ruling service delivery requirements	Sub-standard services	Conflicts, penalties and inability to deliver services
Performance management as tool to penalize then measure real outcomes	Breakdown of partnership approach and trust deficit between client and service provider	Approach becomes adversarial & defensive
Focus on financial challenges rather than what is best for the contract	Contract management becomes the target rather than delivery management	Lack of collaboration

Current Challenges

Sustainability Challenges	Impact	Outcome
Rushed mobilization schedules leading to limited time for staff training and onboarding needs	Service provider compromise on comprehensive on-boarding training and orientation.	Delay in transition and transformation often impacting overall service delivery
Lack of adequate allowance in costs for technology, on-job training and development	Inadequate on-job training and development	Higher attrition, low morale and poor service delivery
Inadequate change management for all stakeholders in client organization	Higher expectations with no insights of service delivery model and its impact on end users	Leading to mobilization woes and escalations and low end user morale
Laxity on client engagement matrix	No defined engagement matrix	In absence of periodic meetings, escalation process becomes void

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Performance management needs to evolve to meet the emerging trends in FM:

Traditional Approach
Take over existing assets
Measuring input
Client organization control
Fixed contract
Low trust
Transactional arrangement
Input based pricing

Current Approach
Develop new processes
Measuring output
Provider control
Flexible contract
Transparency era
Joint partnership
Output (SLA Completion)

Emerging Model
Create solutions
Measuring outcome
Equal responsibility
Partnership agreement
Open organization
Strategic alliance
Output (Based on definitive performance measure)

- In order to move towards measuring outcome, create solutions and establish an partnership approach to FM, the current tools of performance management will have to evolve

- Technology integration will enable service providers and clients to have a open approach on actual performance, costs and share the responsibility to collective works towards an innovative solution that aims to optimize efficiencies and asset utilization

Aligning to Client's strategy

Client Perspective

| Optimized project Investments | Optimized Transaction and Project Delivery | Optimized Enterprise Performance |

Service Provider Perspective

| Delivery Management | Commercial Prudence |

Strategic Enterprise Planning

Facilities Planning

Operational Perspective

| Contract Governance | Services, Operations and Maintenance Management |

Facilities Audit

Feedback to strategic planning

Feedback to portfolio planning

| Client & Service Provider(Service Strategic Planning) | Facilities Planning | Contract Governance & Management | Service Delivery Management |

New Industry Trends Impacting The Approach

Traditional Pricing Models

Performance-based contract

Cost plus contract

Fixed Price Contract

Guaranteed Savings

- Internationally, there is a emerging need to move from traditional model based contracts to hybrid models

- This will require a clear objective based assessment of service delivery so that rewards are not subject to subjectivity or relationship of the assessor

- Performance-based and cost-plus contracts are traditional contract models used currently in the local markets

- However, there is an growing trend wherein clients are opting for hybrid models that provide management fee at risk as well as guaranteed maximum price or guaranteed savings

