EIGHT NEW

FACILITIES MANAGEMENT METRICS
You Need to Know
AGILE WORKSPACE.
DIGITAL DEXTERITY.
COWORKING SPACE.
REMOTE WORKPLACE.

These phrases were hardly part of the lexicon for facilities managers a decade ago. Today, they’re not only more commonplace, they’re loaded with expectations.
If you’re in this role, you already know you’re expected to cultivate an atmosphere that enhances productivity and collaboration, produces measurable ROI and boosts recruitment and retention. You’re tasked with meeting the growing expectations of employees, who increasingly demand a good work-life balance and the tools required to work whenever, wherever with seamless integration.

Here, we’ll discuss the evolving role of workplace managers, what success looks like for you if you’re in this position, and what you need to know to not only survive, but thrive.
Evolution of Facilities Management
Facilities management as a profession emerged out of the desire for better workplace efficiency and productivity and the move toward cubicles during the 1970s. In 1978, Herman Miller Research Corp. hosted the first formal conference for facilities managers, "Facility Influence on Productivity," in Ann Arbor, Michigan.¹

In the 1990s, as corporations expanded their footprint, the industry grew to include contract and property management, asset management and more.² Later, with the dawn of the new millennium, facilities management services became more common and included other aspects of business process outsourcing, such as payroll and human resources.
Today, facilities management has evolved beyond a standard business process, with an emphasis on adding value to nearly every aspect of the company.

Companies are outsourcing a larger percentage of facilities management services to vendors, prompting in-house managers to take on a more strategic role. Many are also taking on leadership roles in areas that wouldn’t have been part of their job description even a decade ago.

In 2009, a global job task analysis surveyed facilities managers in 62 countries to produce the most comprehensive picture of the profession to date.

Based on this feedback, the task force defined 11 core competencies of facilities management:

- Communication
- Emergency preparedness and business continuity
- Environmental stewardship and sustainability
- Finance and business
- Human factors
- Leadership and strategy
- Operations and maintenance
- Project management
- Quality control
- Real estate and property management
- Technology

These competencies make it clear that the realm of today’s facilities manager goes far beyond buildings, impacting nearly every aspect of the company.

The open range serves as an excellent metaphor for today’s modern workspace—unbounded, uncharted to a large extent, and full of opportunities.

— Wide Open Workspace
SURVIVING (& THRIVING) IN THE FUTURE

*Keep calm and facilitate on.*

Going forward, facilities managers will find themselves managing people, workspaces and resources more than buildings. Those workspaces will be smarter, more connected and more service-oriented.

As you take on these new responsibilities, your title may have changed to workplace manager or workplace leader to reflect these broader expectations. To ensure future success, you’ll need to continue to prove your worth and look for opportunities to add value.

First, you’ll need to rethink the way you measure success. Second, you’ll need to use the latest technology and tools to manage your workplace. And equally important, you will need to stay focused on the future and be willing to adapt quickly.

*We’ll break down each of these in the next sections.*
As you look to streamline operations and consolidate expenses wherever possible, you’ll need to keep a close eye on real estate, costs, space usage and much more. Thanks to technology solutions, including integrated workplace management systems, you have access to the real-time data on the metrics that matter most.

Those metrics include real estate costs and terms, space utilization, asset costs, team performance, progress on sustainability goals and the quality of space. Let’s take a deeper look at each metric, how to track it and what to aim for based on benchmarking data.
Real estate is one of the single greatest expenses for any business, second only to its people. The more real estate a company owns, the more opportunities there are to save. Consider the fact that health insurance company Aetna has saved about $78 million per year since it began allowing a greater percentage of employees to work remotely, eliminating 2.7 million square feet of office space.

**HOW TO MEASURE IT**

To understand true real estate costs, you need to know:

- How much space you lease and own
- The total value of that space
- The cost per square foot
- The terms of lease agreements

Having access to all this information in a single, digital format that is updated in real time makes it much easier to see a complete, accurate picture and identify opportunities to save.

