Benchmarking: Are You World Class?

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Benchmarking – What is it?

- Benchmark – A standard by which something can be measured or judged.
- Benchmarking - Comparing internal business processes and performance metrics to industry best practices and/or best practices from other industries.
Agenda

- Bob - An overview of Benchmarking
- Phyllis – The How-tos of Benchmarking and building the ratios
- To discover areas and methods for improvement of internal systems and processes
- Bob – Examples and learnings from experience
- Q and A
Benchmarking – Why do it?

- To discover areas and methods for improvement of internal systems and processes
- For setting internal standards for levels of performance.
- For staying current with best practices inside and outside your industry
What to improve?

- Quality – Do it better!
- Time – Do it faster!
- Cost – Do it cheaper!
Benchmarking Methods – How to do it

- Compare to published industry surveys – IFMA, BOMA, ISPE, Biocom, etc.
- Regular meetings with formal peer groups
- Regular meetings with informal peer groups
- Ad hoc surveys/research to address a specific need or purpose
- Surveying your contractors/vendors
Types of Benchmarking

- Informal – Exchange of information in general or ad hoc
- Performance – Exchange of metrics/performance data
- Best practices/Best-in-class – Comparing overall methods, systems and processes to the best or industry leaders
- Process – Comparing process flows/operations methodology
Types of Benchmarking (continued)

- Financial – Comparing unit costs of operation and overall costs
- Sustainability/energy – Comparing consumption of scarce resources and methods for reduction
- Operational – Comparing organizational structure and roles of functional areas
How to do it – Diving deeper

- Identify your area(s) of need/improvement
- Find resources for comparison – Surveys, trade/industry groups, individual companies, consultants – Network to benchmark
- Survey the resources for comparison data – Data mining
- Filter the data and get to your focus
- Find the best companies in your areas of focus and pursue methods – Information exchange, tours etc.
- Plan and implement changes!
Questions to ask before benchmarking – Things to do first

- What are my Strengths, Weaknesses, Opportunities, Threats? What to compare?
- What external resources are available for comparison?
- Are my metrics standardized, ie. comparable to others?
- Do I have the internal resources needed for the benchmarking effort?
- Do I have the internal resources to make post-benchmarking improvements?
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The How-tos of Benchmarking and Ratio Building
Establish Baseline

- Where are we now?
- What are we going to benchmark?
- Who are we going to benchmark against?
Use for Ratios

- Benchmarking
  - Local area
  - Like companies
  - Like facilities

- Compare with research reports
  - IFMA
  - BOMA
Developing Ratios

- Total square feet in building
- Number of occupants
- Number and cost for maintenance staff
- Number and cost for custodial services
- Utility costs
- Facilities budget
Occupancy ratios

- Rentable square feet per person
  - Total rentable square feet divided by total occupants

- Usable square feet per person
  - Total usable square feet divided by total occupants
More Occupancy Ratios

- Amount of area for each custodian to clean
  - Total square feet divided by number of custodians
- Cost per occupant
  - Total occupancy divided by utility costs
Operational Ratios

- Utilities cost per square foot
  - Total utility cost divided by total square feet
- Repair cost per square foot
  - Total repair costs divided by total square feet
- Service Efficiency
  - Total demand work orders divided by number of occupants
Budget Ratios

- Total facilities budget divided by number of facilities staff
- Percent of company budget
  - Facilities budget divided by total company budget
More Budget Ratios

- Cost for grounds maintenance
  - Landscaping cost divided by number of acres
- Cost per move
  - Moving costs divided by number of staff relocated
Sustainability Ratios

- Tons of paper recycled per occupant
  - Number of tons recycled divided by total occupants

- Percent of items recycled
  - Total tons of paper recycled divided by total tons recycled
  - Do this for tons of cans, bottles, light bulbs, cardboard, etc.
Maintenance Ratios

- Custodial costs per square foot
  - Custodial costs divided by total square feet
- Custodial costs per occupant
  - Custodial costs divided by total occupants
- Grounds ratio
  - Cost of maintaining grounds divided by number of acres
More Maintenance Ratios