Emerging Hybrid Model
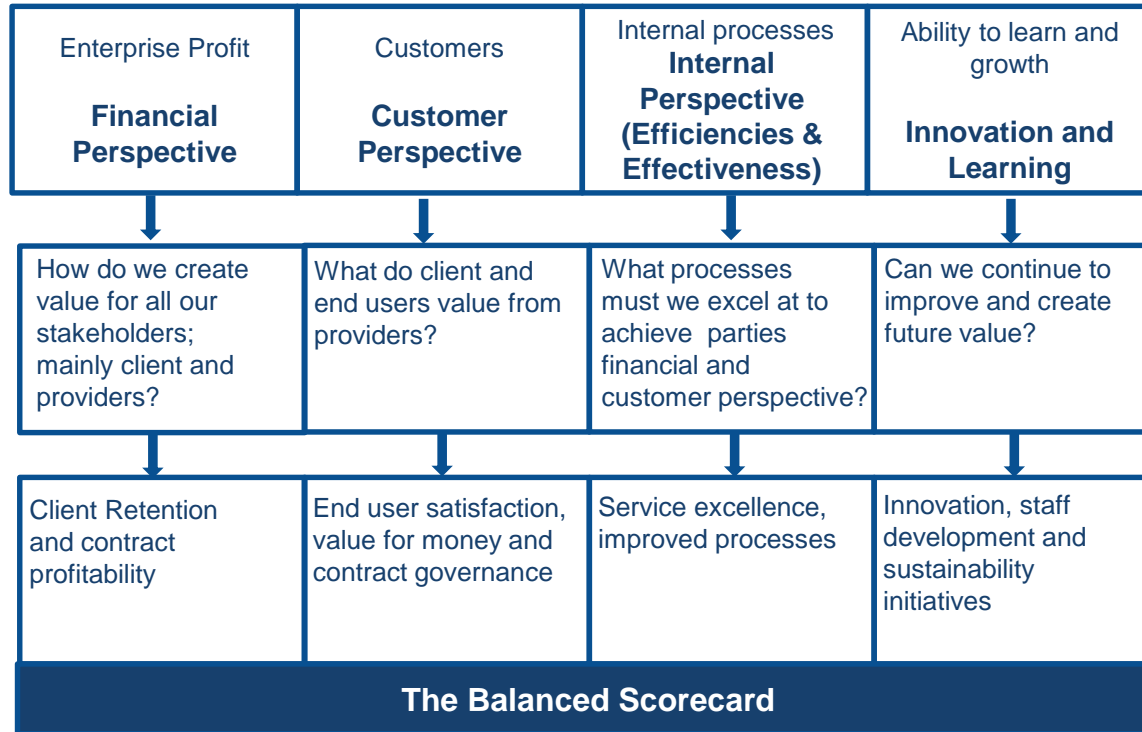
Management fee at risk

+

Shared Savings

&/or

Management fee incentives (Bonuses)

- The hybrid model reflects increased accountability with direct link of risk and rewards

- Partnership approach to boost productivity, cost savings and profits

- Moving away from punitive to corrective

- Risk to providers is capped at corporate overheads & profit

The Balanced Scorecard

Stake holders Vision & Goal Alignment

	Enterprise Profit **Financial Perspective**	Customers **Customer Perspective**	Internal processes **Internal Perspective (Efficiencies & Effectiveness)**	Ability to learn and growth **Innovation and Learning**
Goal Description	How do we create value for all our stakeholders; mainly client and providers?	What do client and end users value from providers?	What processes must we excel at to achieve parties financial and customer perspective?	Can we continue to improve and create future value?
What are the critical measurements?	Client Retention and contract profitability	End user satisfaction, value for money and contract governance	Service excellence, improved processes	Innovation, staff development and sustainability initiatives

The Balanced Scorecard

- The BSC forces managers to focus on important non-financial factors which impact on long-term profitability and which might otherwise be neglected

- The primary focus of the BSC is on translating the organization's strategy into measurable goals (Having understood what is important for the business, performance measures are designed to monitor performance and targets are set up for improvement

- **The overall criteria that will be checked for are:**
    - Quality
    - Timeliness
    - Degree of partnership and collaboration

The **four perspectives** of the scorecard permit a balance between:

