



Your Partner in Facility Management.....

Top 10 ways to reduce Facility Management Budget - Part 2

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In this month issue, we would like to share the next top 5 ways to reduce Facility Management (FM) Budget without sacrificing the quality.

5. Design and build facilities with long term costs in mind

Think about this – most Architects don't specialize in designing buildings that are easy (and inexpensive) to maintain. They are very good at designing ascetically pleasing and functionally feasible buildings, but these directives often don't speak to buildings maintainability. At a minimum, the maintainability becomes an afterthought. **Advice: To change the tide, play an active role in the design phase(s) with the Architect. It also helps to develop an architectural standards policy. When you are able to develop standards, you gain control and consistency of your assets such as carpet, paint, flooring, window treatments and other architectural features.**

4. Use benchmarking to emulate “best in class” organizations.

Don't reinvent the wheel! Instead, find someone who makes wheels really well and then copy exactly what they are doing. In other words emulate the best in class organizations. This is done by benchmarking. Benchmarking is the process of comparing your costs or policies or square footage or operational procedures to other organizations. To facilitate a fair comparison, the benchmarked data is most valuable when you compare similar industries in a similar regional area. The key: Compare apples to apples, not apples to oranges. When you have established a baseline (your costs) and you find a best in class target, find out what they do, how they do it and who helps them do it. You now have a means to copy the best in the business and reap the rewards without all the hard work.

Problem area: Too often organizations continue to try to save money even when that savings would result in poor service levels. At some point the law of dimensioning returns takes over. Understand this and respect it. The incremental savings is not worth the reduced service or quality levels!

3. Exploit “economy of scale” opportunities

In economics the term used to describe “volume buying” is “economy of scale”. This same concept can and should be used when managing real estate. Think about your budget. You spend a lot of money on redundant items. You probably give a lot of work (and therefore money) to your landscapers and other outsourced contractors. The larger your portfolio, the more leverage you have. Example: A manager with 100 buildings totaling over 5 Million square feet has a better opportunity to negotiate costs than the manager with just one 15,000 square foot building. This however does not mean that those with a small portfolio can not take advantage of this opportunity. **Economies can be achieved by lumping multiple projects together into one “winner takes all” bid. If you don't have a large enough portfolio to achieve this, think about partnering with other managers, perhaps with others outside of your organization, such as colleagues at your local IFMA or other facility management associations.**

2. Develop and maintain a 5 year plan

Very few organizations have a plan for their real estate assets. The plan basically consists of “when it breaks, we'll fix it.” This short-sided view creates a host of problems. You become a reactive manager instead of a proactive one. You'll be caught by surprise when equipment breaks down. You'll be stressed out and your customers (tenants or employees) will become aggravated. When equipment has come to the end of its useful life (and you didn't have a plan) you'll find it difficult to find the budget to fund the replacement. When that happens you'll be forced to “put band-aids” on an asset that should have been replaced. Expect more breakdowns, expensive repairs and customer complaints. **Managing reactively is not managing at all. Solution: By developing a five year plan you will know exactly when an asset should be replaced and you'll budget accordingly.**

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Showcase for FM Books **Facility Management Services Guide**



Do your customers know what services they can and cannot expect from your facility organization? With the facility manager's job so diverse and widespread, creating a services guide is the best way to inform employees or building occupants of office procedures and contacts.

Learn the ins and outs of preparing, communicating, and implementing a services guide for building occupants. Project a more professional image of FM and create increased clarity amongst users as to which products and services are available within the organization.

A hands-on tool that will help bridge the gap in expectations between the facility organization and building occupants, clarify responsibilities and encourage cost awareness.

[More Details](#)

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FM Best Practices, Series 1 by IFMA Singapore Chapter.

“Microbial and VOCs control in air conditioned environment”

“Eco Friendly Maintenance Solutions”

- **29 & 30 October 2009**
Leadership & Management

Learn about the facility manager's role as a planner, organizer, leader, coordinator and evaluator.”

- **5,6,9 & 10 November 2009**
The Business of FM

FM ensures the functionality of the built environment by integrating PEOPLE, PLACE, PROCESS, and TECHNOLOGY.

- **10 November 2009**
1st FMP Evening Class

Whether you are pursuing a credentialing program, looking to enrich the education of your team members or you simply want to raise your level of expertise, IFMA's FMP program will add depth to your knowledge.

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