

# Seven Workplace Mistakes That Cost You Money and What To Do About It

A Special Report by Facilities Performance Services

1. Not knowing what your real costs are or should be.

Think about the monthly costs you have to keep your workplace in operation. Obviously, there are the utility bills, but what about the others, whether or not they are performed in house or outsourced? Housekeeping, lawn and grounds, snow and ice removal, trash removal, exterior and interior maintenance, building systems and equipment maintenance, parking, road, and sidewalk maintenance, and so on. What do these cost you? If you do them in house, you need to add in the costs of insurance and benefits if your company pays them. If your employees are performing these services, what are the trade offs- the opportunity cost of doing these rather than something else? How are you paying for them? Flat fee, hourly fee, cost per square foot, or something else? What are other similarly sized facilities paying for them? Any ideas? What are they getting in return for their money? What should you be getting? Where can you find out? Hmm...makes you think, doesn't it? Unit costing allows you to make these important comparisons on an "apples to apples" basis.

A good way to take control of this is through finding national and regional standards. Just like using the NADA blue book when you have a car to sell or trade, there are reliable sources of this information, such as RS Means and McGraw Hill, various work related and professional organizations like the Building Services Contractors Association International (BSCAI), the International Facility Management Association (IFMA), Metropolitan Detroit Building Superintendent's Association, and others. You can even ask other members in your Chamber of Commerce, Rotary, Lions, or other business or service organization. Once you have reliable *and current* costs information for your part of the country, just compare your costs against these.

2. Not tracking and analyzing monthly operating costs.

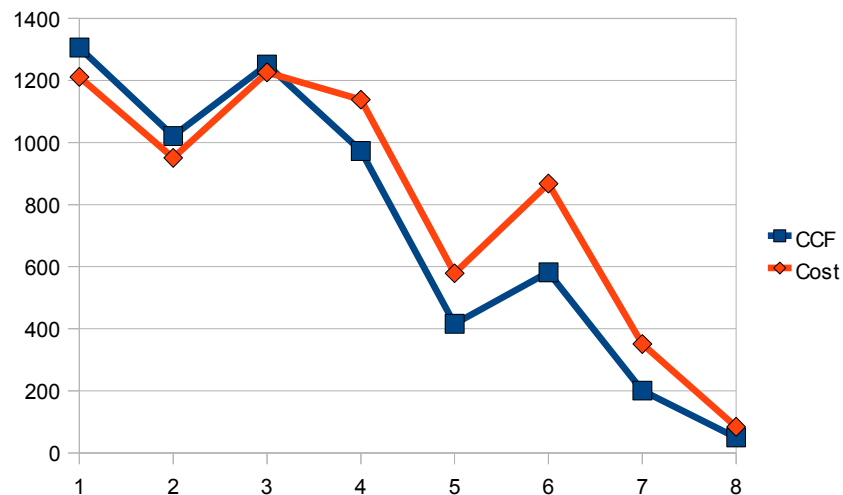
OK, so you've done, or are doing Action Item #1. What then? A lot of companies are just in the habit of paying the bills when they come in. It could be a big mistake. Try this. Instead of just paying your utility bills, take some time to set up a spreadsheet in Excel or whatever program you use. Like this:

MEGAMONOLITH CORPORATION GAS USE					
Period	End Svc. Date	CCF	Cost	Unit Cost	
1	01/07/08	1306	\$1,211.30	\$1.08	
2	02/02/08	1021	\$950.46	\$1.07	
3	03/01/08	1251	\$1,226.02	\$1.02	
4	04/01/08	973	\$1,138.11	\$0.85	
5	04/30/08	416	\$578.95	\$0.72	
6	05/29/08	582	\$867.61	\$0.67	
7	07/08/08	201	\$351.12	\$0.57	
8	08/05/08	50	\$84.36	\$0.59	

Each month, you log in the information for that cost. As time goes on, you have more and more data for trend analysis. Ideally, you will want to have 18 to 24 months of data available at any

one time, and as more is added, you can delete the earliest data.

The next step is to analyze the data. Start with a graph by doing this. In the chart above, we highlighted two columns. Select these with your cursor and click on your program's graphing icon. Choose a Line Graph with points. By including the unit measurement (CCF) and total costs, the program will automatically generate the correct labels for each line. When you're finished, you will have something like this:



The final step is knowing what to look for and how to use the chart. For gas use, winter costs will normally be high, with low consumption and costs in spring and summer. But look at this- in April, the cost and use went down, but back up in May. What happened? Why did it happen? Maybe there was an equipment problem. If all you do is pay your bills when they come in, you would have never noticed this- and possibly left a condition that could damage your equipment.

### 3. Reinventing the wheel.

With my background from engineering departments in the Navy, it really bothers me when I see companies doing the same job over and over, but in a different way each time. Standardize your procedures and practices! It isn't rocket science, and by doing this (and carefully reviewing them before putting them into use), you will know:

1. The specific equipment by name and model number that this procedure applies to.
2. How much time it should take to complete the work.
3. Recommended qualification level of the person performing the work.
4. What power panels, breakers, valves, etc. need to be turned off, shut/secured, and tagged out.
5. The tools, equipment, parts, lubricants, etc. you need.
6. The repair specifications- torque specs, amount of lubrication, etc.
7. Testing and recertification requirements.
8. Related maintenance actions that should be completed at the same time.

All of these lead to reduced costs, improved safety, better equipment and systems reliability,

and better use of manpower and resources. A great way to set these up are to produce these procedures using your word processing software in a table, then printing them on heavy paper and laminating them. Again, each of these should be in the same format, regardless of the equipment or system.