**WHAT TO TARGET**

Real estate costs vary widely depending on your location, industry and your business model. Consider the differences in real estate prices in Cleveland, Ohio, compared with New York City. In Midtown Manhattan, a 1,500-square-foot office space can easily run you more than $9,000, according to SquareFoot.com listings, while a similarly sized space in the heart of Cleveland costs just $1,300 per month.

Investment management company JLL’s most recent Office Outlook report lists the average direct asking rent for over 50 major metropolitan areas across the country. Here’s a look at what you can expect to pay for office space in key markets.
AVERAGE MONTHLY ASKING

Gross Rent Per Square Foot

- Louisville - $17.59
- Detroit - $18.97
- Columbus - $19.62
- Indianapolis - $20.13
- Milwaukee - $20.17
- Orlando - $21.91
- Baltimore - $24
- Charlotte - $24.74
- Atlanta - $25.46
- New Jersey - $26.59
- Denver - $28.21
- Philadelphia - $30.39
- Boston - $36.52
- Austin - $37.34
- Los Angeles - $39.57
- Chicago - $39.66
- Silicon Valley - $46.44
- San Francisco - $59.12
- Washington, D.C. - $59.82
- New York City - $72.46
As more employees work remotely and move freely around the office with laptops, they are using significantly less space. Shared desks are replacing cubicles, which can cut costs in half. The average workstation today is 40 to 50 square feet, about half the size it was less than a decade ago. Although these trends allow for tremendous savings, they also mean workplace managers need to monitor space usage even more closely as needs change from one day to the next.

HOW TO MEASURE IT
In the past, many workplace managers relied on observation to track space utilization. They would routinely count heads and keep a tally in a spreadsheet.

This is both inefficient and often inaccurate. While vacancy rates remain one of the most important metrics for workplace managers, they may not tell the full story. For instance, if an organization is in the middle of a merger or acquisition, vacancy rates will naturally fluctuate as employees shift from one building to another. Additionally, employees are using space differently, often spending more time in common areas or conference rooms than at their desks. That means you need to do a better job of not only tracking standard metrics, but actually analyzing the true cost of space per employee and whether that space is being used to its full potential.

Once a month I walked the floors, took count of who was at what desk, and I guess that gave us our occupancy percentage.
— Samantha, space planner
STANDARD METRICS
• Rentable square footage (RSF): Interior gross measurement of square footage, not including wall thickness, stairs, restrooms and utility rooms
• Capacity: Total number of offices and workstations that can be occupied
• Vacancy rate: Percentage of seats that have not been assigned compared to capacity
• Office space density: Rental square footage divided by the population or capacity (a measure of how efficiently space is being used)

NEW METRICS
• The cost of owning or leasing space per employee
• Total annual facility costs: All facility costs, including real estate cost, cost of operation plus the cost of providing fixed assets, including taxes, depreciation and interest
• The percentage of space used by each department or group
• Utilization of office space, meeting space and technical (non-office) space (%)

To calculate these metrics, you need access to data that is updated in real time. Rather than relying on headcounts and spreadsheets, use data from devices like motion sensors or badge swipes that connects to a cloud-based facility management software.

When space utilization data is available at your fingertips, along with other metrics such as real estate costs, you can immediately see the impact of dividing a large conference room into two or shifting a growing department from one area to another. You can also justify your decisions to executives and employees.
WHAT TO TARGET
While it’s helpful to know what to expect when it comes to the cost of the space, these figures don’t take into account other expenses, including costs of operations (such as utilities), as well as taxes, depreciation and environmental costs. These costs not only will vary by region, but by industry. The average total annual facility cost across regions and industries is $20.61 per rentable square foot, or $16,604 per occupant.7

The charts below, from the IFMA’s Benchmarks Report, show average total annual facility costs by region and by industry.

