

Facilities Management from A to Z



Based on The FM Lexicon by Martin Pickard
published monthly in Facilities by Lexis Nexis between 2008 and 2016



The cost of providing facilities services is usually well known and frequently under focus. This can be uncomfortable for facility managers who would rather discuss the value that they add to the organisations they serve. However, most struggle to define that value and few manage to measure it effectively and yet understanding what a service is worth to a customer has never been more important.

Organisations look to cost reduction as a way to improve financial performance and therefore pressurise all functions to reduce overheads. To persuade the organisation to focus on total costs rather than simply on price, the facility manager must have an accurate understanding of what its customers value, and would value.

Many organisations understand their facilities requirements but do not necessarily know what fulfilling those requirements is worth to them. For facility managers, this lack of understanding should be seen as an opportunity to demonstrate persuasively the value of what they provide and to help their customers to make smarter business decisions.

Facilities value models are based on assessments of the costs and benefits of a given FM solution to a particular organisation. Depending on circumstances, such as the availability of data and the organisation's willingness to engage, a facility manager can build a value model for an organisation that can transform the perception of the FM service and the return on investment that can be achieved.

Such value models are not easy to develop but case studies of award winning facilities operations all demonstrate a clear understanding of the issues, needs and desires of the organisations they serve and an ability to tailor their operational strategies to address the issues that their customers really value.

To measure this value, it is important to understand exactly what is meant by Value. Value in FM is the worth in monetary terms of the operational, financial, service and risk benefits that the organisation receives from FM in exchange for the price it pays.

These should be viewed as net benefits taking into account the costs that must be incurred to realise them: the return on investment. Value is what the organisation gets in exchange for the price it pays. Thus raising or lowering the price does not change the value that the solution provides but understanding the return on the investment does change the organisations attitude to the service and their appetite to support and resource the FM service.

A useful book that explores the idea of value models is "What Customers Value" by Stanley A Brown Published by John Wiley ISBN-10: 0471641235