- Maintenance cost per square foot
  - Maintenance cost divided by total square feet
- Maintenance cost per occupant
  - Maintenance costs divided by total occupants
- Maintenance staffing per square foot
  - Number of maintenance staff divided by total square feet
- Maintenance staffing per occupant
  - Maintenance costs divided by total occupants
Facility Ratios

- Total occupancy cost/sf
- Total budget/total facility staff
- Budget variance/total budget
- Facilities budget/total agency budget
- Average lease/sf
- Leased costs/owned costs
Example 1 - Informal Benchmarking – Facilities Technology Exchange

- Local industry peer group at mid-management level in the Maintenance function
- Networking and benchmarking
- Agenda with an over-lunch discussion of best practices, lessons learned, problems to resolve, etc. Not specific to benchmarking
- Meeting is monthly and moves from site-to-site and is one to two hours
- Site tours
- Follow up with meeting notes
Facilities Technology Exchange
Pluses

- + Face-to-face exchange of ideas and information about best AND worst practices. Discuss “hot” topics
- + Networking among 17 companies on and ongoing (monthly) basis
- + Get to view other facilities
- + A great deal of 1 to 1 follow up on topics of interest
- + Minimal resource commitment
Facilities Technology Exchange

Minuses

- Loose structure – not for benchmarking start-up or detailed comprehensive comparisons
- Somebody needs to start it up and coordinate it, keep it going
- Variability of productivity of meetings
Example 2 – Informal, National Industry Benchmarking – National Biotechnology Consortium

- Largest national biotech companies at the Director level.
- Focused specifically on exchanging benchmark information
- Meet quarterly at a member site
- All day meeting with a focused agenda and prepared topics for presentation and discussion
- Site tour
- Meeting notes published with follow-up actions identified
National Biotechnology Consortium - Pluses

- + Focused discussion on relevant topics with data/metrics for comparison
- + Well planned to cover a lot of material in a full day
- + Networking among 10 or so of the largest companies in the industry
- + Detailed follow-up, if desired
- + Get to view other facilities
National Biotechnology Consortium - Minuses

- Significant resource commitment quarterly at the Director level including preparation, travel and follow-up.
- Somebody needs to start it up and coordinate it, keep it going
- Low meeting frequency – quarterly
- Not for benchmarking start-up or comprehensive comparisons
Example 3 - Internal Survey - Voice of the Customer Survey

- Internal survey of Facilities customers at each major site using Survey Monkey
- Survey issued concurrently at all sites.
- Data collected and compiled to compare performance metrics across sites
- Functional leads meet post-survey to compare cross-site results and identify areas for improvement
- Define action items for annual goals for functional leads
Voice of the Customer Survey - Pluses

- Consistent comparable metrics/data on major service areas across sites
- Many actions came from “Additional Comments” sections for customer written feedback
- Great for helping to build performance improvement goals for functional leads
- Relatively easy to use and compile data from Survey Monkey
Voice of the Customer Survey - Minuses

- Low frequency - A snapshot in time annually from customers
- Considerable resource commitment to build survey, compile and present data annually
- Results/actions sometimes vague without “Additional Comments”
Example 4 – Industry Survey – Career Ladders and Job Descriptions

- Worked with HR to review 2 anonymous industry surveys for career tracks, job descriptions and compensation.
- Goal – To compare/validate internal organizational design to industry and revise it as indicated from the results.
- To identify industry or marketplace “top end” for non-management or technical tracks and revise org. design to reflect industry.
Career Ladders and Job Descriptions – Pluses

+ Thought through 4 career tracks within Facilities at a detailed level – Had not been done comprehensively before
+ Created a great deal of data re. job descriptions within tracks with graduated levels of job scope and responsibility
+ Identified need to raise the cap for positions in at least 1 career track
Career Ladders and Job Descriptions – Minuses

- A great deal of data mining and creation for several individuals at the Director level – Resource sink
- Internal data/metrics were only partially comparable to external making comparison very difficult
- Results were inadequate compared to the effort (resources)
- Results were incomplete as energy ran out and other resource priorities leapfrogged the effort
Questions?
Follow up

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  - Leave me your business card and I will email you a copy of the presentation.
  - Hard copy of performance ratios available as you leave today.