

Benchmarking

Benchmarking is defined as the process of measuring performance against a generally accepted standard. In facilities management this is most commonly taken to mean financial performance. The process is used to compare expenditure on services, utilities or space, between buildings, with peers or against industry norms. Benchmarking enthusiasts also use it as a continuous activity to identify, understand and adapt best practice in pursuit of superior performance.

The drivers for benchmarking in FM are varied, the principal factor being the sheer size of the spend. Expenditure on property and its occupation is generally the second highest cost in any business after staff. Other factors include a desire to understand performance, seek improvement opportunities, to gather evidence for complaint or to avoid other forms of market testing.

Before benchmarking can be undertaken there is often a considerable amount of collation and hygiene work required to provide a sound baseline for the exercise. Very few organisations have perfect data records and the inconsistencies and gaps that often exist will affect any statistical comparisons and render the benchmarking exercise worthless.

It is important to clarify the strategic objective of the benchmarking activity. If the desire is to compare cost performance against the market then a simple numeric exercise is required. If the objective is performance improvement then consideration needs to be given to the processes involved rather than to the cost. This can be much harder to achieve but is often much more rewarding.

Finding the right comparators can also be a challenge. No two organisations define their FM services in exactly the same way which makes it difficult to compare like with like. Sometimes there are issues of trust or market sensitivity with the information concerned. One company may put greater effort into the exercise than another. Differences in industry sector, geographic spread, portfolio size or building age and design all impact on the numbers involved.

Organisations with large property portfolios often find that comparisons between their own buildings can provide them with many of their benchmarking needs using data that they can completely trust. They can be confident that all measurement protocols are common and thus identify buildings where performance varies from the norm. Others form benchmarking “clubs” with neighbours or industry peers who are committed to the same goals.

A useful reference point is the Facilities Benchmarking Group of the IPD (www.ipdoccupiers.com).