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A bright, modern workspace complete with the technology and amenities sets the stage for a culture of collaboration and can be a powerful tool in recruiting. Optimal lighting, good acoustics and the availability of both shared and quiet spaces are quality factors employees have come to expect. The findings from the Capital One 2017 Work Environment survey break down what that means in more detail.
Beyond that, employees are looking for something less tangible: they want to be inspired by their workspace.
HOW TO MEASURE IT

Employee surveys can be a helpful tool to assess the quality of a particular space. Ask questions to determine how they are currently using the workspace, what factors are most important to them and what can help them be more productive. Here are a few questions to consider adding to your next employee satisfaction survey:

- In a typical week, how many hours do you spend working alone?
- How many hours do you spend collaborating with others in open spaces?
- In meeting rooms?
- How happy are you with the office layout?
- What would improve the space?

WHAT TO TARGET

Workplace managers should revisit office design from time to time to ensure the quality of the space continues to meet employees’ needs. In fact, 36 percent of business decision makers believe office design should be reviewed at least once a year, according to a survey by the American Society of Interior Design.
As a workplace manager, you must be able to calculate the costs of every asset you own, from heavy-duty equipment to computers and coffee machines. You need to minimize downtime and maximize the usage of each one.

**HOW TO MEASURE IT**
Managing assets is nearly impossible if you don’t know what you own and where it is. With asset tracking software, you can easily pinpoint who is using a particular piece of equipment, its location, contract details, maintenance records and who to contact for repairs. Keep a close eye on:

- The age of each asset and recommended maintenance
- Actual maintenance records for each asset
- Maintenance costs for each asset

Having mobile access to this software through an app allows you to scan the asset’s barcode from anywhere and quickly find or update key information about it. You can also take and upload photos of any assets as needed.

**WHAT TO TARGET**
Asset costs vary widely by industry, so the most meaningful data workplace managers can monitor is their own. Once you have all relevant information about assets in a searchable, digital database, you will be able to easily see the total costs of renting, owning and maintaining assets and compare those costs from year to year.
The cost of maintaining assets certainly goes hand in hand with the cost of owning them. However, IFMA defines maintenance costs more broadly as any external building repairs, repairs to interior elements like chillers, boilers and HVAC systems and grounds maintenance. Manufacturing facilities or large campuses will likely have other costs including electrical generation or distribution and environmental costs such as waste management.

**HOW TO MEASURE IT**
Considering a single roofing repair can cost $20,000, it’s critical to keep these costs in check. Using a digital tool to manage and track maintenance requests — and ensuring that information is integrated with other facility costs — will help you avoid surprises. Here are a few important metrics to track and strive to improve:

- Operator hours
- Time spent maintaining equipment
- Cost of service
- Labor hours compared to parts

**WHAT TO TARGET**
Since these costs also vary by industry, the best way to gauge improvement is to review year-over-year data. Meaningful data workplace managers can monitor is their own. Once you have all relevant information about assets in a searchable, digital database, you will be able to easily see the total costs of renting, owning and maintaining assets and compare those costs from year to year.
In a typical week, senior executives spend a full day and a half in meetings and may waste as many as three hours of work just waiting for those meetings to start. Employees who are assigned desks on a rotating basis may also spend 15 to 20 minutes each morning just getting set up if the process isn’t made easy for them. This extra time adds up quickly, but it’s only a fraction of the lost productivity that occurs when a machine or software system is down.

**WHAT TO MEASURE**

Refer to space utilization and preventive maintenance metrics to measure progress in this area. Key metrics include:

- Average time employees spend arriving to and setting up workstations and meeting rooms (based on survey feedback)
- Total equipment/software downtime
- Responsiveness of vendors involved in maintenance

**WHAT TO TARGET**

Research shows maintenance productivity suffers significantly when companies have reactive maintenance policies in place. They spend more time powering off equipment, waiting for instructions and waiting for parts to be delivered. Aim to adopt more proactive policies, including regularly reviewing maintenance needs.

**Did You Know?**

A Fortune 500 company loses $90,000 to $6.48 million per hour when a software system is down, depending on the size of the operation. You can address these time sucks by finding better ways to manage meeting room space, seating and equipment maintenance.
While many organizations commit to reducing their carbon footprint, a report by Bain & Company finds only 2 percent of corporate sustainability programs achieve their stated goals. A focus on sustainability reduces utility costs and helps foster more positive relationships with shareholders and the public. As a workplace manager, you can support these goals by gathering data gleaned from occupancy sensors, smart meters and more.