- Short-term and long-term objectives

- Desired outcomes and the performance drivers of those outcomes

- The objective measures and softer, more subjective measures

Proposed Framework – Levels of Reporting

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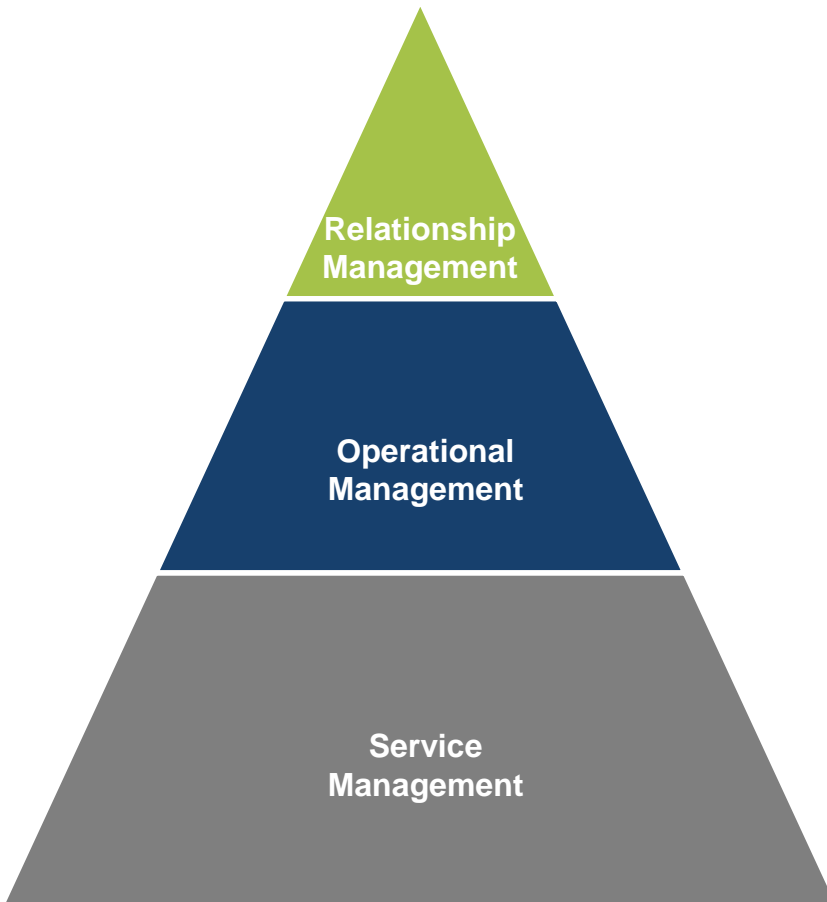
Reports	Key Areas
Strategic Scorecard	• Balanced measures • Business strategy alignment • Shareholder/Stakeholder value
Operational Scorecard	• Risk based management • Efficiency and effectiveness reporting • Asset/Portfolio maintenance and lifecycle value reporting
Service Reports	• Customer / End user experience • Transactions • Day-to-day activities

Relationship Management

Operational Management

Service Management

A well-developed Scorecard will enable the reporting across various levels

Proposed Framework

		Key Components & Elements	Current Challenges	Associated Measurement Tools	EFS Measurement criteria
Operational	Delivery Management	Client communication and Strategic facilities information and management	Meeting outcomes and discussions not formalized Lack of adherence to engagement and escalation matrix	Reliable FM systems in place Client Communication Meetings & MIS	Managing end-user experience and providing client feedback on service utilization
		Operational Service Efficiency	Lack of adequate technology integration leading to excessive paper work undermining objective assessment and productivity	Adherence to Service standards Apply Benchmarking Effective Maintenance management Regime Zero HSEQ incident tolerance	Deliverables as per Mobilization plan Service Excellence Plan Proof of Deliverables vs benchmark Client feedback
		Capital Asset Management & Asset Utilization strategies	No defined lifecycle standards and ineffective PPM regime	Service level agreements Performance based Service delivery, Controls & assurance standards, Asset utilization rates, Asset accountability rate	Ensuring deliverance of services as per contract. Performance against SLAs and KPIs. Asset availability and breakdown analysis. Information of asset performance and life cycle management
		Supply Chain Management	Lack of adherence to contractual terms by suppliers and overall poor supply chain standards	Supply chain & Subcontractor work timelines & agreed outputs Effective Supply chain partnerships	Monitoring of service delivery requirements of supply chain partners

Proposed Framework

	Key Components & Elements		Current Challenges	Associated Measurement Tools	EFS Measurement Criteria
Financial	Risk Management	HSE, local and statutory compliances and contract governance	Limited understanding of compliance requirements. Frequent failures in maintaining documentation requirements for compliance audits and insurance	Controls assurance standards Periodic risk audits Incident reporting systems Probability analysis HSEQ report	Controls and internal audits Documentation Housekeeping
	Productivity & Efficiencies	Value of money/cost efficiency	Low productivity due to poor skill sets, tool kit training and limited technology interface.	Establishment and maintenance of cost data, Cost efficiency Reduction of service operating costs Cost of service re-location Cost of acquiring and maintaining best FM practices Cash releasing efficiency schemes	Operational efficiency and productivity analysis
	Procurement Cost Management	Procurement and purchasing strategies	Fragmented supply chain and complex market requirements	Cost control effectiveness	Benchmarking and supplier cost analysis to market
	Overall P&L Management	Financial resource management	Client –centric engagements leading to cost overruns	Balance of income and expenditure Financial reporting Cashflow management	Alignment of expenditure to client and internal budgets