4. Allowing poorly written contracts that are vague about fulfilling contract specifications.  
Let's use an example for this. Say that you are putting your janitorial services contract up for bid. You have a Class A office building, 4 floors, 120,000 SF, and 1600 employees. 5 building services companies have submitted bids. Did any of them define what "clean" is, and did they get your agreement with this definition? What happens if there is a problem with performance? How often are they performing the services? Do they do everything every day, or are some things done less frequently? What happens when something happens requiring service, but there isn't any service planned for the next day or two? Will the service provider make a special visit to take care of the problem? Who monitors the cleaning crew's performance? What is the cost? Did you refer back to Action Item # 1- Not knowing what your real costs are- or should be? This same scenario applies to any service you purchase for your buildings.
5. No internal quality management/ improvement program for building and facilities services.  
Who are your customers? Easy to define, you think? Think again. Your customers aren't just the people or companies that buy from yours. You have internal customers- the people and groups that use your building and its facilities. Try listing them by category- organizational unit, building unit, business unit, client unit, and so on. You may be surprised just how many customers you actually have. Why is this important? The customer drives the quality process and defines what quality service is. In effect, this creates a psychological contract where these customers determine how well you perform. The only way to find out what the customer expects is to ask them, using a standardized form and questions about each service. Your goal is to develop a clear understanding of what your customers perceive your ability to be and make certain that it matches their expectations. If your performance exceeds their expectations, you've done well. Don't stop. If, on the other hand, your performance lags their expectations, you have some work to do. Advertise this to your customers! Get their input! Showcase your success!
6. No preventive maintenance program; performing only breakdown maintenance.  
This is easy to mess up on, and is understandable, given the economy. But what are you risking? An investment in a preventive maintenance program can pay huge benefits. With no preventive maintenance program, the cost of repairs will be higher, the service life of the equipment will be shorter, and frequency of breakdowns and malfunctions will increase. The US Department of Energy Federal Energy Management Program provides the following information:

Preventive maintenance refers to a series of actions that are performed on either a time-based schedule or a schedule based on that of machine-run time. These actions are designed to detect, preclude, or mitigate degradation of a system (or its components). The goal of a preventive maintenance approach is to minimize system and component degradation and thus sustain or extend the useful life of the equipment.

The U.S. Navy pioneered preventive maintenance as a means to increase the reliability of its vessels. By simply expending the necessary resources to conduct maintenance activities intended to be used by the equipment designer, equipment life is extended and

its reliability is increased. In addition to an increase in reliability, more money is saved than when using a program of reactive maintenance. Studies indicate that this savings can amount to as much as 12% to 18% on average. Depending on the facility's current maintenance practices, present equipment reliability, and facility downtime, there is little doubt that many facilities purely reliant on reactive maintenance could save much more than 18% by instituting a proper preventive maintenance program.

While preventive maintenance is not the optimum maintenance strategy, it does have several advantages over that of a purely reactive program. By performing preventive maintenance on equipment as the equipment designer envisioned, the life of the equipment will be extended. This translates into dollar savings. Preventive maintenance, like lubrication and filter changes, will generally allow the equipment to run more efficiently and result in dollar savings. While it will not prevent catastrophic equipment failures, it will decrease the number of failures and equipment downtime. Minimizing these failures translates into savings in both maintenance and capital equipment costs.

### ***Advantages and Disadvantages***

#### **Advantages**

- Is cost effective in many capital intensive processes and equipment
- Provides flexibility for the adjustment of maintenance periodicity
- Increases component life cycle
- Generates energy savings
- Reduces equipment and/or process failures
- Results in an estimated 12% to 18% cost savings over that found in a reactive maintenance program

#### **Disadvantages**

- Does not eliminate catastrophic failures
- Is more labor intensive
- Includes performing unneeded maintenance activities, which has the potential to result in incidental damage to components

Setting up a PM program can be quite a task, but by using a set of standardized PM cards (see Action Item # 3) and a planning and tracking system, you will be time and money ahead. It makes sense to invest in a PM program for your HVAC and other capital and major operating equipment. For a copy of “Thinking Like A CFO: Prevention Pays, Analysis Shows” visit <http://www.facilitiesnet.com/maintenanceoperations/article/Thinking-Like-a-CFO-Prevention-Pays-Analysis-Shows—1505>.

#### 7. Not knowing what you have and what condition it is in.

Just like starting on a journey where you need to know where you are in order to get to where you're going, you need to know what equipment you have and what condition it's in. The best way of doing this that most people are familiar with is in a spreadsheet. Databases are good, but often require someone with specialized knowledge and skills to retrieve information.

It doesn't have to be too involved; just list the following: equipment name, model #, serial #, location, age, type of fuel used (if any), other consumables used (like ink cartridges for a printer), location of maintenance manual, warranty start date, warranty end date, and contact name and information for the company providing service and repairs to it.

If you want to get more involved, you can add columns specifying the different periodic maintenance actions (annual, quarterly, monthly, weekly, etc) that refer to the PM cards you created in Action Item # 3. If you laminate this or put it behind plexiglass, you can check off these maintenance actions as they are completed.

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We hope you find this information helpful.

If you would like a copy of the next article in the series, “Life Cycle Costing Makes Dollars and Sense”, we require your opt in by doing two things:

1. Provide your full name and contact information, including position, email address, and phone number.
2. Provide names of two other C-level persons (outside your organization) and their email addresses who you believe would benefit from a copy of this article.

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