**WHAT TO MEASURE**

While sustainability is a broad goal that needs to be further defined with measurable results, here are a few key metrics to consider:

- Total electricity consumption
- Heating and cooling costs
- Consumption of paper products
- Water usage
- Volume of recycled waste

**WHAT TO TARGET**

Work with corporate leaders to set more specific goals around these areas and aim to show year-over-year improvement in them.

*Let There Be Light*

By upgrading lighting, one facility lowered its energy costs by $50,000 each year but achieved $500,000 in savings through productivity gains. Employees became more efficient and less prone to errors. Retrofitting lights with LED and adding lighting intelligence is a great way to save costs.
While an integrated workplace management system helps you gather plenty of actionable data about your workplace, the numbers don’t tell the whole story. This is particularly true when it comes to employee engagement and satisfaction. When companies pair hard data with the types of qualitative responses that come from employee feedback, they can drive powerful changes. They can identify opportunities to reduce costs, improve efficiency and create a more positive employee experience that helps them keep great people and hire more.

**WHAT TO MEASURE**

Use employee surveys to take the pulse of your workforce, paying attention to factors related to both the physical workplace and the technology tools you have in place.

**WHAT TO TARGET**

Aim for an experience that gives employees flexibility, the freedom to move around and as much autonomy as possible to manage their day. Today’s employees expect the technology they use in the workplace to be as accessible and user-friendly as the apps they use at home. With that in mind, organizations should strive to use mobile-based, self-service modules that allow employees to book a meeting room, find a workstation or submit a maintenance request as easily as they call a taxi.
Evolving with the Workplace of the Future
Creating an innovative, employee-centric work environment means implementing technology like the Internet of Things (IoT) and an integrated workplace management system (IWMS) to collect data about the workplace and then utilizing this data to create spaces where employees feel motivated and empowered. An innovative work environment offers the proper balance between connectivity and flexibility.
AN IWMS can be a game-changer for any enterprise, but it’s certainly not an instant, magical solution to workplace management challenges.

Before implementing an IWMS, workplace managers need to answer these three questions:

1. WHAT DO WE WANT TO ACHIEVE?
Is it getting a better handle on maintenance costs? Using space more efficiently? The more comprehensive the wish list, the easier it will be to identify the objectives that are the highest priority.

2. DOES OUR WORKFORCE KNOW WHAT TO EXPECT DURING IWMS IMPLEMENTATION?
Employees need to know the implementation of an IWMS is not “plug-and-play.” It takes time to integrate the solution with existing procedures and software in addition to training the staff on how to properly navigate each module. Set realistic expectations for the workforce by communicating:

- An anticipated timeline
- The steps involved in the process
- Responsibilities of each employee for implementation
- How long it takes to feel comfortable using the system
- When the workforce can expect the solution to be functioning at full capacity

3. WHAT IS THE POST-IMPLEMENTATION PLAN?
Once the IWMS has been in place for a few months, it’s time to identify areas in the IWMS where functionality could be enhanced—either via internal resources or with the help of the vendor. Build a plan for how to continuously improve the system to adapt to evolving business needs, and establish who is responsible for ongoing support.
Taking the NEXT STEP

Whether you call yourself a facilities manager, workplace leader or simply the “go-to” guy or gal for all those tasks that don’t fit any other job description, it’s clear you have more responsibilities than ever. And because there’s more on the line, you have to rely more on data to make decisions that drive down costs and propel your organization forward.
iOFFICE’s Hummingbird provides a set of employee-facing tools that make workers more efficient at managing everyday tasks such as finding co-workers, booking workspaces and reporting maintenance issues. It aims to make employees work smarter and faster to improve productivity and workplace experience.

Hummingbird also has a business intelligence module and dashboard to help you better understand how employees are using the workplace and respond to their needs in real time.

and harnessing the vast information it provides, you can make the best decisions whether they’re on site or working remotely.

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