Proposed Framework

	Key Components & Elements		Current Challenges	Associated Measurement Tools	EFS Measurement Criteria
Sustainability	Work environment	Employee Engagement Safety and work place happiness	Lack of engagement with staff across various levels Welfare of staff limited to an HR function	Overall health and safety performance Employee work conditions and Engagement	Health and safety records. Satisfactory working conditions
	Innovation / Research and development	Technology Integration	Limited technology platforms across all service lines. Diversified client systems limiting integration of single technology platform	FM service development cycle time Share of cost from new services Innovation success rate Number of ideas and suggestions	Technology integration and service innovation across the business
	Professionalism and staff development / knowledge resource	Learning and progression of staff	Lack of adequate allowance in costs for training and development. No immediate visibility of staff training	Investors in people award Training and development Employee alignment Staff strategic awareness Employee turnover Skills gaps	Investing in training, Development and progression of staff through mandatory programs
	Facilities Management Culture	Values and Culture	Initial resistance to change	Job Satisfaction Economic progress	Creating a People First Organization

MEP SLAs are comprised of PPM frequencies as per the standard agreed with client plus reactive timelines:

Tier 1 - Premium areas	Stated operational hours			Outside stated operational hours		
	Attend	Isolate/Make safe	Repair / Reinstate	Attend	Isolate/Make safe	Repair / Reinstate
Emergency	5 Mins	15 Mins	30 Mins			
Urgent	60 Mins	90 Mins	2 hours	N/A Premium areas operate 24/7		
Routine	2 hours	3 hours	24 hours			
Scheduled						Within 7 days
Tier 2 – Commercial & Offices						
Emergency	10 Mins	30 Mins	3 hours	30 mins	60 mins	5 hours
Urgent	1 hour	2 hours	5 hours	60 mins	2 hours	8 hours
Routine	3 hours	4 hours	24 hours	4 hours	8 hours	24 hours
Scheduled						Within 7 days
Tier 3 – Residential / Support						
Emergency	30 mins	60 mins	4 hours			
Urgent	2 hours	3 hours	8 hours	N/A areas operate 24/7		
Routine	6 hours	8 hours	48 hours			
Scheduled						Within 7 days
Tier 4 – All Others						
Emergency	2 hours	4.5 hours	6 hours	6 hours	6.5 hours	8 hours
Urgent	6 hours	8.5 hours	10 hours	10 hours	10.5 hours	12 hours
Routine	12 hours	13 hours	48 hours	16 hours	16.5 hours	24 hours
Scheduled						Within 7 days

For illustrative purposes, set out below are some examples of reactive repairs which may be categorized as emergency, urgent and routine.

Emergency	H&S risk which could lead to severe injury or death Significant services failure (electricity, chilled or potable water) Significant negative impact on customer or VIP areas Significant number of staff affected Damage to infrastructure which affects the customer experience
Urgent	H&S risk which could lead injury Services failure (electricity, chilled or potable water) Negative impact on customer or VIP areas A number of staff effected
Routine	Any request for reactive maintenance which is not classified as an emergency or Urgent in nature
Repair / Reinstate	If equipment and spare parts are not made readily available to the technician on hand. the status should be reported to the helpdesk who will close out the original reactive work order. A new work order is to be raised simultaneously, categorized as a 'planned event' which indicates the projected date of full repairs (subject to agreement with client FM)

Cleaning SLAs include the frequency agreed with client in addition to reactive closure timelines:

	Task Description	Daily	Weekly	Monthly	Quarterly
1.0	Floors				
1.1.0	Hard Floors (Porcelain Tile Floor)				
1.1.1	Sweep/spot mop marks (with approved cleaner)	✓			
1.1.2	Full mop with approved cleaner and dry mop	✓			
1.2.0	Deep clean with approved cleaner			✓	
1.2.1	Machine scrub (white pads) as per manufacturers guidelines				✓
2.0	Paintwork, Wood Paneling, Walls, Leather Wall Panels, Specialized Wall finishes, Doors, Glass,				
2.1	Spot clean	✓			
2.2	Damp wipe/spot wash including glass in doors and partitions	As required			
2.3	Wood/Leather Paneling dusted, damp wiped, and dry polished as per manufacturers guidelines		✓		
2.4	Wood/Leather Paneling above 1.7 dusted, damp wiped, and dry polished			✓	
3.0	Furniture, fixtures, fittings				
3.1	Damp wipe spot wash	✓			
3.2	Clean glass to furniture	✓			
3.3	Polish (with approved cleaner as per manufacturers guidelines)	✓			
3.4	Satin Brushed metal finishes polish with approved cleaner as per manufacturer's guidelines	✓			
3.5	Leather furniture remove dust and lint with a vacuum cleaner	✓			
3.6	Leather Spot clean as per manufacturers guidelines	✓			
3.7	TV/Computer screens dusted	✓			
3.8	Dust fire extinguishers	✓			
3.9	Damp wipe fire extinguishers		✓		
3.10	Damp wipe vents and grills		✓		
4.0	Signage dust and clean as per the manufacturers guidelines		✓		
4.1	Telephones/keyboards cleaned with antibacterial sanitizer	✓			
5.0	Waste				
5.1	Empty waste bins	✓			
5.2	Replace bin liners	✓			
5.3	Wipe waste bins inside and out with antibacterial sanitizer		✓		
6.0	Consumables	✓			
6.1	Replenish consumables	✓			
6.2	Waste	✓			
6.3	Empty waste bins	✓			

A Suggested Scorecard for IFM Contract: MEP & Cleaning

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Following is the Scorecard overview defined for a sample IFM contract

Cleaning (80%)

Criteria	Measurement	Weightage
Adherence to routine cleaning schedule	Service completion reports, audits / System Reports	25%
Adherence to periodic cleaning schedule	Service completion reports, audits / System Reports	20%
Closure of emergency call-outs in agreed timelines	Service completion reports / System Reports	15%
Routine replenishment of all consumables	Replenishment logs/ System reports.	10%
Compliance with the standard level identified within the contact agreement	= A - B / C A = # of ""compliant"" inspections conducted B = # of ""non-compliant"" inspections conducted C = total # of inspections conducted"	10%

MEP (80%)

Criteria	Measurement	Weightage
Completion of PPMs	Service completion reports / CAFM Reports	20%
Closure of emergency jobs in agreed timelines	Service completion reports / CAFM Reports	10%
Responsiveness and effective completion of the maintenance works	# of work orders are completed within the agreed rectification time, # of reopened tickets due to failure to complete the job as per the quality of the service delivery	10%
Reactive call closures	Service completion reports / CAFM reports	15%
Specialist service management	Service completion reports / CAFM Reports	5%
Asset lifecycle management	CAFM Report / Asset history	10%
Critical Asset Downtime	Track number of asset reliability improvement actions resolved	10%

Management (20%)

Criteria	Measurement	Weightage
Resources training and development	Training completions per quarter	5%
Adherence to HSE compliance and statutory laws	Audits and compliance / risk registers /# of safety and/or security violations/incidents caused	10%
Innovation and service improvements	Initiatives implemented per year	2.5%
Reporting and Client engagement	Report submission and meeting minutes	2.5%

Conclusion

- Objective setup of performance management system is key for successful contract governance and is growing in importance as more clients are moving towards performance linked rewards contracts

- The Balanced Scorecard will bring customer related FM measures, FM internal process related measures, FM innovation and future potential issues and FM financial base together to measure against each contract

- A good Balanced Scorecard will cover measures of Sustainability, Deliverance and Prudence

- There is a need to ensure that there is integration of different kinds of measures in a single comprehensive view and effectively monitor the same over a defined timeframe so that any deviations can be recorded and rectified

- Integration of technology across all levels of the organization will play vital role to deliver required information for the objective management of the performance criteria

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Thank You!